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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 private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013 , 2013, and ending 12-31-2013

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

C Name of organization
ST JOSEPH HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
172 KINSLEY ST

City or town, state or province, country, and ZIP or foreign postal code
NASHUA, NH 030612013

D Employer identification number
02-0222215

E Telephone number
(603)882-3000

G Gross receipts $ 183,780,572

F Name and address of principal officer
RICHARD BOEHLER
172 KINSLEY ST
NASHUA,NH 030612013

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

H(b) Are all subordinates 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: ▶ STJOSEPHOSPITAL COM

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

L Year of formation 1943

M State of legal domicile NH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
HEALTHCARE SERVICES TO ANYONE NEEDING CARE

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	1,535
6	Total number of volunteers (estimate if necessary)	**6**	234
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	108,045
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-9,171

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	2,011,851	545,480
9	Program service revenue (Part VIII, line 2g)	185,762,422	177,566,498
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,604,744	4,973,344
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	10,816	-59,859
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	190,389,833	183,025,463
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
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)	84,055,965	82,007,853
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	85,220,083	84,593,588
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	169,276,048	166,601,441
19	Revenue less expenses Subtract line 18 from line 12	21,113,785	16,424,022

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	258,203,971	267,842,030
21	Total liabilities (Part X, line 26)	134,757,618	129,266,295
22	Net assets or fund balances Subtract line 21 from line 20	123,446,353	138,575,735

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** | 2014-06-25
Signature of officer | Date

RICHARD BOEHLER PRESIDENT/CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
WILLIAM G STEELE JR CPA				P00233103

Firm's name ▶ WILLIAM STEELE & ASSOCIATES PC | Firm's EIN ▶ 02-0383073

Firm's address ▶ 40 STARK STREET
MANCHESTER, NH 03101 | Phone no (603) 622-8881

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 or note to any line in this Part III . . . . . ☐

1 Briefly describe the organization's mission

TO PROVIDE COMPASSIONATE HEALTHCARE THAT CONTRIBUTES TO THE PHYSICAL, EMOTIONAL AND SPIRITUAL WELL-BEING OF ALL IN OUR COMMUNITY, AS INSPIRED BY THE HEALING MINISTRY OF JESUS

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 $ 33,542,312 including grants of $) (Revenue $ 55,061,936)

INPATIENT MEDICAL, SURGICAL AND REHABILITATIVE SERVICES TO ANYONE NEEDING CARE IN THE GREATER NASHUA AREA

4b (Code) (Expenses $ 72,637,846 including grants of $) (Revenue $ 119,239,856)

OUTPATIENT SERVICES INCLUDING SURGERY, RADIOLOGY, LABORATORY, REHABILITATIVE, CARDIOVASCULAR, BREAST HEALTH, CARDIAC REHAB, AND MENTAL HEALTH TO ANYONE NEEDING SERVICES IN THE GREATER NASHUA AREA

4c (Code) (Expenses $ 23,488,832 including grants of $) (Revenue $)

EACH YEAR ST JOSEPH HOSPITAL PROVIDES MILLIONS OF DOLLARS WORTH OF CHARITY CARE AND COMMUNITY SERVICES REFLECTING OUR HEALING MISSION AND OUR VALUES ST JOSEPH HOSPITAL FOLLOWS THE METHODOLOGY RECOMMENDED BY THE CATHOLIC HEALTH ASSOCATION FOR CALCULATING THE COST OF CHARITY CARE AND COMMUNITY BENEFITS COMMUNITY BENEFIT REPORT FOR 2013 IS THE BASIS FOR THE EXPENSES ASSOCAITED WITH THESE ACTIVITIES

(Code) (Expenses $ 1,781,092 including grants of $) (Revenue $ 3,264,706)

4d Other program services (Describe in Schedule O)

(Expenses $ 1,781,092 including grants of $) (Revenue $ 3,264,706)

4e **Total program service expenses** ▶ 131,450,082

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *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 other assistance to or for foreign individuals? *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 or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		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? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	216		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,535		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response or note to any line in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	15		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☑ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ RICHARD PLAMONDON 172 KINSLEY ST
NASHUA, NH 030612013 (603) 882-3000

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

Check if Schedule O contains a response or note to any line 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) RICHARD BOEHLER MD PRESIDENT/CEO	38 00 2 00	X		X				340,027	0	25,184
(2) RICHARD PLAMONDON CFO	38 00 2 00	X		X				300,185	0	31,339
(3) JAMES HAMILL CEO TERM THRU 3/13	1 00 0 00	X						124,874	0	0
(4) W STEWART BLACKWOOD MD PHYSICIAN	1 00 0 00	X						0	336,945	24,592
(5) LINDA SHELDON MD PHYSICIAN	1 00 0 00	X						0	190,537	24,337
(6) LOUISE TROTTIER CHAIRMAN	3 00 0 00	X		X				0	0	0
(7) MAURICE AREL VICE CHAIR	1 00 0 00	X		X				0	0	0
(8) SR SUZANNE FORGET SECRETARY	1 00 0 00	X		X				0	0	0
(9) DALE GILPIN IMMEDIATE PAST CHAIR	1 00 0 00	X						0	0	0
(10) MSGR JOHN P QUINN DIRECTOR	1 00 0 00	X						0	0	0
(11) CHARLES SMITH DIRECTOR	1 00 0 00	X						0	0	0
(12) STEVEN BEAUDETTE MD DIRECTOR	1 00 0 00	X						0	0	0
(13) SR PAULA MARIE BULEY IHM DIRECTOR	1 00 0 00	X						0	0	0
(14) ALLIES M DESMET PE DIRECTOR	1 00 0 00	X						0	0	0
(15) LORI K LAMBERT DIRECTOR	1 00 0 00	X						0	0	0
(16) JOHN PAROLIN DIRECTOR	1 00 0 00	X						0	0	0
(17) PAMELA DUCHENE VP PATIENT CARE SERVICES	38 00 2 00				X			244,697	0	38,057

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) JAMES MCKENNA	40 00				X			230,406	0	29,854
VP AMBULATORY SERVICES	0 00									
(19) BEVERLY ROBINSON	40 00					X		255,628	0	25,874
VP QUALITY & REG THRU 9/13	0 00									
(20) GREGORY ZUERCHER MD	40 00					X		338,948	0	40,350
PHYSICIAN	0 00									
(21) KEITH CHOINKA	40 00					X		227,463	0	18,842
VP INFORMATION TECHNOLOGY	0 00									
(22) JACQUELINE WOOLLEY	40 00					X		207,929	0	33,062
VP HUMAN RESOURCES	0 00									
(23) ELIZABETH SPATOLA MD	32 00					X		204,152	0	4,584
PHYSICIAN	0 00									
(24) MELISSA SEARS	40 00					X		187,067	0	20,565
VP STRATEGY & BUSINESS DEVELOPMENT	0 00									
(25) DAVID ROSS	0 00						X	253,411	0	19,205
FORMER CEO TERM THRU 8/12	0 00									

1b	**Sub-Total**			
c	**Total from continuation sheets to Part VII, Section A**			
d	**Total (add lines 1b and 1c)**	2,914,787	527,482	335,845

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 ▶96

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
COVENANT HEALTH SYSTEMS 100 AMES POND DR TEWKSBURY MA 01876	MANAGEMENT AND OTHER SERVICES	3,065,653
CHSIL INSURANCE BOX 69CAYMAN ISCJ	INSURANCE	2,254,143
HOSPITAL MEDICINE ASSOCIATION BOX 634850 CINCINNATI OH 45263	PHYSICIANS SERVICES	1,559,002
ALLIANCE HEALTHCARE SERVICES BOX 96485 CHICAGO IL 60693	IMAGING SERVICES	1,446,254
SODEXHO OPERATIONS LLC PO BOX 360170 PITTSBURGH PA 152516170	FOOD SERVICES MANAGEMENT	901,281

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 ▶34

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e	273,192			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	272,288			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		545,480			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICES	622110	174,301,792	174,301,792		
	b	SCHOOL OF NURSING	622110	1,589,152	1,589,152		
	c	CAFETERIA	622110	1,003,932	1,003,932		
	d	THRIFT/GIFT SHOP	622110	236,989	236,989		
	e	PROGRAM FEES	622110	143,278	143,278		
	f	All other program service revenue		291,355	291,355		
	g	**Total.** Add lines 2a–2f . . . . . ▶		177,566,498			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		1,891,407			1,891,407
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real / (ii) Personal				
	6a	Gross rents	587,205 /				
	b	Less rental expenses	755,109 /				
	c	Rental income or (loss)	-167,904 /				
	d	Net rental income or (loss) . . . . . ▶		-167,904			-167,904
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	3,081,937 /				
	b	Less cost or other basis and sales expenses	0 /				
	c	Gain or (loss)	3,081,937 /				
	d	Net gain or (loss) . . . . . ▶		3,081,937			3,081,937
	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a	LAUNDRY SERVICES	812300	74,750		74,750	
	b	HOUSEKEEPING SERVICES	812900	25,502		25,502	
	c	ANSWERING SERVICES	561000	7,793		7,793	
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		108,045			
	12	**Total revenue.** See Instructions . . . . . ▶		183,025,463	177,566,498	108,045	4,805,440

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 or note to any line 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				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,239,750	543,014	696,736	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	67,027,360	50,270,520	16,756,840	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,015,669	1,511,752	503,917	
9 Other employee benefits	6,882,715	5,162,036	1,720,679	
10 Payroll taxes	4,842,359	3,631,769	1,210,590	
11 Fees for services (non-employees)				
a Management	2,169,177	1,626,883	542,294	
b Legal	231,402		231,402	
c Accounting	99,819		99,819	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)				
12 Advertising and promotion	799,939	599,954	199,985	
13 Office expenses	3,520,803	2,640,602	880,201	
14 Information technology	3,820,840	2,865,630	955,210	
15 Royalties . .				
16 Occupancy	3,115,993	2,336,995	778,998	
17 Travel	21,455	16,091	5,364	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	97,116	72,837	24,279	
20 Interest	2,808,441	2,106,331	702,110	
21 Payments to affiliates	2,644,104		2,644,104	
22 Depreciation, depletion, and amortization	8,534,931	6,401,198	2,133,733	
23 Insurance	1,867,860	1,400,895	466,965	
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 PATIENT BILLABLE SUPPLI	18,660,617	18,660,617		
b BAD DEBT PROVISION	10,094,146	10,094,146		
c PURCHASED/CONTRACT SERV	8,490,471	6,367,853	2,122,618	
d MEDICAID TAX	7,714,414	7,714,414		
e All other expenses	9,902,060	7,426,545	2,475,515	
25 **Total functional expenses.** Add lines 1 through 24e	166,601,441	131,450,082	35,151,359	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 or note to any line in this Part X . . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		3,284,367	1	2,414,261
	2	Savings and temporary cash investments		35,924,945	2	26,501,101
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		13,572,730	4	13,667,181
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		2,720,864	7	2,567,601
	8	Inventories for sale or use		1,802,794	8	1,453,892
	9	Prepaid expenses and deferred charges		6,081,076	9	6,648,060
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 183,451,015			
	b	Less accumulated depreciation	10b 116,834,419	60,648,719	10c	66,616,596
	11	Investments—publicly traded securities		49,972,067	11	62,180,420
	12	Investments—other securities See Part IV, line 11		48,971,581	12	52,151,100
	13	Investments—program-related See Part IV, line 11		11,784,466	13	11,459,299
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		23,440,362	15	22,182,519
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		258,203,971	16	267,842,030
Liabilities	17	Accounts payable and accrued expenses		18,948,557	17	18,250,435
	18	Grants payable			18	
	19	Deferred revenue		97,239	19	543,529
	20	Tax-exempt bond liabilities		97,838,826	20	95,829,931
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		17,872,996	25	14,642,400
	26	**Total liabilities.** Add lines 17 through 25		134,757,618	26	129,266,295
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		122,390,841	27	137,488,643
	28	Temporarily restricted net assets		691,267	28	722,810
	29	Permanently restricted net assets		364,245	29	364,282
		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		123,446,353	33	138,575,735
	34	Total liabilities and net assets/fund balances		258,203,971	34	267,842,030

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	183,025,463
2	Total expenses (must equal Part IX, column (A), line 25)	2	166,601,441
3	Revenue less expenses Subtract line 2 from line 1	3	16,424,022
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	123,446,353
5	Net unrealized gains (losses) on investments	5	7,115,779
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	-8,410,419
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	138,575,735

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☑

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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
ST JOSEPH HOSPITAL,
,
NASHUA, NH

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** 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—2012.** 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—2013.** 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—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** 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—2012.** 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.** 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		
Return Reference	Explanation	

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
ST JOSEPH HOSPITAL	02-0222215

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		20,446
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total Add lines 1c through 1i			20,446
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
PART II-B, LINE 1	A PORTION OF THE DUES PAID TO THE NH HOSPITAL ASSOCIATION, CATHOLIC HEALTH ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION ARE USED FOR LOBBYING PURPOSES

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	1,055,512	971,094	1,064,132	1,124,772	1,421,717
b	Contributions	315,089	84,319	246,999	301,910	397,836
c	Net investment earnings, gains, and losses	47	99	243	284	142
d	Grants or scholarships					
e	Other expenditures for facilities and programs	283,556		340,280	362,834	694,923
f	Administrative expenses					
g	End of year balance	1,087,092	1,055,512	971,094	1,064,132	1,124,772

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 33 500 %
- c Temporarily restricted endowment ▶ 66 500 %

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

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

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		3,586,823		3,586,823
b Buildings		93,977,560	51,166,259	42,811,301
c Leasehold improvements		1,704,581	1,372,562	332,019
d Equipment		73,425,179	64,295,598	9,129,581
e Other		10,756,872		10,756,872
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				66,616,596

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests	52,151,100	F
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	52,151,100	

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) UNAMORTIZED BOND COSTS	1,375,399
(2) OTHER ACCOUNTS RECEIVABLE	150,055
(3) DUE FROM AFFILIATE	15,569,065
(4) NASHUA REGIONAL CANCER CENTER	2,671,488
(5) DUE FROM OTHER FUNDS	496,712
(6) OTHER EQUITY INVESTMENTS	558,161
(7) SURGERY CENTER OF GREATER NASHUA	1,277,571
(8) OTHERS ASSETS	84,068
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	22,182,519

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
DUE TO THIRD PARTY PAYORS	1,264,716
OTHER	1,272,437
MALPRACTICE TAIL LIABILITY	1,061,435
ENVIROMENTAL LIABILITY	6,335,106
PENSION LIABILITY	3,403,761
DUE TO AFFILIATE FOR BOND REDISTRIBUTION	1,123,037
LEASE PAYABLE	181,908
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	14,642,400

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII Supplemental Information

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

Return Reference	Explanation
PART V, LINE 4	FUNDS TO BE USED TO ASSIST THE NEEDY THROUGH EDUCATION AND/OR PROJECTS FOR THE POOR AS DETERMINED AND APPROVED BY THE BOARD
PART X, LINE 2	INCLUDED IN THE AUDITED FINANCIAL STATEMENTS IS THE FOLLOWING "TAX EXEMPT ORGANIZATIONS COULD BE REQUIRED TO RECORD AN OBLIGATION FOR INCOME TAXES AS A RESULT OF A TAX POSITION THEY HAVE HISTORICALLY TAKEN ON VARIOUS TAX EXPOSURE ITEMS INCLUDING UNREALTED BUSINESS INCOME OR TAX STATUS THE SYSTEM HAS EVALUATED THE POSITION TAKEN ON ITS FILED TAX RETURNS THE SYSTEM HAS CONCLUDED NO UNCERTAIN INCOME TAX POSITIONS EXIST AS OF DECEMBER 31, 2013 "

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 02-0222215
Name: ST JOSEPH HOSPITAL

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
(1) UNAMORTIZED BOND COSTS	1,375,399
(2) OTHER ACCOUNTS RECEIVABLE	150,055
(3) DUE FROM AFFILIATE	15,569,065
(4) NASHUA REGIONAL CANCER CENTER	2,671,488
(5) DUE FROM OTHER FUNDS	496,712
(6) OTHER EQUITY INVESTMENTS	558,161
(7) SURGERY CENTER OF GREATER NASHUA	1,277,571
(8) OTHERS ASSETS	84,068

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		5,733	1,840,089		1,840,089	1 100 %
b Medicaid (from Worksheet 3, column a)		7,986	3,671,924		3,671,924	2 200 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs		13,719	5,512,013		5,512,013	3 300 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,125,804		1,125,804	0 680 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits			1,125,804		1,125,804	0 680 %
k **Total.** Add lines 7d and 7j		13,719	6,637,817		6,637,817	3 980 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
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

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	10,094,146		
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	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	50,298,491
6	Enter Medicare allowable costs of care relating to payments on line 5	6	67,149,505
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-16,851,014
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	1 FIRST CHOICE PHO	PHYSICIAN HOSPITAL ORGANIZATION	50 000 %	0 %	50 000 %
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

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

Name, address, primary website address, and state license number	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
See Additional Data Table										

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)

Name of hospital facility or facility reporting group ST JOSEPH HOSPITAL

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) _____

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 11			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) STJOSEPHHOSPITAL COM			
b	☐ Other website (list url) _____			
c	☑ Available upon request from the hospital facility			
d	☐ 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 as of the end of the tax year)			
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**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $_____			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual'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 Section C)			
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 individual's eligibility under the facility's FAP?	**17**	Yes	
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☑ Reporting to credit agency			
b ☑ Lawsuits			
c ☑ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

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 individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
ST JOSEPH HOSPITAL	PART V, SECTION B, LINE 4 SOUTHERN NEW HAMPSHIRE MEDICAL CENTER, DARTMOUTH HITCHCOCK CLINIC
ST JOSEPH HOSPITAL	PART V, SECTION B, LINE 5D COMMUNITY MEETINGS, POSTED ON HOSPITAL WEBSITE
ST JOSEPH HOSPITAL	PART V, SECTION B, LINE 16E EXTENSIVE EFFORTS ARE MADE TO DETERMINE ELIGIBILITY FOR FREE CARE, BEFORE ANY CREDIT REPORTING, LIENS OR LAWSUITS ARE FILED

Part V Facility Information *(continued)*

Section D. 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? _____

	Name and address	Type of Facility (describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART III, LINE 4	ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE SYSTEM ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS LINE 3 - ADJUSTED BASED ON COST TO CHARGE RATIO BAD DEBT EXPENSE - TEXT OF THE FOOTNOTE IN FINANCIAL STATEMENT - "THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IS PROVIDED BASED ON AN ANALYSIS BY MANAGEMENT OF THE COLLECTABILITY OF OUTSTANDING BALANCES MANAGEMENT CONSIDERS THE AGE OF THE OUTSTANDING BALANCES AND PAST COLLECTION EFFORTS IN DETERMING THE RESERVE FOR DOUBTFUL ACCOUNTS ACCOUNTS DEEMED UNCOLLECTIBLE ARE CHARGED OFF AGAINST THE ESTABLISHED RESERVE" BAD DEBTS ARE REPORTED AS CHARGES
PART III, LINE 9B	EVERY STATEMENT SENT TO PATIENTS INDICATES THAT FINANCIAL ASSISTANCE IS AVAILABLE, PHONE NUMBER AND EMAIL CONTACT ALL CUSTOMER SERVICE PERSONNEL ARE ATTUNED TO ASKING PATIENTS IF THEY NEED ASSISTANCE

Form and Line Reference	Explanation
PART VI,LINE 2	THE NEEDS ASSESSMENT WAS CONDUCTED AS A COLLABORATIVE EFFORT BETWEEN ST JOSEPH HOSPITAL AND SEVERAL OTHER HEALTHCARE INSTITUTIONS, CIVIC AGENCIES AND OTHER NON PROFIT ENTITIES FROM THROUGHOUT GREATER NASHUA THE ASSESSMENT INCLUDED A TELEPHONE SURVEY OF OVER 500 HOUSEHOLDS, TWO FOCUS GROUPS OF PATIENTS AND KEY LEADERS REPRESENTING CITY/TOWN GOVERNMENT, EDUCATION, HEALTHCARE, BUSINESSES AND NON PROFIT INSTITUTIONS
PART VI,LINE 3	SIGNAGE AND BROCHURES ARE AT EVERY POINT OF REGISTRATION, WHICH EXPLAIN OUR CHARITY CARE AND FINANCIAL ASSISTANCE POLICIES WE HAVE DEDICATED FINANCIAL COUNSELORS WHO MEET IN PERSON OR ON THE TELEPHONE ASSISTING PATIENTS AND FAMILIES NEEDING FINANCIAL ASSISTANCE INFORMATION CAN ALSO BE FOUND ON THE HOSPITAL WEB SITE, AS WELL AS IN HOSPITAL COMMUNITY NEWSLETTERS/QUARTERLY PUBLICATIONS ALL CUSTOMER SERVICE AND REGISTRATION PERSONNEL ARE TRAINED TO ASK PATIENTS AND FAMILIES IF THEY NEED FINANCIAL ASSISTANCE

Form and Line Reference	Explanation
PART VI,LINE 4	ST JOSEPH HOSPITAL SERVES PEOPLE OF ALL AGES, RACE, GENDER, RELIGION, ETHNICITY REGARDLESS OF THEIR ABILITY TO PAY THE HOSPITAL'S PRIMARY AND SECONDARY SERVICE AREAS CONSIST OF 17 CITIES AND TOWNS REFERRED TO AS TEH GREATER NASHUA AREA AND CONSIST OF AMHERST, BROOKLINE, HUDSON, HOLLIS, LITCHFIELD, MERRIMACK, MILFORD, NASHUA, WILTON, GREENVILLE, DUNSTABLE (MA), LONDONDERRY, LYNDEBOROUGH, MONT VERNON, PELHAM, PEPPERELL (MA) AND WINDHAM
PART VI,LINE 5	THE HOSPITAL MAINTAINS AN OPEN MEDICAL STAFF, REPRESENTING OVER FORTY DIFFERENT SPECIALITES AND TREATS ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY THE BOARD OF DIRECTORS IS MADE UP OF COMMUNITY MEMBERS WITH VARIED BACKGROUNDS AND INDUSTRIES THE HOSPITAL UTILIZES ANY SURPLUS FUNDS TO FURTHER ITS MISSION BY PROVIDING FREE AND LOW COST HEALTHCARE SERVICES, EDUCATIONAL OFFERINGS, FREE SCREENINGS, SUPPORT GROUPS, AND WORKS COLLABORATIVELY WITH OTHER HEALTHCARE AGENCIES TO MEET THE IDENTIFIED HEALTHCARE NEEDS OF OUR COMMUNITY ST JOSEPH HOSPITAL IS AN AFFILIATE OF COVENANT HEALTH SYSTEMS, TEWKSBURY, MA IT IS THE RESPONSIBILITY OF THE ENTIRE STAFF OF ST JOSEPH HOSPITAL TO SERVE AND PROMOTE THE HEALTH OF THE GREATER NASHUA COMMUNITY

Form and Line Reference	Explanation
PART VI,LINE 7	NEW HAMPSHIRE

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 4A	DAVID ROSS RECEIVED SEVERANCE COMPENSATION OF $272,616
PART I, LINE 7	"CASH IN" OF EARNED TIME

Additional Data

Software ID:
Software Version:
EIN: 02-0222215
Name: ST JOSEPH HOSPITAL

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
RICHARD BOEHLER MD PRESIDENT/CEO	(I)	297,952	0	42,075	0	25,184	365,211	0
	(II)	0	0	0	0	0	0	0
RICHARD PLAMONDON CFO	(I)	246,681	27,880	25,624	7,650	23,689	331,524	0
	(II)	0	0	0	0	0	0	0
W STEWART BLACKWOOD MD PHYSICIAN	(I)	0	0	0	0	0	0	0
	(II)	305,717	0	31,228	0	24,592	361,537	0
LINDA SHELDON MD PHYSICIAN	(I)	0	0	0	0	0	0	0
	(II)	176,257	0	14,280	0	24,337	214,874	0
PAMELA DUCHENE VP PATIENT CARE SERVICES	(I)	222,542	0	22,155	7,440	30,617	282,754	0
	(II)	0	0	0	0	0	0	0
JAMES MCKENNA VP AMBULATORY SERVICES	(I)	196,636	13,114	20,656	6,984	22,870	260,260	0
	(II)	0	0	0	0	0	0	0
BEVERLY ROBINSON VP QUALITY & REG THRU 9/13	(I)	177,263	55,461	22,904	4,892	20,982	281,502	0
	(II)	0	0	0	0	0	0	0
GREGORY ZUERCHER MD PHYSICIAN	(I)	287,821	32,592	18,535	7,650	32,700	379,298	0
	(II)	0	0	0	0	0	0	0
KEITH CHOINKA VP INFORMATION TECHNOLOGY	(I)	201,286	0	26,177	6,020	12,822	246,305	0
	(II)	0	0	0	0	0	0	0
JACQUELINE WOOLLEY VP HUMAN RESOURCES	(I)	191,078	15,460	1,391	219	32,843	240,991	0
	(II)	0	0	0	0	0	0	0
ELIZABETH SPATOLA MD PHYSICIAN	(I)	181,152	0	23,000	4,584	0	208,736	0
	(II)	0	0	0	0	0	0	0
MELISSA SEARS VP STRATEGY & BUSINESS DEVELOPMENT	(I)	169,983	16,726	358	0	20,565	207,632	0
	(II)	0	0	0	0	0	0	0
DAVID ROSS FORMER CEO TERM THRU 8/12	(I)	253,411	0	0	0	19,205	272,616	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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	NH HEALTH & EDUCATION FACILITIES AUTHORITY	02-0279866	644614KA6	05-13-2004	21,173,782	RENOVATIONS & IMPROVEMENTS		X		X	X	
B	NH HEALTH & EDUCATION FACILITIES AUTHORITY	02-0279866	644614UG2	10-30-2007	53,869,522	RENOVATIONS & EQUIPMENT		X		X	X	
C	NH HEALTH & EDUCATION FACILITIES AUTHORITY	04-2456011	575840QA4	06-27-2012	27,000,000	RENOVATIONS & IMPROVEMENTS	X			X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	6,515,000		6,515,000	
2	Amount of bonds legally defeased				
3	Total proceeds of issue	21,173,782	53,869,522	27,000,000	
4	Gross proceeds in reserve funds	1,507,744	4,911,229		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	423,476	681,812	572,615	
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds	16,464,380		16,464,380	
12	Other unspent proceeds	10,535,620		10,535,620	
13	Year of substantial completion	2004	2008		

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %			
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %			
6	Total of lines 4 and 5	0 %		0 %		0 %			
7	Does the bond issue meet the private security or payment test?	X		X		X			
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X			

Part IV Arbitrage

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493199007254

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.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	COVENANT HEALTH SYSTEM IS THE SOLE MEMBER OF ST JOSEPH HOSPITAL
FORM 990, PART VI, SECTION A, LINE 7A	COVENANT HEALTH SYSTEM IS THE SOLE MEMBER OF ST JOSEPH HOSPITAL
FORM 990, PART VI, SECTION A, LINE 7B	ST JOSEPH HOSPITAL IS A SUBSIDIARY OF COVENANT HEALTH SYSTEMS, AND AS SUCH, ALL DECISIONS ARE SUBJECT TO ITS REVIEW
FORM 990, PART VI, SECTION B, LINE 11	990'S ARE PREPARED BY AN INDEPENDENT TAX ACCOUNTANT, THEN REVIEWED BY THE ST JOSEPH HOSPITAL FINANCE COMMITTEE AND BOARD
FORM 990, PART VI, SECTION B, LINE 12C	EACH YEAR ST JOSEPH HOSPITAL CONDUCTS A SURVEY OF THE BOARD MEMBERS AND KEY MANAGEMENT MEMBERS TO DETERMINE WHETHER THERE ARE CONFLICTS OF INTEREST (ACTUAL OR POTENTIAL), BOARD MEMBERS AND KEY EMPLOYEES HAVE A CONTINUING OBLIGATION TO REPORT ANY PROPOSED TRANSACTIONS WHICH MAY BE PERCEIVED AS A CONFLICT OF INTEREST
FORM 990, PART VI, SECTION B, LINE 15	EVERY 2-3 YEARS, THE COMPENSATION COMMITTEE OF THE COVENANT HEALTH SYSTEM'S BOARD OF DIRECTORS ENGAGES AN EXTERNAL CONSULTANT TO PROVIDE COMPETITIVE MARKET DATA FROM VARIOUS SURVEY SOURCES, WHICH IS USED TO DEVELOP RECOMMENDATIONS FOR CHANGES TO THE COMPENSATION PROGRAM SINCE 2003 THE COMMITTEE HAS ENGAGED MERCER HUMAN RESOURCES CONSULTING TO CONDUCT THIS ANALYSIS OBJECTIVES OF THIS ANALYSIS ARE TO ASSESS THE COMPOSITENESS OF THE CURRENT TOTAL CASH COMPENSATION LEVELS FOR THE SENIOR MANAGEMENT TEAM, DEVELOP MARKET BASED COMPETITIVE SALARY LEVELS FOR ALL EXECUTIVE POSITIONS AND ENSURE THAT THE ANNUAL INCENTIVE OPPORTUNITIES, IF ANY, ARE COMPETITIVE AND REASONABLE
FORM 990, PART VI, SECTION C, LINE 19	UPON REQUEST THE ORGANIZATION WILL MAKE AVAILABLE CORPORATE DOCUMENTS AND FINANCIAL STATEMENTS
FORM 990, PART XI, LINE 9	PENSION ADJUSTMENT 4,200,711 LOSS IN EQUITY OF SUBSIDIARIES -11,725,507 INVESTMENT IN YANKEE -1,012,151 NET ASSETS RELEASED 94,948 RESTRICTED DONATIONS 31,580
FORM 990, PART XII, LINE 2	THE FINANCE COMMITTEE MEETS WITH THE INDEPENDENT AUDITORS TO REVIEW THE AUDITED FINANCIAL STATEMENTS AND THEY ARE REVIEWED AT COVENANT HEALTH SYSTEMS

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) SJH SURGICENTER LLC 172 KINSLEY STREET NASHUA, NH 030612013 20-4181845	OUTPATIENT SURGERY	NH			ST JOSEPH HOSPITAL

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) COVENANT HEALTH SYSTEMS 100 AMES POND ROAD TEWKSBURY, MA 01876 22-2484505	HEALTHCARE SERVICES	MA	501(C)(3)	509(A)(2)			No
(2) THE SURGICENTER AT ST JOSEPH HOSPITAL 172 KINSLEY STREET NASHUA, NH 03060 02-0470528	OUTPATIENT SURGERY SERVICES	NH	501(C)(3)	509(A)(2)	ST JOSEPH HOSPITAL	Yes	
(3) DH FAMILY MEDICINE OF NASHUA 172 KINSLEY STREET NASHA, NH 03060 20-8404257	PHYSICIAN SERVICES	NH	501(C)(3)	509(A)(2)	ST JOSEPH HOSPITAL	Yes	
(4) SOUHEGAN NURSING ASSOCIATION 24 NORTH RIVER ROAD MILFORD, NH 03054 02-0222795	HOME HEALTH AND HOSPICE SERVICES	NH	501(C)(3)	509(A)(2)	ST JOSEPH HOSPITAL	Yes	

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

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

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** Complete if the organization answered "Yes" on 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	(i) No
(1) ST JOSPEH HOSPITAL CORPORATE SERVICES 172 KINSLEY STREET NASHUA, NH 030612013 02-0405197	HOLDING COMPANY	NH	ST JOSEPH HOSPITAL	C	-11,943,509	283,549,007	100 000 %	Yes	
(2) FIRST CHOICE PHO 172 KINSLEY STREET NASHUA, NH 03060 02-0461536	PHYSICIAN HOSPITAL ORGANIZATION	NH	ST JOSEPH HOSPITAL	C	-11,134	712,324	50 000 %		No

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

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

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

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

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

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

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

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 02-0222215
Name: ST JOSEPH HOSPITAL

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
ST JOSEPH CORPORATE SERVICES	J	23,160	CASH
ST JOSEPH CORPORATE SERVICES	K	470,037	CASH
ST JOSEPH CORPORATE SERVICES	O	431,478	CASH
SOUHEGAN NURSING ASSOCIATION	O	43,969	CASH
ST JOSEPH CORPORATE SERVICES	P	436,601	CASH
SOUHEGAN NURSING ASSOCIATION	Q	98,739	CASH
ST JOSEPH CORPORATE SERVICES	Q	63,224	CASH
SOUHEGAN NURSING ASSOCIATION	J	6,840	CASH
ST JOSEPH CORPORATE SERVICES	R	10,995,319	CASH
SOUHEGAN NURSING ASSOCIATION	R	310,000	CASH
DH FAMILY MEDICINE OF NASHUA	R	1,107,171	CASH
COVENANT HEALTH SYSTEMS	D	15,569,213	CASH
COVENANT HEALTH SYSTEMS	E	2,026,401	CASH
COVENANT HEALTH SYSTEMS	B	1,011,591	CASH
COVENANT HEALTH SYSTEMS	R	2,644,104	CASH

BAKER NEWMAN NOYES

Covenant Health Systems, Inc. and Subsidiaries

Audited Consolidated Financial Statements
and Additional Information

Years Ended December 31, 2013 and 2012
With Independent Auditors' Report

INTEGRITY SOLUTIONS

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

Audited Consolidated Financial Statements
and Additional Information

Years Ended December 31, 2013 and 2012

CONTENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Covenant Health Systems, Inc.

We have audited the accompanying consolidated financial statements of Covenant Health System, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Covenant Health Systems Insurance, Ltd., Souhegan Home and Hospice Care, Inc., St. Mary's Villa Nursing Home, Inc., and Mary Immaculate Residential Community, Inc. I – III, wholly-owned subsidiaries, which statements reflect total assets constituting 10% of consolidated total assets at December 31, 2013 and 2012, and total revenues constituting 4% and 5%, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the report of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Covenant Health Systems, Inc. and Subsidiaries as of December 31, 2013 and 2012, and the results of their operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Boston, Massachusetts
April 25, 2014

Limited Liability Company

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2013 and 2012
(In thousands)

ASSETS

	2013	2012
Current assets		
Cash and cash equivalents	$ 38,312	$ 52,792
Accounts receivable, net of allowance for doubtful accounts of $31,924 in 2013 and $30,683 in 2012 (note 6)	48,285	47,170
Investments (note 4)	91,585	65,618
Inventories	3,665	4,251
Prepaid expenses and other current assets	16,596	16,315
Estimated third-party payor settlements (note 3)	779	23,334
Current portion of assets whose use is limited or restricted (note 4)	4,486	4,532
Total current assets	203,708	214,012
Assets whose use is limited or restricted, less current portion (note 4)		
Funds held by trustees, less current portion (note 6)	35,763	45,641
Deferred compensation	12,683	10,819
Board-designated funds and other long-term investments	241,108	203,781
Replacement reserve	4,963	5,099
Donor-restricted funds	17,785	15,659
Total assets whose use is limited or restricted, less current portion	312,302	280,999
Other assets		
Other assets	6,685	6,526
Estimated third-party payor settlements (note 3)	2,065	–
Investments in joint ventures (note 10)	10,850	9,701
Total other assets	19,600	16,227
Property, plant and equipment (note 6)		
Land and improvements	21,026	20,747
Buildings and improvements	363,441	349,377
Equipment	189,795	182,650
Construction in progress	17,787	6,107
	592,049	558,881
Less accumulated depreciation	(336,365)	(316,504)
Total property, plant and equipment	255,684	242,377
Total assets	$ 791,294	$ 753,615

LIABILITIES AND NET ASSETS

	2013	2012
Current liabilities		
Line of credit (note 6)	$ 65	$ –
Accounts payable	11,409	10,956
Accrued expenses and other liabilities	50,959	53,829
Estimated third-party payor settlements (note 3)	11,754	9,044
Current portion of long-term debt and capital leases (note 6)	9,482	8,654
Total current liabilities	83,669	82,483
Long-term debt and capital leases, less current portion (note 6)	217,754	222,141
Other liabilities	21,268	19,481
Long-term pension obligation (note 7)	7,615	15,036
Professional liability loss reserves (note 2)	23,265	20,588
Total liabilities	353,571	359,729
Net assets		
Unrestricted	414,220	372,189
Temporarily restricted (note 8)	17,274	15,705
Permanently restricted (note 8)	6,229	5,992
Total net assets	437,723	393,886
Total liabilities and net assets	$ 791,294	$ 753,615

See accompanying notes

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31, 2013 and 2012
(In thousands)

	2013	2012
Operating revenue		
Patient service revenue, net of contractual allowances and discounts	$588,477	$577,333
Less provision for bad debt	(32,849)	(24,106)
Patient service revenue, net (note 3)	555,628	553,227
Other revenue	26,163	26,315
Net assets released from restrictions for operations	1,400	1,113
Total operating revenue	583,191	580,655
Operating expenses (note 5)		
Salaries and wages	287,758	284,979
Employee benefits (notes 2 and 7)	55,886	63,659
Supplies and other (note 9)	185,172	179,539
Interest	9,075	10,003
Provider tax (note 3)	16,990	17,227
Depreciation and amortization	25,100	25,229
Total operating expenses	579,981	580,636
Income from operations	3,210	19
Nonoperating gains, net (notes 4 and 6)	32,214	32,102
Excess of revenue over expenses before discontinued operations and loss on refinancing of debt	35,424	32,121
Loss on refinancing of debt (note 6)	–	(1,763)
Discontinued operations (note 12)	–	(73)
Excess of revenue over expenses	$ 35,424	$ 30,285

See accompanying notes

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended December 31, 2013 and 2012
(In thousands)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Balances at January 1, 2012	$339,448	$ 13,354	$ 7,140	$359,942
Excess of revenue over expenses	30,285	–	–	30,285
Net change in unrealized gains on investments (note 4)	–	100	–	100
Restricted contributions and investment income	–	2,735	1	2,736
Net assets released from restrictions	601	(1,834)	–	(1,233)
Adjustment to long-term pension obligation (note 7)	1,855	–	–	1,855
Reclassification	–	1,350	(1,350)	–
Change in fair value of beneficial interest in perpetual trusts	–	–	201	201
	32,741	2,351	(1,148)	33,944
Balance at December 31, 2012	372,189	15,705	5,992	393,886
Excess of revenue over expenses	35,424	–	–	35,424
Net change in unrealized gains on investments (note 4)	–	135	–	135
Restricted contributions and investment income	–	2,179	–	2,179
Net assets released from restrictions	117	(1,517)	–	(1,400)
Adjustment to long-term pension obligation (note 7)	7,262	–	–	7,262
Reclassification	(772)	772	–	–
Change in fair value of beneficial interest in perpetual trusts	–	–	237	237
	42,031	1,569	237	43,837
Balance at December 31, 2013	$414,220	$ 17,274	$ 6,229	$437,723

See accompanying notes

COVENANT HEALTH SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2013 and 2012
(In thousands)

	2013	2012
Cash flows from operating activities		
Change in net assets	$ 43,837	$ 33,944
Adjustments to reconcile change in net assets		
to cash provided by operating activities		
Net realized and change in unrealized appreciation on investments	(21,676)	(19,540)
Net gain from joint ventures	(1,149)	(1,407)
Restricted contributions and investment income	(2,179)	(2,736)
Depreciation and amortization	25,371	25,502
Provision for bad debts	32,849	24,106
Loss on refinancing of debt	–	1,763
Adjustment to long-term pension obligation	(7,262)	(1,855)
(Gain) loss on sale of property, plant and equipment	(105)	176
Changes in operating assets and liabilities		
Accounts receivable	(33,964)	(19,329)
Inventories, prepaid expenses and other current assets	305	5,090
Other assets	(704)	4,075
Accounts payable, accrued expenses and other liabilities	(630)	(41)
Estimated third-party payor settlements, net	23,200	(1,570)
Professional liability loss reserves	2,677	(12,541)
Net cash provided by operating activities	60,570	35,637
Cash flows from investing activities		
Purchases of investments and assets whose use is limited or restricted	(120,610)	(129,284)
Sales of investments and assets whose use is limited or restricted	85,062	98,154
Proceeds from sale of property, plant and equipment	366	504
Purchases of property, plant and equipment	(38,757)	(19,352)
Net cash used by investing activities	(73,939)	(49,978)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	7,921	73,916
Payments on long-term debt	(8,536)	(8,228)
Advance from (payments on) line of credit	65	(1,039)
Amounts paid to refinance debt	(2,740)	(42,027)
Bond premium	–	899
Bond issuance costs	–	(1,239)
Restricted contributions and investment income	2,179	2,736
Net cash (used) provided by financing activities	(1,111)	25,018
(Decrease) increase in cash and cash equivalents	(14,480)	10,677
Cash and cash equivalents, beginning of year	52,792	42,115
Cash and cash equivalents, end of year	$ 38,312	$ 52,792
Supplemental disclosure		
Cash paid for interest (including capitalized interest of		
$1,599 and $674 in 2013 and 2012, respectively)	$ 10,706	$ 10,746

See accompanying notes

1. Organization

Covenant Health Systems, Inc (Covenant) is organized to coordinate the corporate, administrative, clinical and service strengths and potentials of its member organizations Covenant functions as the parent company to its member organizations which include St Joseph Hospital of Nashua NH (Nashua), St Mary's Health System, St Joseph Healthcare Foundation and Subsidiaries (Bangor), Youville Lifecare, Inc , Youville House, St Andre Health Care Facility, Mary Immaculate Health Care Services, Inc , Fanny Allen Corporation, Fanny Allen Holdings, St Joseph Manor Health Care, Inc , CHS of Waltham, Inc d/b/a Maristhill (Maristhill), CHS of Worcester, Inc d/b/a St Mary Health Care Center, St Mary's Villa Nursing Home, Inc , Covenant Health Systems Insurance Ltd (CHSIL), Providentia Prima Trust (Providentia Prima), Youville Place and Helping Hands of St Marguerite In 2012, Helping Hands of St Marguerite was discontinued All member organizations are providers of health care services except CHSIL, which is licensed to write professional and general liability insurance for the other member organizations, Fanny Allen Corporation and Fanny Allen Holdings, foundations, and Providentia Prima, which is a unitized investment trust Covenant and its member organizations, and their various related entities are collectively referred to herein as the "System " The System provides acute, long-term and other health care services to patients and residents in New England and Pennsylvania

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates Significant estimates are made in the areas of accounts receivable, estimated third-party payor settlements, professional liability loss reserves and self-insurance reserves (included in accrued expenses and other liabilities)

Concentration of Credit Risk

Financial instruments which subject the System to credit risk consist of cash and cash equivalents, accounts receivable, investments and estimated third-party payor settlements At December 31, 2013 and 2012, the System had cash balances in several financial institutions that exceeded federal depository insurance limits, however, management believes the credit risk related to these financial instruments is minimal The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions Estimated third-party payor settlements are primarily comprised of amounts due from state and federal agencies as well as commercial insurers The System does not expect any credit losses from net recorded amounts Net accounts receivable represent net receivables from patients and third-party payors for services provided by the System Patient accounts receivable from the Medicare and Medicaid programs comprise approximately 44% of receivables for both years ended December 31, 2013 and 2012 The System's investments consist of diversified investments and, while subject to market risk, are not subject to concentrations in any sectors Revenues from the Medicare and Medicaid programs accounted for approximately 62% and 67% of the System's gross patient service revenues for the years ended December 31, 2013 and 2012, respectively, and revenues with Anthem accounted for approximately 5% and 9% of gross patient service revenues for 2013 and 2012, respectively

2. Significant Accounting Policies (Continued)

Income Taxes

Covenant and its member organizations are considered not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code, except as noted below

St Joseph Hospital Corporate Services, Inc , a wholly-owned subsidiary of Nashua, is a for-profit organization, which is subject to federal and state income taxes

CHSIL, a wholly-owned subsidiary, is subject to taxation in the Cayman Islands No income taxes are levied in the Cayman Islands and CHSIL has been granted an exemption for any taxes that might be introduced Accordingly, no provision for income taxes has been made in the accompanying financial statements

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status Under guidance issued by the Financial Accounting Standards Board, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense

The System has evaluated the position taken on its filed tax returns The System has concluded no uncertain income tax positions exist at December 31, 2013 The System's tax years from 2010 through 2013 are open and subject to examination

Principles of Consolidation

The consolidated financial statements of the System include the accounts of Covenant and its member organizations Significant intercompany accounts and transactions have been eliminated in consolidation

Temporarily and Permanently Restricted Net Assets

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as either net assets released from restrictions for operations (for noncapital-related items) or net assets released from restrictions for property, plant and equipment (for capital-related items) Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity

2. Significant Accounting Policies (Continued)

Statement of Operations

Transactions deemed by management to be ongoing, major or central to the provision of the services offered by the System are reported as operating revenue and operating expenses Other transactions, which primarily include certain types of investment income and unrestricted contributions, are reported as nonoperating gains

Management has determined that the net result of the CHSIL insurance operations should be reported in the consolidated nonoperating portion of the income statement and the actuarially determined premium paid by the insured (member organization) should remain as an operating expense The operating results of Providentia Prima are the net result of investment operations and are reported in the consolidated nonoperating portion of the income statement The operations of Fanny Allen Corporation and Fanny Allen Holdings are that of a foundation and have been included in nonoperating gains on the consolidated statement of operations

Excess of Revenue Over Expenses

The consolidated statements of operations include excess of revenue over expenses Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include 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 pension obligation adjustments other than net periodic pension cost

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors due to future audits, reviews and investigations Retroactive adjustments are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined Changes in estimated settlements from third-party payors and other changes from prior years resulted in a net increase of $6,434 and $3,645 to net patient service revenue for the years ended December 31, 2013 and 2012, respectively

Charity Care

The System has a formal charity care policy under which patient care is provided to patients who meet certain criteria without charge or at amounts less than its established rates The System does not pursue collection of amounts determined to qualify as charity care, therefore, they are not reported as revenue

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments which have a maturity of three months or less when purchased

2. **Significant Accounting Policies (Continued)**

Beneficial Interest in Perpetual Trust

The System is the beneficiary of several trust funds administered by trustees or other third parties Trusts, wherein the System has an irrevocable right to receive the income earned on the trust assets in perpetuity, are recorded as permanently restricted net assets at the fair value of the trust at the date of receipt and are included in donor-restricted funds in the consolidated balance sheet Income distributions from the trusts are reported as investment income that increase unrestricted net assets, unless restricted by the donor Annual changes in market value of the trusts are recorded as increases or decreases to permanently restricted net assets

Accounts Receivable

The allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding balances Management considers the age of outstanding balances and past collection efforts in determining the allowance for doubtful accounts Accounts deemed uncollectible are charged off against the established allowance

Inventories

Inventories of pharmaceuticals and medical supplies are carried at the lower of cost (determined primarily by the first-in, first-out method) or market

Property, Plant and Equipment

Property, plant and equipment is stated at cost, or if donated, at fair market value at time of donation, less accumulated depreciation The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets The provision for depreciation is determined by the straight-line method at rates intended to amortize the cost of related assets over their estimated useful lives

The System reviews its long-lived assets when events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable Upon determination that an impairment has occurred, these assets are reduced to fair value No such impairment losses have been recognized to date Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less the cost to dispose

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

Depreciation expense for the years ended December 31, 2013 and 2012 was $25,186 and $25,422, respectively

2. **Significant Accounting Policies (Continued)**

Conditional Asset Retirement Obligations

The System recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, in accordance with the Accounting Standards (the Standards) for *Accounting for Asset Retirement Obligations* (ASC 410-20) When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long lived asset The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of operations

As of December 31, 2013 and 2012, $7,918 and $7,640, respectively, of conditional asset retirement obligations are included within other liabilities on the consolidated balance sheet

Deferred Financing Costs Original Issue Discount

Deferred financing costs and the original issue discount and premium related to the System's bonds payable are being amortized by the effective interest method over the repayment period of the bonds The original issue discount or premium is presented as a reduction or increase, respectively, of the face amount of bonds payable

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include certain assets set aside by the Board of Directors to provide for the future replacement of property, plant and equipment and certain internal designations by members of the System These assets are reported as Board-designated funds and other long-term investments Also, under certain debt agreements, the System is required to maintain assets which have been segregated as externally designated trustee funds Donor-restricted funds include amounts donated for endowments and other special purpose funds

Investments and Investment Income

Investments in equity securities with readily determinable market values and all investments in debt securities are recorded at fair market value At December 31, 2013 and 2012, the System held interests in certain funds and common trusts, which are also referred to as alternative investments Interests in the alternative investments are generally recorded at fair market value based on the System's ownership share and rights of the investments

The valuation of the alternative investments is estimated by management based on fair values provided by external investment managers Covenant reviews and evaluates the valuations provided by the investment managers and believes that these valuations are a reasonable estimate of fair value at December 31, 2013 and 2012, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and such differences could be material The amount of gain or loss associated with these investments is reflected in the accompanying financial statements based on information provided by the management of the fund

2. Significant Accounting Policies (Continued)

Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. Realized gains or losses on the sale of investment securities are determined by the specific identification method.

Investment income earned on unrestricted investments is reported as nonoperating gains. Investment income on restricted investments is reported as nonoperating gains unless specifically restricted by the donor or state law, in which case it is reported as an increase in temporarily or permanently restricted net assets.

Donor-Restricted Gifts

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value at the date the promise is received based on the present value of their estimated future cash flows. The discount on those amounts is computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue.

Conditional promises to give and indications of intentions to give are not recognized until the related conditions have been met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

Professional Liability Loss Contingencies

CHSIL is a wholly-owned captive insurance company incorporated and based in the Cayman Islands for the purpose of providing professional and general liability insurance. The System insures its professional risks on a claims made basis and general liability risks on an occurrence basis through CHSIL.

Estimated liability costs, as calculated by the System's consulting actuaries, consist of specific reserves to cover the estimated liability resulting from medical or general liability incidents or potential claims which have been reported, as well as a provision for claims incurred but not reported. Estimated malpractice liabilities include estimates of future trends in loss severity and frequency and other factors that could vary as the claims are ultimately settled. Although it is not possible to measure the degree of variability inherent in such estimates, management believes the reserves for claims are adequate. These estimates are periodically reviewed, and necessary adjustments are reflected in the consolidated statement of operations in the year the need for such adjustments becomes known. Management is unaware of any claims that would cause the final expense for medical malpractice risks to vary materially from the amounts provided.

2. Significant Accounting Policies (Continued)

In accordance with Accounting Standards Update (ASU) No 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), the System recorded a liability of $2,137 and $1,746 related to estimated professional liability losses at December 31, 2013 and 2012, respectively The System also recorded a receivable of $2,137 and $1,746 related to estimated recoveries under insurance coverage for recoveries of the potential losses at December 31, 2013 and 2012, respectively

The System estimates that the total expected claims liabilities at December 31, 2013 and 2012 are $23,265 and $20,588, respectively The System maintains malpractice insurance coverage on a claims made basis At December 31, 2013, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which require loss accrual The System intends to renew coverage on a claims made basis and anticipates that such coverage will be available

Self-Insurance Reserves

Certain members of the System are self-insured for workers' compensation and employee healthcare benefits These costs are accounted for on an accrual basis to include estimates of future payments on claims incurred

Retirement Plans

The System's members sponsor several defined contribution retirement plans which cover substantially all employees who have met certain eligibility requirements of the respective plans Contributions to the defined contribution plans are discretionary and are based upon certain percentages of eligible income Expenses related to the defined contribution plans were $2,521 and $3,365 for 2013 and 2012, respectively In addition, Nashua and Bangor have defined benefit pension plans See Note 7 for further information on the defined benefit plans The System maintains a supplemental executive retirement plan (SERP) for certain executives Expenses related to the SERP were approximately $415 and $402 for the years ended December 31, 2013 and 2012, respectively

Deferred Compensation

The System has recorded its obligations under deferred compensation agreements with certain physicians and employees of $12,097 and $10,694 at December 31, 2013 and 2012, respectively, at the net present value of benefits earned

Fair Value of Financial Instruments

The carrying amounts of the System's financial instruments as reported in the accompanying consolidated balance sheets, other than long-term debt, approximate fair value

(In thousands)

2. Significant Accounting Policies (Continued)

Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements Management has evaluated subsequent events through April 25, 2014 which is the date the financial statements were available to be issued

3. Net Patient Service Revenue

The System maintains contracts with Medicare and several State agencies (Medicaid) The System is paid a prospectively determined fixed price for each inpatient and outpatient service depending on the type of illness and the patient's applicable diagnostic classification The System also receives some minor level of payments from Medicare and Medicaid for services which are settled upon filing and audit of its annual cost reports

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations The basis for payment to the System under these agreements includes discounts from established charges and per diem daily rates

The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided

Revenues from third-party payors and the uninsured are summarized as follows at December 31

	2013	2012
Medicare	$235,726	$220,420
Medicaid	96,271	110,508
Commercial	206,843	198,993
Patients (private pay/self pay)	49,637	47,412
	588,477	577,333
Provision for bad debt	(32,849)	(24,106)
	$555,628	$553,227

(In thousands)

3. Net Patient Service Revenue (Continued)

Net patient service revenue consists of the following for the years ended December 31

	2013	2012
Gross patient service revenue	$1,257,684	$1,188,799
Contractual adjustments	(647,408)	(585,768)
Charity care	(21,799)	(25,698)
	$ 588,477	$ 577,333

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectibility of accounts receivable, the System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debt Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debt, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a provision for bad debt 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 System's allowance for doubtful accounts for self-pay patients decreased from 23% of total accounts receivable at December 31, 2012 to 20% of total accounts receivable at December 31, 2013 The System's provision for bad debt increased from $24,106 in 2012 to $32,849 in 2013 The increase/decrease in the allowance as a percentage of self-pay accounts receivable and provision for bad debt was a result of collection trends

The consolidated balance sheet includes amounts due from the State of Maine under the MaineCare program The amounts recorded from the State have been determined based upon applicable regulations and the System expects that these amounts will ultimately be paid in full In September 2013, the System received an interim payment in the amount of $33,662 from the State of Maine for amounts due under the MaineCare program The amount represents payment based on interim cost reports and is an estimate pending final settlement Due to the complex nature of such regulations, there is at least a reasonable possibility that recorded estimates will change by a material amount

Under the State of New Hampshire's tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5 5% of net patient service revenues, with certain exclusions The amount of tax incurred by Nashua for fiscal 2013 and 2012 was $7,714 and $8,078, respectively

3. Net Patient Service Revenue (Continued)

The State of Maine also assesses a provider tax similar to New Hampshire, with disproportionate share funding partially offsetting the tax

The estimated third-party payor settlements reflected on the balance sheet represent the estimated net amounts to be received or paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (CMS), Medicaid and any commercial payors with settlement provisions Settlements have been issued through 2004 for Medicare and Medicaid Anthem settlements are final through 2012

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term The System believes that it is substantially in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing specific to the System While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenue in the year that such amounts become known

Community Benefits

The System does not pursue collection of amounts determined to qualify as charity care, therefore, they are not reported as revenue The System determines the costs associated with providing charity care by calculating a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care Under this methodology, the estimated costs of caring for charity care patients for the years ended December 31, 2013 and 2012 were $9,486 and $11,072, respectively

As part of the System's charitable mission, its member organizations also provide services which primarily benefit the medically under-served in their communities The System prepares an annual report utilizing the methodology contained in the Catholic Health Association's Guide to Planning and Reporting Community Benefit The net unsponsored costs of charity care including clinics, unreimbursed Medicaid cost, outreach programs and community health education programs provided by the System for the years ended December 31, 2013 and 2012 were $38,691 and $38,402, respectively Additionally, the System calculates the amount of costs not reimbursed by the Federal Medicare program Those unreimbursed costs were $34,275 in 2013 and $44,727 in 2012

4. Investments

Investments, which are reported at fair value, consist of the following at December 31

	2013	2012
Investments	$ 91,585	$ 65,618
Assets whose use is limited, restricted or board designated	316,788	285,531
Total investments	$408,373	$351,149

Fair Value Measurements

Financial assets carried at fair value are classified and disclosed in one of the following three categories

Level 1 – Assets classified as Level 1 represent items that are traded in active exchange markets and for which valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities Assets classified as Level 1 include cash and cash equivalents, marketable equity securities, mutual funds, exchange traded funds, and accrued interest and other

Level 2 – Valuations for assets traded in less active dealer or broker markets Valuations are obtained from third party pricing services for identical or similar assets or liabilities Assets classified as Level 2 include U S Government securities, pooled-fixed income, corporate bonds, guaranteed investment contracts and cash surrender value of life insurance policies

Level 3 – Valuations for assets that are derived from other valuation methodologies not based on market exchange, dealer or broker traded transactions Level 3 valuations incorporate certain assumptions in determining the fair value assigned to such assets Assets classified as Level 3 include alternative investments and beneficial interests in perpetual trusts

In determining the appropriate levels, the System performs a detailed analysis of the valuation methodology of the assets At each reporting period, all assets for which the fair value measurement is based on significant unobservable inputs are classified as Level 3

(In thousands)

4. Investments (Continued)

The following presents the balances of assets measured at fair value on a recurring basis at December 31

	Level 1	Level 2	Level 3	Total
2013				
Cash and cash equivalents	$ 50,773	$ –	$ –	$ 50,773
U S Government securities	–	38,507	–	38,507
Pooled – fixed income	–	3	–	3
Corporate bonds	–	10,943	–	10,943
Guaranteed investment contracts	–	209	–	209
Marketable equity securities				
Consumer discretionary	10,208	–	–	10,208
Consumer staples	6,273	–	–	6,273
Energy	7,023	–	–	7,023
Financial services	12,378	–	–	12,378
Healthcare	11,021	–	–	11,021
Industrial	9,614	–	–	9,614
Technology	15,012	–	–	15,012
Materials	3,746	–	–	3,746
Telecommunications	1,391	–	–	1,391
Utilities	3,109	–	–	3,109
Exchange traded funds	1,230	–	–	1,230
Alternative investments	–	–	46,854	46,854
Mutual funds				
Equity funds	146,349	–	–	146,349
Fixed income funds	17,501	–	–	17,501
International equity funds	1,380	–	–	1,380
Accrued interest and other	917	–	–	917
Beneficial interest in perpetual and other trusts	–	–	5,142	5,142
Cash surrender value of life insurance policies	–	8,790	–	8,790
	$297,925	$58,452	$51,996	$408,373
	73%	14%	13%	100%

(In thousands)

4. **Investments (Continued)**

	Level 1	Level 2	Level 3	Total
2012				
Cash and cash equivalents	$ 55,653	$ –	$ –	$ 55,653
U S Government securities	–	47,925	–	47,925
Pooled – fixed income	–	9,174	–	9,174
Corporate bonds	–	3,682	–	3,682
Guaranteed investment contracts	–	296	–	296
Marketable equity securities				
Conglomerates	102	–	–	102
Consumer discretionary	6,978	–	–	6,978
Consumer staples	5,406	–	–	5,406
Energy	7,149	–	–	7,149
Financial services	10,526	–	–	10,526
Healthcare	8,316	–	–	8,316
Industrial	6,915	–	–	6,915
Technology	11,629	–	–	11,629
Materials	2,735	–	–	2,735
Telecommunications	1,827	–	–	1,827
Utilities	2,048	–	–	2,048
Exchange traded funds	1,143	–	–	1,143
Alternative investments	–	–	45,377	45,377
Mutual funds				
Equity funds	102,350	–	–	102,350
Fixed income funds	3,035	–	–	3,035
International equity funds	5,792	–	–	5,792
Accrued interest and other	642	–	–	642
Beneficial interest in perpetual and other trusts	–	–	4,833	4,833
Cash surrender value of life insurance policies	–	7,616	–	7,616
	$232,246	$68,693	$50,210	$351,149
	66%	20%	14%	100%

The change in fair value of Level 3 investments is due to the following

	Perpetual Trusts	Alternative Investments
Balance at December 31, 2012	$4,833	$ 45,377
Purchases	–	15,264
Sales	–	(18,823)
Realized gains on investments	–	2,149
Unrealized gains on investments	309	2,887
Balance at December 31, 2013	$5,142	$ 46,854

(In thousands)

4. Investments (Continued)

	Perpetual Trusts	Alternative Investments
Balance at December 31, 2011	$4,427	$40,630
Purchases	–	6,670
Sales	–	(5,532)
Realized gains on investments	–	645
Unrealized gains on investments	406	2,964
Balance at December 31, 2012	$4,833	$45,377

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

The principal components of total investment return for the years ended December 31 include:

	2013	2012
Investment income		
Interest and dividends	$ 7,091	$ 6,064
Net realized gains on sales of securities	6,732	6,138
Net unrealized gains on investments	14,944	13,402
Gain on fair value of investments	21,676	19,540
Investment income and gains	$28,767	$25,604

All unrestricted investment income and gains including unrealized gains are included as part of nonoperating gains or discontinued operations in the statement of operations.

5. Functional Expenses

The System provides acute and long-term health care services. Expenses related to providing these services are as follows for the years ended December 31:

	2013	2012
Health care services	$372,021	$375,966
General and administrative	207,960	204,670
	$579,981	$580,636

(In thousands)

6. Lines of Credit and Long-Term Debt

Six member organizations have available lines of credit totaling $4,100, which has $65 outstanding at December 31, 2013 There were no amounts outstanding at December 31, 2012

The System has three letters of credit totaling $90, $1,125 and $1,400 with banks at December 31, 2013 The letters relate to the System's workers' compensation self-insurance programs

Long-Term Debt

Long-term debt at December 31 consists of the following

	2013	2012
Tax-exempt revenue bonds issued through various state and local government agencies with interest rates ranging from 2 0% to 5 5% and with varying maturity dates through 2042 The bonds may generally be redeemed in whole or in part at a premium which is not to exceed 2% of the bonds redeemed The bonds are generally collateralized by gross receipts and mortgages on substantially all existing and future property, plant and equipment	$204,462	$207,609
Mortgages and other notes payable and capital leases with interest rates ranging from 3 25% to 8 25% and with varying maturity dates through 2039	20,791	20,999
	225,253	228,608
Unamortized original issue premium	1,983	2,187
	227,236	230,795
Less current portion	(9,482)	(8,654)
	$217,754	$222,141

In February 2001, the System formed an Obligated Group for the purpose of issuing tax-exempt bonds

On June 27, 2012, the Obligated Group obtained $39,365 of debt through tax-exempt bonds issued through New Hampshire Health and Education Facilities Authority (NHHEFA) ($12,365) (balance at December 31, 2013 and 2012, $12,340 and $12,365, respectively) and Massachusetts Health and Educational Facilities Authority (MHEFA) ($27,000) (balance at December 31, 2013 and 2012, $26,935 and $27,000, respectively) Proceeds borrowed were used for defeasance of NHHEFA and MHEFA 2002 bonds and to finance capital acquisitions and improvements The bonds bear interest at rates ranging from 3% to 5% and mature in varying annual amounts to 2042

In 2012, St Mary's Regional Medical Center (St Mary's) obtained $19,270 of debt through tax-exempt bonds issued through Maine Health and Higher Educational Facilities Authority (MHHEFA) (balance at December 31, 2013 and 2012, $19,180 and $19,270, respectively), the proceeds of which were used to refinance existing debt The bonds are guaranteed by the Obligated Group The bonds bear interest at 3 42% and mature in varying annual amounts to 2036

6. **Lines of Credit and Long-Term Debt (Continued)**

In 2012, Bangor obtained $1,975 of debt through tax-exempt bonds issued through MHHEFA (balance at December 31, 2013 and 2012, $1,685 and $1,791, respectively), the proceeds of which were used to refinance existing debt The Bangor tax-exempt bonds require the establishment of a debt service reserve fund in the amount of $184 held by a trustee

In connection with all refinancings, the System recognized a loss of $1,763 in 2012

On October 31, 2012, Bangor obtained $13,490 of debt through tax-exempt bonds issued through MHHEFA (balance at December 31, 2013 and 2012, $13,160 and $13,490, respectively), the proceeds of which will be used to finance capital improvements The bonds are guaranteed by the Obligated Group

The 2012 tax-exempt bonds require the establishment of a construction fund to be held in trust Proceeds held in the fund amounted to $12,002 as of December 31, 2013 The amounts are included in the balance sheet as funds held by trustees Related construction commitments at December 31, 2013 were approximately $11 2 million The Obligated Group is required to maintain a minimum debt service coverage ratio of at least 1 20 and a minimum number of days cash on hand of 30

In May 2004, the Obligated Group, in connection with the NHHEFA, issued $21,400 of tax-exempt fixed rate Revenue Bonds, Series 2004 (balance at December 31, 2013 and 2012, $18,520 and $18,995, respectively) Nashua received all of the proceeds of the issuance which were used to finance capital acquisitions and improvements The bonds bear interest at rates ranging from 5% to 5 5% and mature in varying annual amounts to 2034 Under the terms of the loan agreement and the Obligated Group master indenture, the bonds are collateralized by a lien on the gross receipts of the Obligated Group The Series 2004 bonds have similar covenants as the Series 2012 bonds

The Series 2004 bonds require the establishment of a debt service reserve fund to be held in trust Proceeds were used to establish the fund which amounted to approximately $1,508 at December 31, 2013 and 2012 The amount is included in the balance sheet as funds held by trustees

In October 2007, the Obligated Group issued $78,510 in tax-exempt bonds There were four series issued, collectively "the 2007 Series bonds" The MHEFA issued Series 2007A bonds in the amount of $12,940 and Series 2007B bonds in the amount of $11,890 (combined balance at December 31, 2013 and 2012, $23,120 and $23,460, respectively) The NHHEFA issued Series 2007A bonds in the amount of $17,030 and Series 2007B bonds in the amount of $36,650 (combined balance at December 31, 2013 and 2012, $49,620 and $51,045, respectively) The bonds bear interest at rates ranging from 4 5% to 5% and mature in varying annual amounts to 2037

The proceeds from the issuance of the 2007 Series bonds provided for construction at Nashua of $15,130, the acquisition of Youville Place (a Massachusetts's assisted living facility) for $11,500, and the advanced refunding and defeasance of $42,900 of the Series 2002 bonds The Series 2007 bonds have similar covenants to the Series 2012 bonds

6. **Lines of Credit and Long-Term Debt (Continued)**

The Series 2007 bonds require the establishment of a debt service reserve fund to be held in trust Proceeds were used to establish the fund which amounted to approximately $7,258 at December 31, 2013 and 2012 The amount is included in the balance sheet as funds held by trustees The Obligated Group is required to maintain a minimum debt service ratio of at least 1 20 and a minimum number of days cash on hand of 30

In June 2004, St Mary's and St Mary's d'Youville Pavilion (d'Youville Pavilion) issued through Maine Health and Higher Educational Facilities Authority (MHHEFA) $16,055 and $8,905, respectively, of Revenue Bonds, Series 2004A, for the purpose of refinancing the outstanding Series 1993D Revenue Bonds (balance at December 31, 2013 and 2012 for St Mary's and d'Youville Pavilion is $8,635 and $9,645 and $2,775 and $3,445, respectively)

The Series 2004A bonds bear interest at rates ranging from 2 0% to 5 375% and mature in varying annual amounts to 2023 The Series 2004A bonds are collateralized by substantially all of the property, plant, equipment and improvements and accounts receivable of St Mary's and d'Youville Pavilion Monthly deposits of principal and interest are made into a debt service fund to meet semiannual debt service payments and to retire the bonds when due

In October 2007, St Mary's issued additional Revenue Bonds (Series 2007B) through MHHEFA in the amount of $6,241 for purposes of funding capital expenditures (balance at December 31, 2013 and 2012, $5,711 and $5,851, respectively)

The 2007B bonds bear interest at rates ranging from 4 0% to 5 0% and mature in varying annual amounts to 2037 The bonds are collateralized by substantially all of the property, plant, equipment and improvements and accounts receivable of St Mary's Monthly deposits of principal and interest are made into a debt service fund to meet semiannual debt service payments and to retire the bonds when due

In June 2010, St Mary's issued additional revenue bonds (Series 2010B) through MHHEFA in the amount of $7,222 (balance at December 31, 2013 and 2012, $6,441 and $6,712, respectively) The proceeds of the 2010B Bonds were used to refinance previously issued revenue bonds The 2010B Bonds bear interest at varying rates with an average rate of 4 55% and mature in varying annual amounts to 2031 The bonds are collateralized by substantially all the assets of St Mary's

The Series 2004A, 2007B and 2010B Bonds also require that St Mary's satisfy certain measures of financial performance (including a minimum debt service coverage ratio of 1 2 for each year) as long as the bonds are outstanding

In accordance with the terms of the respective debt agreements, St Mary's and d'Youville Pavilion are also required to maintain certain funds on deposit with a trustee These funds are included as funds held by trustees in the accompanying balance sheets

(In thousands)

6. **Lines of Credit and Long-Term Debt (Continued)**

In 2009, St Mary's issued additional revenue bonds through the Finance Authority of Maine in the amount of $5,300 (balance at December 31, 2013 and 2012, $4,200 and $4,464, respectively) for the purpose of funding capital expenditures The bonds mature in 2020, bear interest at a variable rate and are subject to an interest rate swap agreement

St Mary's Residences has a mortgage payable to Maine State Housing Authority of $2,590 and $2,651 with an interest rate of 7 5% at December 31, 2013 and 2012, respectively The mortgage matures in July 2023 and is collateralized by real property

Through its acquisition of Bangor, the System acquired a note payable to MHHEFA, Series 2010B – outstanding balance of $9,510 and $10,250 at December 31, 2013 and 2012, respectively The bonds bear interest at rates ranging from 2 5% to 5% and mature in varying amounts through 2026

Mary Immaculate Residential Communities I-III have mortgages payable to the Department of Housing and Urban Development and Midland Loans Services, Inc , collateralized by their real property Total amounts payable are $8,728 and $9,037 and interest rates range from 6 10% to 6 875% at December 31, 2013 and 2012, respectively

St Mary's Villa Nursing Home, Inc had a mortgage payable to the Rural Housing Service, US Department of Agriculture of $2,030 with an interest rate of 4 75% at December 31, 2012 and a mortgage payable to Penn Security Bank of $700 with an interest rate of 4 76% at December 31, 2012 The mortgages were refinanced in 2013 through the issuance of tax-exempt revenue notes in the amount of $2,740 (balance at December 31, 2013, $2,630) The notes mature in 2029 and bear interest at 3 23%

Additional mortgages payable to various financial institutions total approximately $9 5 million and $8 6 million at December 31, 2013 and 2012, respectively, and are held primarily at St Mary's Health System, Bangor, St Joseph Manor Health Care, Inc and St Mary's Villa Nursing Home, Inc

Maturities on long-term debt for the five years ending December 31 and thereafter are as follows

2014	$ 9,482
2015	8,466
2016	8,581
2017	8,401
2018	9,235
Thereafter	183,071
	$227,236

The fair value of the System's long-term debt at December 31, 2013 and 2012 was approximately $196,307 and $223,850, respectively

(In thousands)

7. Defined Benefit Pension Plan

Nashua has a noncontributory defined benefit plan covering all of its eligible employees The measurement date is December 31

Effective June 2, 2007, plan participation was frozen for new participants Benefit service and plan compensation have been frozen effective December 31, 2007 A defined contribution plan replaced the defined benefit plan for Nashua and Souhegan Home and Hospice Care, Inc A curtailment to the retirement plan for employees of Nashua and Souhegan Home and Hospice Care, Inc was recorded as of December 31, 2007

Net periodic pension cost includes the following components for the years ended December 31

	2013	2012
Interest cost on projected benefit obligation	$ 1,389	$ 1,388
Expected return on plan assets	(1,968)	(1,761)
Amortization of loss	1,395	1,456
Net periodic pension expense	$ 816	$ 1,083

The following table sets forth the plan's benefit obligation, funded status and amounts recognized in the financial statements at December 31

	2013	2012
Accumulated benefit obligation	$31,305	$35,299
Changes in projected benefit obligations		
Projected benefit obligations, beginning of period	$35,299	$32,525
Interest cost	1,389	1,388
Benefits paid	(4,369)	(824)
Impact of assumption changes	(2,294)	1,553
Experience loss	1,280	657
Projected benefit obligations, end of period	31,305	35,299
Changes in plan assets		
Fair value of plan assets, beginning of period	28,510	25,228
Actual return on plan assets	3,760	4,106
Benefits paid	(4,369)	(824)
Fair value of plan assets, end of period	27,901	28,510
Funded status	$(3,404)	$(6,789)

(In thousands)

7. Defined Benefit Pension Plan (Continued)

The weighted average assumptions used in accounting for the defined benefit pension plan are as follows as of and for the years ended December 31

	2013	2012
Discount rate used to determine net periodic pension cost	4 05%	4 30%
Discount rate used to determine benefit obligation	4 95	4 05
Expected long-term rate of return on plan assets	7 50	7 50
Rate of increase in future compensation levels	N/A	N/A

The following is a summary of the allocation of plan assets for the years ended December 31

	2013	2012
Cash and cash equivalents	$ 546	$ 437
Mutual funds		
Equity funds	13,197	15,505
Fixed income funds	8,409	8,357
International equity funds	5,749	4,211
	$27,901	$28,510

All pension assets are considered to be Level 1 assets (as defined in Note 4)

In selecting the expected long-term rate of return on assets, Nashua considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of this plan This includes considering the trusts' asset allocation and the expected returns likely to be earned over the life of the plan This basis is consistent with the prior year

Nashua and affiliates expect to make no contributions to its defined benefit pension plan during the year ended December 31, 2014

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the period ended December 31

2014	$ 2,470
2015	1,495
2016	2,066
2017	2,180
2018	2,567
2019 through 2023	15,135

(In thousands)

7. Defined Benefit Pension Plan (Continued)

Bangor has a noncontributory defined benefit plan covering all of its eligible employees of St Joseph Healthcare Foundation, other affiliates and the Hospital The measurement date is December 31

Effective January 1, 2004, plan participation was frozen for new participants Current participants who qualify under the rule of 60 (combination of age plus years of service) may elect to continue to participate in the plan or to participate in a separate defined contribution plan sponsored by Bangor Those current participants which do not qualify to continue to participate under the rule of 60, will retain their vested position in the plan but will only be eligible to participate in the defined contribution plan No new participants will be eligible to participate in the plan In 2011, Bangor elected to freeze the plan for purposes of benefit services and plan compensation effective June 30, 2012 A curtailment to the retirement plan was recorded as of December 31, 2011

Net periodic pension cost includes the following components for the years ended December 31

	2013	2012
Service cost	$ –	$ 173
Interest cost on projected benefit obligation	1,074	1,079
Expected return on plan assets	(1,274)	(1,134)
Net periodic pension (income) expense	$ (200)	$ 118

The following table sets forth the plan's benefit obligation, funded status and amounts recognized in the financial statements at December 31

	2013	2012
Accumulated benefit obligation	$25,621	$26,817
Changes in projected benefit obligations		
Projected benefit obligations, beginning of period	$26,817	$25,568
Service cost	–	173
Interest cost	1,074	1,079
Benefits paid	(876)	(792)
Experience (gain) loss	(1,394)	789
Projected benefit obligations, end of period	25,621	26,817
Changes in plan assets		
Fair value of plan assets, beginning of period	18,570	16,402
Actual return on plan assets	2,941	2,185
Employer contributions	775	775
Benefits paid	(876)	(792)
Fair value of plan assets, end of period	21,410	18,570
Funded status	$ (4,211)	$ (8,247)

(In thousands)

7. Defined Benefit Pension Plan (Continued)

The weighted average assumptions used in accounting for the defined benefit pension plan are as follows as of and for the years ended December 31

	2013	2012
Discount rate used to determine net periodic pension cost	4 05%	4 30%
Discount rate used to determine benefit obligation	4 95	4 05
Expected long-term rate of return on plan assets	7 25	7 50
Rate of increase in future compensation levels	N/A	3 50

The following is a summary of the allocation of plan assets for the years ended December 31

	2013	2012
Money market	$ 25	$ –
Mutual funds		
Equity funds	13,386	10,986
Fixed income funds	7,999	7,584
	$21,410	$18,570

All pension assets are considered to be Level 1 assets (as defined in Note 4)

The target allocation percentage for investments is designed to meet the expected return on plan assets The plan trustee evaluates its target allocation periodically in relation to market performance and overall market conditions The plan does not allow for the purchase of derivatives and the overall goal is to provide for adequate investment growth, along with contributions, to provide adequate funding to meet plan obligations on a current and projected basis

Bangor and affiliates expect to make contributions of $775 to its defined benefit pension plan during the year ended December 31, 2014

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the period ended December 31

2014	$ 1,087
2015	1,209
2016	1,301
2017	1,423
2018	1,491
2019 through 2023	8,252

(In thousands)

8. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31

	2013	2012
Health care services	$ 2,038	$ 1,899
Equipment and capital improvements	12,346	10,528
Education and scholarships	687	860
Designated for certain communities	2,203	2,418
	$17,274	$15,705

Permanently restricted net assets are restricted to the following at December 31

	2013	2012
Investments to be held in perpetuity, the income from which is expendable to support various health care services	$ 1,809	$ 1,809
Investments to be held in perpetuity, the income from which is unrestricted	853	853
Beneficial interest in perpetual trust	3,567	3,330
	$6,229	$5,992

9. Lease Commitments

Rent expense, primarily for facilities, for the years ended December 31, 2013 and 2012 was $4,632 and $5,313, respectively Aggregate future lease commitments for facility and equipment under noncancelable operating leases for the years ended December 31 are as follows

2014	$ 2,774
2015	1,928
2016	1,569
2017	1,281
2018	593
Thereafter	500
	$ 8,645

(In thousands)

10. Investments in Joint Ventures

The System has ownership interests in joint ventures All of the investments are accounted for under the equity method of accounting The more significant investments in joint ventures are as follows

The System has a 50% ownership interest in United Ambulance Services which has operations in Lewiston and Auburn, Maine The investment has a carrying value of $2,466 and $2,433 at December 31, 2013 and 2012, respectively

The System has a 33 3% ownership interest in Nashua Regional Cancer Center The investment has a carrying value of $2,671 and $2,228 at December 31, 2013 and 2012, respectively

The System has a 33% ownership interest in the Surgery Center of Greater Nashua The investment has a carrying value of $1,278 and $1,250 at December 31, 2013 and 2012, respectively

The System has a 1 01% ownership in Preferred Professional Insurance Company (PPIC) The investment has a carrying value of $2,203 and $2,605 at December 31, 2013 and 2012, respectively

11. Contingencies

Litigation

Various legal claims, generally incidental to the conduct of normal business, are pending or have been threatened against the System The System intends to defend vigorously against these claims While ultimate liability, if any, arising from any such claim is presently indeterminable, it is management's opinion that the ultimate resolution of these claims will not have a material adverse effect on the financial condition of the System

Regulatory

The health care industry is subject to numerous laws and regulations of federal, state and local governments Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed Compliance with such laws and regulations are subject to government review and interpretations as well as regulatory actions unknown or unasserted at this time

12. Discontinued Operations

During 2012, Helping Hands of St Marguerite was discontinued The statements of operations reflect a loss of $73 in discontinued operations

The following is a reclassification of discontinued operations at December 31, 2012

Total operating revenue	$ 266
Total operating expenses	(339)
Discontinued operations	$ (73)

INDEPENDENT AUDITORS' REPORT ON THE ADDITIONAL INFORMATION

The Board of Directors
Covenant Health Systems, Inc.

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

Boston, Massachusetts
April 25, 2014

Limited Liability Company

Covenant Health Systems, Inc
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	Covenant Health Systems, Inc	(Marist Hill) CHS of Waltham Inc	St Joseph Hospital of Nashua, NH, Inc *	Youville Lifecare, Inc	Youville House	Mary Immac–ulate*	Fanny Allen Corporation	(St Mary) CHS of Worcester, Inc	Youville Place	Elimi–nations	** Total Obligated Group
Assets											
Current assets											
Cash and cash equivalents	$ 2,099	$ 2,222	$ 4,848	$ 541	$ 4,450	$ 5,661	$ 192	$ 896	$ 1,602	$ –	$ 22,511
Accounts receivable	350	976	21,429	–	46	2,464	–	491	42	3	25,801
Allowance for doubtful accounts	–	(41)	(7,366)	–	(14)	(474)	–	(35)	(1)	–	(7,931)
Investments	–	–	47,260	6,534	–	–	–	–	–	–	53,794
Inventories	–	–	1,454	–	–	–	–	–	5	–	1,459
Prepaid expenses and other current assets	220	29	7,310	–	73	186	–	37	83	–	7,938
Estimated third-party payor settlements	–	–	–	105	–	–	–	–	–	–	105
Current portion of assets whose use is limited or restricted	–	13	2,757	–	449	78	–	44	312	–	3,653
Current portion of due from affiliates	69	–	–	–	74	213	–	–	–	(21)	335
Total current assets	2,738	3,199	77,692	7,180	5,078	8,128	192	1,433	2,043	(18)	107,665
Assets whose use is limited or restricted, less current portion											
Funds held by trustees, less current portion	1,380	2,061	17,044	–	610	–	–	–	1,515	–	22,610
Deferred compensation	–	–	1,504	–	–	–	74	–	–	–	1,578
Board designated funds and other long-term investments	40,820	924	69,261	11,366	4,208	24,114	5,823	–	–	–	156,516
Replacement reserve	–	–	–	–	–	–	–	–	–	–	–
Donor restricted funds	444	–	1,805	–	3,470	–	2,068	–	1,611	–	9,398
Total assets whose use is limited or restricted, less current portion	42,644	2,985	89,614	11,366	8,288	24,114	7,965	–	3,126	–	190,102
Other assets											
Other assets	858	160	14,820	100	123	–	–	–	210	–	16,271
Due from affiliates, less current portion	6,370	–	15,569	–	534	–	–	–	–	(17,282)	5,191
Estimated third-party payor settlements	–	–	–	–	–	–	–	–	–	–	–
Investments in joint ventures	23,829	–	4,507	1	–	–	–	–	–	–	28,337
Total other assets	31,057	160	34,896	101	657	–	–	–	210	(17,282)	49,799
Property, plant and equipment											
Land and improvements	–	485	3,589	–	–	105	–	317	750	–	5,246
Buildings and improvements	61	6,553	94,187	–	16,267	13,327	–	3,739	11,253	–	145,387
Equipment	1,148	3,316	75,725	–	766	7,790	–	1,405	1,510	–	91,660
Construction in progress	–	169	10,757	–	180	116	–	–	779	–	12,001
	1,209	10,523	184,258	–	17,213	21,338	–	5,461	14,292	–	254,294
Less accumulated depreciation	(836)	(4,871)	(117,514)	–	(5,818)	(15,551)	–	(2,919)	(3,532)	–	(151,041)
Total property, plant and equipment	373	5,652	66,744	–	11,395	5,787	–	2,542	10,760	–	103,253
Total assets	$ 76,812	$ 11,996	$ 268,946	$ 18,647	$ 25,418	$ 38,029	$ 8,157	$ 3,975	$ 16,139	$(17,300)	$450,819

* Certain entities included in St Joseph Hospital of Nashua, NH, Inc and Mary Immaculate are not included in the Obligated Group

** Total of Obligated Group carried forward to next page

Covenant Health Systems, Inc
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	St Mary's Health System	Fanny Allen Holdings	Covenant Health Systems Insurance LTD	St Joseph Manor Health Care, Inc	St Joseph Hospital Corporate Services, Inc	St Joseph Hospital DH Family Medicine	Mary Immaculate Residential Community, Inc I-III	St Andre Health Care Facility	St Mary's Villa Nursing Home, Inc	Providentia Prima Trust	St Joseph Healthcare Foundation	St Joseph Valuation Co	Eliminations	System Consolidated
Assets														
Current assets														
Cash and cash equivalents	$ 5,159	$ 75	$ 3,638	$ 337	$ 1,127	$ 36	$ 476	$ 55	$ 3,643	$ 637	$ 1,255	$ –	$ (637)	$ 38,312
Accounts receivable	29,873	–	–	1,619	1,565	399	52	690	1,002	–	19,243	–	(35)	80,209
Allowance for doubtful accounts	(13,449)	–	–	(186)	(1,380)	(85)	–	(102)	(180)	–	(8,611)	–	–	(31,924)
Investments	12,706	–	–	–	–	–	–	–	–	–	25,085	–	–	91,585
Inventories	1,335	–	–	–	–	–	–	7	–	–	864	–	–	3,665
Prepaid expenses and other current assets	4,082	–	2,249	57	597	447	–	56	258	3,879	1,377	–	(4,344)	16,596
Estimated third-party payor settlements	389	–	–	–	–	–	–	–	285	–	–	–	–	779
Current portion of assets whose use is limited or restricted	–	–	–	–	–	–	88	19	–	–	726	–	–	4,486
Current portion of due from affiliates	–	–	–	–	–	–	–	–	–	–	–	–	(335)	–
Total current assets	40,095	75	5,887	1,827	1,909	797	616	725	5,008	4,516	39,939	–	(5,351)	203,708
Assets whose use is limited or restricted, less current portion														
Funds held by trustees, less current portion	2,351	–	–	–	–	–	74	–	–	–	10,728	–	–	35,763
Deferred compensation	–	–	–	–	11,105	–	–	–	–	–	–	–	–	12,683
Board designated funds and other long-term investments	36,433	7	32,219	1,510	–	–	–	1,474	5,405	228,417	7,544	–	(228,417)	241,108
Replacement reserve	191	–	–	–	–	–	4,772	–	–	–	–	–	–	4,963
Donor restricted funds	4,439	–	–	17	–	–	–	–	350	–	3,581	–	–	17,785
Total assets whose use is limited or restricted, less current portion	43,414	7	32,219	1,527	11,105	–	4,846	1,474	5,755	228,417	21,853	–	(228,417)	312,302
Other assets														
Other assets	1,395	–	–	–	1,220	–	263	14	64	–	941	(123)	(13,360)	6,685
Due from affiliates, less current portion	–	–	–	–	–	–	–	–	–	–	–	–	(5,191)	–
Estimated third-party payor settlements	2,065	–	–	–	–	–	–	–	–	–	–	–	–	2,065
Investments in joint ventures	3,000	–	–	–	902	–	–	–	–	–	479	(247)	(21,621)	10,850
Total other assets	6,460	–	–	–	2,122	–	263	14	64	–	1,420	(370)	(40,172)	19,600
Property, plant and equipment														
Land and improvements	5,732	716	–	260	1,644	–	106	559	553	–	3,432	2,778	–	21,026
Buildings and improvements	93,873	13,863	–	5,508	13,274	–	25,730	3,870	13,886	–	39,421	8,629	–	363,441
Equipment	46,789	393	–	2,438	5,808	–	1,110	3,018	3,119	–	35,311	149	–	189,795
Construction in progress	1,241	–	–	–	–	–	–	242	291	–	3,633	379	–	17,787
	147,635	14,972	–	8,206	20,726	–	26,946	7,689	17,849	–	81,797	11,935	–	592,049
Less accumulated depreciation	(77,729)	(13,324)	–	(3,713)	(10,800)	–	(17,526)	(4,811)	(6,650)	–	(51,924)	1,153	–	(336,365)
Total property, plant and equipment	69,906	1,648	–	4,493	9,926	–	9,420	2,878	11,199	–	29,873	13,088	–	255,684
Total assets	$159,875	$ 1,730	$ 38,106	$ 7,847	$ 25,062	$ 797	$ 15,145	$ 5,091	$ 22,026	$232,933	$ 93,085	$12,718	$ (273,940)	$ 791,294

Covenant Health Systems, Inc
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	Covenant Health Systems, Inc	(Marist Hill) CHS of Waltham Inc	St Joseph Hospital of Nashua, NH, Inc *	Youville Lifecare, Inc	Youville House	Mary Immac–ulate*	Fanny Allen Corporation	(St Mary) CHS of Worcester, Inc	Youville Place	Elimi–nations	** Total Obligated Group
Liabilities and Net Assets											
Current liabilities											
Line of credit	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Accounts payable	711	142	3,721	–	17	629	–	–	57	3	5,280
Accrued expenses and other liabilities	1,395	364	15,501	270	942	1,159	–	412	559	–	20,602
Estimated third-party payor settlements	–	128	1,265	759	–	45	–	177	–	–	2,374
Current portion of due to affiliates	434	193	3	–	–	(8)	–	–	73	(629)	66
Current portion of long-term debt and capital leases	69	108	2,539	–	75	–	–	–	235	(19)	3,007
Total current liabilities	2,609	935	23,029	1,029	1,034	1,825	–	589	924	(645)	31,329
Long-term debt and capital leases, less current portion	4,351	8,438	94,595	–	10,835	–	–	–	11,496	(1,185)	128,530
Due to affiliates, less current portion	15,135	–	–	–	–	–	–	–	–	(15,470)	(335)
Other liabilities	1,447	443	7,563	–	225	530	74	–	298	–	10,580
Long-term pension obligation	–	–	3,404	–	–	–	–	–	–	–	3,404
Professional liability loss reserves	–	23	1,061	–	21	63	–	30	21	–	1,219
Total liabilities	23,542	9,839	129,652	1,029	12,115	2,418	74	619	12,739	(17,300)	174,727
Net assets											
Share capital	–	–	–	–	–	–	–	–	–	–	–
Unrestricted	52,788	2,157	144,554	17,618	9,833	35,605	6,139	3,324	1,077	–	273,095
Temporarily restricted	482	–	1,402	–	2,881	6	1,362	32	2,323	–	8,488
Permanently restricted	–	–	403	–	589	–	582	–	–	–	1,574
Retained earnings (deficit)	–	–	(7,065)	–	–	–	–	–	–	–	(7,065)
Total net assets	53,270	2,157	139,294	17,618	13,303	35,611	8,083	3,356	3,400	–	276,092
Total liabilities and net assets	$ 76,812	$ 11,996	$268,946	$ 18,647	$ 25,418	$ 38,029	$ 8,157	$ 3,975	$ 16,139	$(17,300)	$ 450,819

* Certain entities included in St Joseph Hospital of Nashua, NH, Inc and Mary Immaculate are not included in the Obligated Group

** Total of Obligated Group carried forward to next page

Covenant Health Systems, Inc
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	St Mary's Health System	Fanny Allen Holdings	Covenant Health Systems Insurance LTD	St Joseph Manor Health Care, Inc	St Joseph Hospital Corporate Services, Inc	St Joseph Hospital DH Family Medicine	Mary Immaculate Residential Community, Inc I-III	St Andre Health Care Facility	St Mary's Villa Nursing Home, Inc	Providentia Prima Trust	St Joseph Healthcare Foundation	St Joseph Valuation Co	Eliminations	System Consolidated
Liabilities and Net Assets														
Current liabilities														
Line of credit	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 65	$ –	$ –	$ –	$ –	$ –	$ 65
Accounts payable	1,931	–	(509)	295	469	–	–	650	175	2,782	3,596	–	(3,260)	11,409
Accrued expenses and other liabilities	19,230	84	119	339	2,205	546	315	240	542	170	6,737	–	(170)	50,959
Estimated third-party payor settlements	1,521	–	–	178	–	–	–	–	–	–	7,681	–	–	11,754
Current portion of due to affiliates	–	–	–	–	–	–	221	–	49	–	–	–	(336)	–
Current portion of long-term debt and capital leases	3,185	–	–	171	49	–	329	193	426	–	2,172	–	(50)	9,482
Total current liabilities	25,867	84	(390)	983	2,723	546	865	1,148	1,192	2,952	20,186	–	(3,816)	83,669
Long-term debt and capital leases, less current portion	51,933	–	–	2,263	55	–	8,399	586	4,851	–	23,976	327	(3,166)	217,754
Due to affiliates, less current portion	–	–	–	–	–	–	–	–	2,857	–	2,000	–	(4,522)	–
Other liabilities	725	–	–	17	9,469	–	71	60	346	–	–	–	–	21,268
Long-term pension obligation	–	–	–	–	–	–	–	–	–	–	4,211	–	–	7,615
Professional liability loss reserves	1,536	–	16,875	27	2,232	–	–	25	31	–	1,320	–	–	23,265
Total liabilities	80,061	84	16,485	3,290	14,479	546	9,335	1,819	9,277	2,952	51,693	327	(11,504)	353,571
Net assets														
Share capital	–	–	120	–	315,660	–	–	–	–	–	–	–	(315,780)	–
Unrestricted	76,340	1,646	21,501	4,541	–	251	(237)	3,272	12,426	–	37,811	12,391	(28,817)	414,220
Temporarily restricted	2,400	–	–	16	–	–	6,047	–	323	–	–	–	–	17,274
Permanently restricted	1,074	–	–	–	–	–	–	–	–	–	3,581	–	–	6,229
Retained earnings (deficit)	–	–	–	–	(305,077)	–	–	–	–	229,981	–	–	82,161	–
Total net assets	79,814	1,646	21,621	4,557	10,583	251	5,810	3,272	12,749	229,981	41,392	12,391	(262,436)	437,723
Total liabilities and net assets	$159,875	$1,730	$ 38,106	$ 7,847	$ 25,062	$ 797	$ 15,145	$5,091	$ 22,026	$232,933	$ 93,085	$12,718	$ (273,940)	$ 791,294

Covenant Health Systems, Inc
Consolidating Statement of Operations
December 31, 2013
(In thousands)

	Covenant Health Systems, Inc	(Marist Hill) CHS of Waltham Inc	St Joseph Hospital of Nashua, NH, Inc *	Youville Lifecare, Inc	Youville House	Mary Immac–ulate*	Fanny Allen Corporation	(St Mary) CHS of Worcester, Inc	Youville Place	Elimi–nations	** Total Obligated Group
Operating revenue											
Patient service revenue, net of contractual allowances and discounts	$ –	$ 10,072	$177,650	$ –	$ 6,021	$ 23,266	$ –	$ 8,243	$ 5,473	$ –	$230,725
Less provision for bad debt	–	66	(10,110)	–	(1)	(118)	–	(15)	(1)	–	(10,179)
Patient service revenue, net	–	10,138	167,540	–	6,020	23,148	–	8,228	5,472	–	220,546
Other revenue	9,466	31	4,179	–	193	1,125	–	72	231	(3,756)	11,541
Net assets released from restrictions for operations	56	–	189	–	193	–	–	7	52	–	497
Total operating revenue	9,522	10,169	171,908	–	6,406	24,273	–	8,307	5,755	(3,756)	232,584
Operating expenses											
Salaries and wages	5,048	4,945	70,961	–	2,338	13,432	–	4,815	2,264	–	103,803
Employee benefits	1,374	855	14,084	–	572	2,457	–	970	550	–	20,862
Supplies and other	3,032	3,088	56,697	–	1,405	5,852	–	1,784	1,554	(3,756)	69,656
Interest	836	343	2,808	–	413	–	–	–	602	–	5,002
Provider tax	–	515	7,714	–	–	136	–	683	–	–	9,048
Depreciation and amortization	106	445	8,563	–	692	810	–	300	596	–	11,512
Total operating expenses	10,396	10,191	160,827	–	5,420	22,687	–	8,552	5,566	(3,756)	219,883
Income (loss) from operations	(874)	(22)	11,081	–	986	1,586	–	(245)	189	–	12,701
Nonoperating gains (losses), net	5,476	95	733	1,678	451	1,902	566	(1)	11	–	10,911
Excess (deficiency) of revenue over expenses	4,602	73	11,814	1,678	1,437	3,488	566	(246)	200	–	23,612
Other changes in unrestricted net assets											
Net assets released from restrictions for property, plant and equipment	–	–	95	–	–	–	–	–	–	–	95
Adjustment to long-term pension obligation	–	–	4,201	–	–	–	–	–	–	–	4,201
Reclassification	–	–	–	–	(772)	–	–	–	–	–	(772)
Transfer among affiliates	1,013	–	(1,012)	–	–	–	–	–	–	–	1
Increase (decrease) in unrestricted net assets	$ 5,615	$ 73	$ 15,098	$ 1,678	$ 665	$ 3,488	$ 566	$ (246)	$ 200	$ –	$ 27,137

* Certain entities included in St Joseph Hospital of Nashua, NH, Inc and Mary Immaculate are not included in the Obligated Group

** Total of Obligated Group carried forward to next page

Covenant Health Systems, Inc
Consolidating Statement of Operations
December 31, 2013
(In thousands)

	St Mary's Health System	Fanny Allen Holdings	Covenant Health Systems Insurance LTD	St Joseph Manor Health Care, Inc	St Joseph Hospital Corporate Services, Inc	St Joseph Hospital DH Family Medicine	Mary Immaculate Residential Community, Inc I-III	St Andre Health Care Facility	St Mary's Villa Nursing Home, Inc	Providentia Prima Trust	St Joseph Healthcare Foundation	St Joseph Valuation Co	Eliminations	System Consolidated
Operating revenue														
Patient service revenue, net of contractual allowances and discounts	$178,399	$ –	$ –	$11,525	$ 22,909	$ 5,703	$ –	$ 7,639	$ 13,515	$ –	$118,771	$ –	$ (709)	$588,477
Less provision for bad debt	(12,390)	–	–	(71)	(1,086)	(107)	–	(31)	78	–	(9,063)	–	–	(32,849)
Patient service revenue, net	166,009	–	–	11,454	21,823	5,596	–	7,608	13,593	–	109,708	–	(709)	555,628
Other revenue	9,412	–	–	487	2,077	41	3,730	18	23	–	3,852	–	(5,018)	26,163
Net assets released from restrictions	840	–	–	4	–	–	–	–	59	–	–	–	–	1,400
Total operating revenue	176,261	–	–	11,945	23,900	5,637	3,730	7,626	13,675	–	113,560	–	(5,727)	583,191
Operating expenses														
Salaries and wages	88,813	–	–	6,044	23,316	3,393	614	3,867	6,588	–	51,320	–	–	287,758
Employee benefits	12,981	–	–	1,219	5,030	1,012	101	764	1,618	–	12,300	–	(1)	55,886
Supplies and other	59,680	–	–	3,502	6,562	2,252	1,287	2,412	3,471	–	42,074	–	(5,724)	185,172
Interest	2,645	–	–	21	6	–	556	44	198	–	692	(89)	–	9,075
Provider tax	4,429	–	–	613	–	–	–	456	277	–	2,167	–	–	16,990
Depreciation and amortization	6,226	–	–	346	932	–	934	324	577	–	4,540	(291)	–	25,100
Total operating expenses	174,774	–	–	11,745	35,846	6,657	3,492	7,867	12,729	–	113,093	(380)	(5,725)	579,981
Income (loss) from operations	1,487	–	–	200	(11,946)	(1,020)	238	(241)	946	–	467	380	(2)	3,210
Nonoperating gains (losses), net	3,241	(132)	3,614	228	1,408	–	–	160	368	16,406	3,118	1,351	(8,459)	32,214
Excess (deficiency) of revenue over expenses	4,728	(132)	3,614	428	(10,538)	(1,020)	238	(81)	1,314	16,406	3,585	1,731	(8,461)	35,424
Other changes in unrestricted net assets														
Net assets released from restrictions for property, plant and equipment	22	–	–	–	–	–	–	–	–	–	–	–	–	117
Adjustment to long-term pension obligation	–	–	–	–	–	–	–	–	–	–	3,061	–	–	7,262
Reclassification	–	–	–	–	–	–	–	–	–	–	–	–	–	(772)
Transfer among affiliates	–	–	–	–	9,983	1,107	–	–	–	37,036	–	–	(48,127)	–
Increase (decrease) in unrestricted net assets	$ 4,750	$ (132)	$ 3,614	$ 428	$ (555)	$ 87	$ 238	$ (81)	$ 1,314	$ 53,442	$ 6,646	$ 1,731	$ (56,588)	$ 42,031

St Joseph Hospital of Nashua, NH Consolidating Balance Sheet December 31, 2013 (In thousands)	St Joseph Hospital of Nashua, NH	The Surgi Center at St Joseph Hospital, Inc	Souhegan Home and Hospice Care, Inc	Elimi-nations	Total Obligated Group	St Joseph Hospital Corporate Services, Inc	St Joseph Hospital DH Family Medicine	Elimi-nations	St Joseph Hospital Consolidated
Assets									
Current assets									
Cash and cash equivalents	$ 4,729	$ –	$ 119	$ –	$ 4,848	$ 1,127	$ 36	$ –	$ 6,011
Accounts receivable	20,951	–	478	–	21,429	1,565	399	–	23,393
Allowance for doubtful accounts	(7,284)	–	(82)	–	(7,366)	(1,380)	(85)	–	(8,831)
Investments	46,865	–	395	–	47,260	–	–	–	47,260
Inventories	1,454	–	–	–	1,454	–	–	–	1,454
Prepaid expenses and other current assets	7,336	–	41	(67)	7,310	597	447	(421)	7,933
Estimated third-party payor settlements	–	–	–	–	–	–	–	–	–
Current portion of assets whose use is limited or restricted	2,757	–	–	–	2,757	–	–	–	2,757
Current portion of due from affiliates	–	–	–	–	–	–	–	–	–
Total current assets	76,808	–	951	(67)	77,692	1,909	797	(421)	79,977
Assets whose use is limited or restricted, less current portion									
Funds held by trustees, less current portion	17,044	–	–	–	17,044	–	–	–	17,044
Deferred compensation	1,504	–	–	–	1,504	11,105	–	–	12,609
Board designated funds and other long-term investments	69,261	–	–	–	69,261	–	–	–	69,261
Replacement reserve	–	–	–	–	–	–	–	–	–
Donor restricted funds	1,087	–	718	–	1,805	–	–	–	1,805
Total assets whose use is limited or restricted, less current portion	88,896	–	718	–	89,614	11,105	–	–	100,719
Other assets									
Other assets	15,443	–	–	(623)	14,820	1,220	–	(10,836)	5,204
Due from affiliates, less current portion	15,569	–	–	–	15,569	–	–	–	15,569
Estimated third-party payor settlements	–	–	–	–	–	–	–	–	–
Investments in joint ventures	4,507	–	–	–	4,507	902	–	–	5,409
Total other assets	35,519	–	–	(623)	34,896	2,122	–	(10,836)	26,182
Property, plant and equipment									
Land and improvements	3,587	–	2	–	3,589	1,644	–	–	5,233
Buildings and improvements	93,978	–	209	–	94,187	13,274	–	–	107,461
Equipment	75,130	–	595	–	75,725	5,808	–	–	81,533
Construction in progress	10,757	–	–	–	10,757	–	–	–	10,757
	183,452	–	806	–	184,258	20,726	–	–	204,984
Less accumulated depreciation	(116,834)	–	(680)	–	(117,514)	(10,800)	–	–	(128,314)
Total property, plant and equipment	66,618	–	126	–	66,744	9,926	–	–	76,670
Total assets	$ 267,841	$ –	$ 1,795	$ (690)	$ 268,946	$ 25,062	$ 797	$ (11,257)	$ 283,548

St Joseph Hospital of Nashua, NH Consolidating Balance Sheet December 31, 2013 (In thousands)	St Joseph Hospital of Nashua, NH	The Surgi Center at St Joseph Hospital, Inc	Souhegan Home and Hospice Care, Inc	Elimi-nations	Total Obligated Group	St Joseph Hospital Corporate Services, Inc	St Joseph Hospital DH Family Medicine	Elimi-nations	St Joseph Hospital Consolidated
Liabilities and Net Assets									
Current liabilities									
Line of credit	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Accounts payable	3,713	–	71	(63)	3,721	469	–	(420)	3,770
Accrued expenses and other liabilities	15,122	–	379	–	15,501	2,205	546	–	18,252
Estimated third-party payor settlements	1,265	–	–	–	1,265	–	–	–	1,265
Current portion of due to affiliates	3	–	4	(4)	3	–	–	(3)	–
Current portion of long-term debt and capital leases	2,539	–	–	–	2,539	49	–	–	2,588
Total current liabilities	22,642	–	454	(67)	23,029	2,723	546	(423)	25,875
Long-term debt and capital leases, less current portion	94,595	–	–	–	94,595	55	–	–	94,650
Due to affiliates, less current portion	–	–	–	–	–	–	–	–	–
Other liabilities	7,563	–	–	–	7,563	9,469	–	–	17,032
Long-term pension obligation	3,404	–	–	–	3,404	–	–	–	3,404
Professional liability loss reserves	1,061	–	–	–	1,061	2,232	–	–	3,293
Total liabilities	129,265	–	454	(67)	129,652	14,479	546	(423)	144,254
Net assets									
Share capital	–	–	–	–	–	315,660	–	(315,660)	–
Unrestricted	137,489	–	623	6,442	144,554	–	251	(7,316)	137,489
Temporarily restricted	723	–	679	–	1,402	–	–	–	1,402
Permanently restricted	364	–	39	–	403	–	–	–	403
Retained earnings (deficit)	–	–	–	(7,065)	(7,065)	(305,077)	–	312,142	–
Total net assets	138,576	–	1,341	(623)	139,294	10,583	251	(10,834)	139,294
Total liabilities and net assets	$ 267,841	$ –	$ 1,795	$ (690)	$ 268,946	$ 25,062	$ 797	$ (11,257)	$ 283,548

St Joseph Hospital of Nashua, NH Consolidating Statement of Operations December 31, 2013 (In thousands)	St Joseph Hospital of Nashua, NH	The Surgi Center at St Joseph Hospital, Inc	Souhegan Home and Hospice Care, Inc	Elimi-nations	Total Obligated Group	St Joseph Hospital Corporate Services, Inc	St Joseph Hospital DH Family Medicine	Elimi-nations	St Joseph Hospital Consolidated
Operating revenue									
Patient service revenue, net of contractual allowances and discounts	$ 174,302	$ –	$ 3,614	$ (266)	$ 177,650	$ 22,909	$ 5,703	$ (709)	$ 205,553
Less provision for bad debt	(10,094)	–	(16)	–	(10,110)	(1,086)	(107)	–	(11,303)
Patient service revenue, net	164,208	–	3,598	(266)	167,540	21,823	5,596	(709)	194,250
Other revenue	4,233	–	–	(54)	4,179	2,077	41	(866)	5,431
Net assets released from restrictions for operations	189	–	–	–	189	–	–	–	189
Total operating revenue	168,630	–	3,598	(320)	171,908	23,900	5,637	(1,575)	199,870
Operating expenses									
Salaries and wages	68,267	–	2,694	–	70,961	23,316	3,393	–	97,670
Employee benefits	13,749	–	542	(207)	14,084	5,030	1,012	(1)	20,125
Supplies and other	56,188	–	622	(113)	56,697	6,562	2,252	(1,574)	63,937
Interest	2,808	–	–	–	2,808	6	–	–	2,814
Provider tax	7,714	–	–	–	7,714	–	–	–	7,714
Depreciation and amortization	8,535	–	28	–	8,563	932	–	–	9,495
Total operating expenses	157,261	–	3,886	(320)	160,827	35,846	6,657	(1,575)	201,755
Income (loss) from operations	11,369	–	(288)	–	11,081	(11,946)	(1,020)	–	(1,885)
Nonoperating gains (losses), net	445	–	119	169	733	1,408	–	11,558	13,699
Excess (deficiency) of revenue over expenses	11,814	–	(169)	169	11,814	(10,538)	(1,020)	11,558	11,814
Other changes in unrestricted net assets									
Net assets released from restrictions for property, plant and equipment	95	–	–	–	95	–	–	–	95
Adjustment to long-term pension obligation	4,201	–	–	–	4,201	–	–	–	4,201
Transfer among affiliates	(1,012)	–	310	(310)	(1,012)	9,983	1,107	(11,090)	(1,012)
Increase (decrease) in unrestricted net assets	$ 15,098	$ –	$ 141	$ (141)	$ 15,098	$ (555)	$ 87	$ 468	$ 15,098

St Joseph Hospital Corporate Services, Inc
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	St Joseph Hospital Corporate Services	GNM Corp	SJ Physician Services	Elimi-nations	St Joseph Hospital Corporate Services, Inc Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ 190	$ 50	$ 887	$ –	$ 1,127
Accounts receivable	2	–	1,563	–	1,565
Allowance for doubtful accounts	–	–	(1,380)	–	(1,380)
Investments	–	–	–	–	–
Inventories	–	–	–	–	–
Prepaid expenses and other current assets	99	–	526	(28)	597
Estimated third-party payor settlements	–	–	–		–
Current portion of assets whose use is limited or restricted	–	–	–	–	–
Current portion of due from affiliates	–	–	–	–	–
Total current assets	291	50	1,596	(28)	1,909
Assets whose use is limited or restricted, less current portion					
Funds held by trustees, less current portion	–	–	–	–	–
Deferred compensation	204	–	10,901	–	11,105
Board designated funds and other long-term investments	–	–	–	–	–
Replacement reserve	–	–	–	–	–
Donor restricted funds	–	–	–	–	–
Total assets whose use is limited or restricted, less current portion	204	–	10,901	–	11,105
Other assets					
Other assets	156,979	8	1,212	(156,979)	1,220
Due from affiliates, less current portion	–	–	–	–	–
Estimated third-party payor settlements	–	–	–	–	–
Investments in joint ventures	158	–	744	–	902
Total other assets	157,137	8	1,956	(156,979)	2,122
Property, plant and equipment					
Land and improvements	–	1,644	–	–	1,644
Buildings and improvements	–	11,395	1,879	–	13,274
Equipment	855	45	4,908	–	5,808
Construction in progress	–	–	–	–	–
	855	13,084	6,787	–	20,726
Less accumulated depreciation	(829)	(4,455)	(5,516)	–	(10,800)
Total property, plant and equipment	26	8,629	1,271	–	9,926
Total assets	$ 157,658	$ 8,687	$ 15,724	$ (157,007)	$ 25,062

St Joseph Hospital Corporate Services, Inc
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	St Joseph Hospital Corporate Services	GNM Corp	SJ Physician Services	Elimi-nations	St Joseph Hospital Corporate Services, Inc Consolidated
Liabilities and Net Assets					
Current liabilities					
Line of credit	$ –	$ –	$ –	$ –	$ –
Accounts payable	41	3	451	(26)	469
Accrued expenses and other liabilities	311	16	1,878	–	2,205
Estimated third-party payor settlements	–	–	–	–	–
Current portion of due to affiliates	(178)	–	180	(2)	–
Current portion of long-term debt and capital leases	–	49	–	–	49
Total current liabilities	174	68	2,509	(28)	2,723
Long-term debt and capital leases, less current portion	–	55	–	–	55
Due to affiliates, less current portion	–	–	–	–	–
Other liabilities	507	–	8,962	–	9,469
Long-term pension obligation	–	–	–	–	–
Professional liability loss reserves	–	–	2,232	–	2,232
Total liabilities	681	123	13,703	(28)	14,479
Net assets					
Share capital	163,417	4,898	147,349	(4)	315,660
Unrestricted	–	–	–	–	–
Temporarily restricted	–	–	–	–	–
Permanently restricted	–	–	–	–	–
Retained earnings (deficit)	(6,440)	3,666	(145,328)	(156,975)	(305,077)
Total net assets	156,977	8,564	2,021	(156,979)	10,583
Total liabilities and net assets	$ 157,658	$ 8,687	$ 15,724	$ (157,007)	$ 25,062

St Joseph Hospital Corporate Services, Inc
Consolidating Statement of Operations
December 31, 2013
(In thousands)

	St Joseph Hospital Corporate Services	GNM Corp	SJ Physician Services	Elimi-nations	St Joseph Hospital Corporate Services, Inc Consolidated
Operating revenue					
Patient service revenue, net of contractual allowances and discounts	$ –	$ –	$ 22,909	$ –	$ 22,909
Less provision for bad debt	–	–	(1,086)	–	(1,086)
Patient service revenue, net	–	–	21,823	–	21,823
Other revenue	1,201	1,291	1,745	(2,160)	2,077
Net assets released from restrictions for operations	–	–	–	–	–
Total operating revenue	1,201	1,291	23,568	(2,160)	23,900
Operating expenses					
Salaries and wages	1,625	–	21,691	–	23,316
Employee benefits	364	–	4,666	–	5,030
Supplies and other	464	579	7,677	(2,158)	6,562
Interest	–	6	–	–	6
Provider tax	–	–	–	–	–
Depreciation and amortization	48	318	566	–	932
Total operating expenses	2,501	903	34,600	(2,158)	35,846
Income (loss) from operations	(1,300)	388	(11,032)	(2)	(11,946)
Nonoperating gains (losses), net	342	–	1,066	–	1,408
Excess (deficiency) of revenue over expenses	(958)	388	(9,966)	(2)	(10,538)
Other changes in unrestricted net assets					
Net assets released from restrictions for property, plant and equipment	–	–	–	–	–
Adjustment to long-term pension obligation	–	–	–	–	–
Transfer among affiliates	12,007	(668)	9,993	(11,349)	9,983
Increase (decrease) in unrestricted net assets	$ 11,049	$ (280)	$ 27	$ (11,351)	$ (555)

Mary Immaculate Health Care Services, Inc
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	Mary Immac-ulate Nursing	Mary Immac-ulate Adult Care	Mary Immac-ulate Manage-ment	Mary Immac-ulate Trans-portation	Mary Immac-ulate Guild	Mary Immac-ulate Elimi-nations	Total Obligated Mary Immac-ulate	MI Residen-tial Comm	MI Residen-tial Comm II	MI Residen-tial Comm III	Total MI Residen-tial Comm	Elimi-nations	Mary Immaculate Health Care Services, Inc Con-solidated
Assets													
Current assets													
Cash and cash equivalents	$ 4,151	$ 528	$ 476	$ 497	$ 9	$ –	$ 5,661	$ 38	$ 223	$ 215	$ 476	$ –	$ 6,137
Accounts receivable	1,915	464	75	10	–	–	2,464	18	19	15	52	–	2,516
Allowance for doubtful accounts	(367)	(91)	(16)	–	–	–	(474)	–	–	–	–	–	(474)
Investments	–	–	–	–	–	–	–	–	–	–	–	–	–
Inventories	–	–	–	–	–	–	–	–	–	–	–	–	–
Prepaid expenses and other current assets	180	–	6	–	–	–	186	–	–	–	–	–	186
Estimated third-party payor settlements	–	–	–	–	–	–	–	–	–	–	–	–	–
Current portion of assets whose use is limited or restricted	75	–	3	–	–	–	78	35	29	24	88	–	166
Current portion of due from affiliates	575	–	–	–	–	(362)	213	–	–	–	–	(213)	–
Total current assets	6,529	901	544	507	9	(362)	8,128	91	271	254	616	(213)	8,531
Assets whose use is limited or restricted, less current portion													
Funds held by trustees, less current portion	–	–	–	–	–	–	–	–	41	33	74	–	74
Deferred compensation	–	–	–	–	–	–	–	–	–	–	–	–	–
Board designated funds and other long-term investments	15,251	2,489	3,708	2,666	–	–	24,114	–	–	–	–	–	24,114
Replacement reserve	–	–	–	–	–	–	–	785	2,224	1,763	4,772	–	4,772
Donor restricted funds	–	–	–	–	–	–	–	–	–	–	–	–	–
Total assets whose use is limited or restricted, less current portion	15,251	2,489	3,708	2,666	–	–	24,114	785	2,265	1,796	4,846	–	28,960
Other assets													
Other assets	–	–	–	–	–	–	–	–	182	81	263	–	263
Due from affiliates, less current portion	–	–	–	–	–	–	–	–	–	–	–	–	–
Estimated third-party payor settlements	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments in joint ventures	–	–	–	–	–	–	–	–	–	–	–	–	
Total other assets	–	–	–	–	–	–	–	–	182	81	263	–	263
Property, plant and equipment													
Land and improvements	105	–	–	–	–	–	105	101	5	–	106	–	211
Buildings and improvements	12,948	310	69	–	–	–	13,327	12,347	7,123	6,260	25,730	–	39,057
Equipment	7,072	211	68	439	–	–	7,790	437	356	317	1,110	–	8,900
Construction in progress	–	–	116	–	–	–	116	–	–	–	–	–	116
	20,125	521	253	439	–	–	21,338	12,885	7,484	6,577	26,946	–	48,284
Less accumulated depreciation	(14,833)	(345)	(49)	(324)	–	–	(15,551)	(7,654)	(5,343)	(4,529)	(17,526)	–	(33,077)
Total property, plant and equipment	5,292	176	204	115	–	–	5,787	5,231	2,141	2,048	9,420	–	15,207
Total assets	$27,072	$ 3,566	$ 4,456	$3,288	$ 9	$ (362)	$ 38,029	$ 6,107	$ 4,859	$ 4,179	$15,145	$ (213)	$ 52,961

Mary Immaculate Health Care Services, Inc
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	Mary Immac-ulate Nursing	Mary Immac-ulate Adult Care	Mary Immac-ulate Manage-ment	Mary Immac-ulate Trans-portation	Mary Immac-ulate Guild	Mary Immac-ulate Elimi-nations	Total Obligated Mary Immac-ulate	MI Residen-tial Comm	MI Residen-tial Comm II	MI Residen-tial Comm III	Total MI Residen-tial Comm	Elimi-nations	Mary Immaculate Health Care Services, Inc Con-solidated
Liabilities and Net Assets													
Current liabilities													
Line of credit	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Accounts payable	589	40	–	–	–	–	629	–	–	–	–	–	629
Accrued expenses and other liabilities	970	63	112	14	–	–	1,159	111	106	98	315	–	1,474
Estimated third-party payor settlements	45	–	–	–	–	–	45	–	–	–	–	–	45
Current portion of due to affiliates	–	183	169	(2)	4	(362)	(8)	81	81	59	221	(213)	–
Current portion of long-term debt and capital leases	–	–	–	–	–	–	–	213	62	54	329	–	329
Total current liabilities	1,604	286	281	12	4	(362)	1,825	405	249	211	865	(213)	2,477
Long-term debt and capital leases, less current portion	–	–	–	–	–	–	–	1,448	3,722	3,229	8,399	–	8,399
Due to affiliates, less current portion	–	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities	530	–	–	–	–	–	530	20	31	20	71	–	601
Long-term pension obligation	–	–	–	–	–	–	–	–	–	–	–	–	–
Professional liability loss reserves	63	–	–	–	–	–	63	–	–	–	–	–	63
Total liabilities	2,197	286	281	12	4	(362)	2,418	1,873	4,002	3,460	9,335	(213)	11,540
Net assets													
Share capital	–	–	–	–	–	–	–	–	–	–	–	–	–
Unrestricted	24,874	3,275	4,175	3,276	5	–	35,605	(1,813)	857	719	(237)	–	35,368
Temporarily restricted	1	5	–	–	–	–	6	6,047	–	–	6,047	–	6,053
Permanently restricted	–	–	–	–	–	–	–	–	–	–	–	–	–
Retained earnings	–	–	–	–	–	–	–	–	–	–	–	–	–
Total net assets	24,875	3,280	4,175	3,276	5	–	35,611	4,234	857	719	5,810	–	41,421
Total liabilities and net assets	$ 27,072	$ 3,566	$ 4,456	$ 3,288	$ 9	$ (362)	$ 38,029	$ 6,107	$ 4,859	$ 4,179	$ 15,145	$ (213)	$ 52,961

Mary Immaculate Health Care Services, Inc
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	Mary Immac-ulate Nursing	Mary Immac-ulate Adult Care	Mary Immac-ulate Manage-ment	Mary Immac-ulate Trans-portation	Mary Immac-ulate Guild	Mary Immac-ulate Elimi-nations	Total Obligated Mary Immac-ulate	MI Residen-tial Comm	MI Residen-tial Comm II	MI Residen-tial Comm III	Total MI Residen-tial Comm	Elimi-nations	Mary Immaculate Health Care Services, Inc Con-solidated
Operating revenue													
Patient service revenue, net of contractual allowances and discounts	$ 19,140	$ 2,543	$ 2,025	$ –	$ –	$ (442)	$ 23,266	$ –	$ –	$ –	$ –	$ –	$ 23,266
Less provision for bad debt	(60)	(58)	–	–	–	–	(118)	–	–	–	–	–	(118)
Patient service revenue, net	19,080	2,485	2,025	–	–	(442)	23,148	–	–	–	–	–	23,148
Other revenue	162	63	1,006	757	–	(863)	1,125	1,263	1,238	1,229	3,730	(156)	4,699
Net assets released from restrictions for operations	–	–	–	–	–	–	–	–	–	–	–	–	–
Total operating revenue	19,242	2,548	3,031	757	–	(1,305)	24,273	1,263	1,238	1,229	3,730	(156)	27,847
Operating expenses													
Salaries and wages	10,800	938	1,469	225	–	–	13,432	208	207	199	614	–	14,046
Employee benefits	1,982	174	262	39	–	–	2,457	34	34	33	101	–	2,558
Supplies and other	4,881	1,114	1,014	148	–	(1,305)	5,852	447	431	409	1,287	(156)	6,983
Interest	–	–	–	–	–	–	–	121	233	202	556	–	556
Provider tax	136	–	–	–	–	–	136	–	–	–	–	–	136
Depreciation and amortization	748	25	7	30	–	–	810	509	233	192	934	–	1,744
Total operating expenses	18,547	2,251	2,752	442	–	(1,305)	22,687	1,319	1,138	1,035	3,492	(156)	26,023
Income (loss) from operations	695	297	279	315	–	–	1,586	(56)	100	194	238	–	1,824
Nonoperating gains (losses), net	1,109	244	325	219	5	–	1,902	–	–	–	–	–	1,902
Excess (deficiency) of revenue over expenses	1,804	541	604	534	5	–	3,488	(56)	100	194	238	–	3,726
Other changes in unrestricted net assets													
Net assets released from restrictions for property, plant and equipment	–	–	–	–	–	–	–	–	–	–	–	–	–
Adjustment to long-term pension obligation	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer among affiliates	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in unrestricted net assets	$ 1,804	$ 541	$ 604	$ 534	$ 5	$ –	$ 3,488	$ (56)	$ 100	$ 194	$ 238	$ –	$ 3,726

St Joseph Healthcare Foundation
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	St Joseph Healthcare Foundation	St Joseph Hospital (Bangor)	M&J Company	St Joseph Ambulatory Care, Inc	Alternative Health Services	Strauss Corporation	Elimi-nations	St Joseph Healthcare Foundation Consolidated
Assets								
Current assets								
Cash and cash equivalents	$ 76	$ 853	$ 44	$ 207	$ 75	$ –	$ –	$ 1,255
Accounts receivable	5	17,803	84	1,112	239	–	–	19,243
Allowance for doubtful accounts	–	(8,398)	(11)	(196)	(6)	–	–	(8,611)
Investments	6,217	18,184	–	684	–	–	–	25,085
Inventories	–	864	–	–	–	–	–	864
Prepaid expenses and other current assets	–	1,244	12	111	10	–	–	1,377
Estimated third-party payor settlements	–	–	–	–	–	–	–	–
Current portion of assets whose use is limited or restricted	–	726	–	–	–	–	–	726
Current portion of due from affiliates	–	–	–	–	–	–	–	–
Total current assets	6,298	31,276	129	1,918	318	–	–	39,939
Assets whose use is limited or restricted, less current portion								
Funds held by trustees, less current portion	–	10,728	–	–	–	–	–	10,728
Deferred compensation	–	–	–	–	–	–	–	–
Board designated funds and other long-term investments	–	7,544	–	–	–	–	–	7,544
Replacement reserve	–	–	–	–	–	–	–	–
Donor restricted funds	1,153	2,428	–	–	–	–	–	3,581
Total assets whose use is limited or restricted, less current portion	1,153	20,700	–	–	–	–	–	21,853
Other assets								
Other assets	–	855	9	72	–	5	–	941
Due from affiliates, less current portion	–	–	–	–	–	–	–	–
Estimated third-party payor settlements	–	–	–	–	–	–	–	–
Investments in joint ventures	144	339	–	–	–	–	(4)	479
Total other assets	144	1,194	9	72	–	5	(4)	1,420
Property, plant and equipment								
Land and improvements	80	408	2,944	–	–	–	–	3,432
Buildings and improvements	–	31,768	7,640	13	–	–	–	39,421
Equipment	–	33,822	421	916	152	–	–	35,311
Construction in progress	–	3,622	8	3	–	–	–	3,633
	80	69,620	11,013	932	152	–	–	81,797
Less accumulated depreciation	–	(46,199)	(5,108)	(468)	(149)	–	–	(51,924)
Total property, plant and equipment	80	23,421	5,905	464	3	–	–	29,873
Total assets	$ 7,675	$ 76,591	$ 6,043	$ 2,454	$ 321	$ 5	$ (4)	$ 93,085

St Joseph Healthcare Foundation
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	St Joseph Healthcare Foundation	St Joseph Hospital (Bangor)	M&J Company	St Joseph Ambulatory Care, Inc	Alternative Health Services	Strauss Corporation	Elimi-nations	St Joseph Healthcare Foundation Consolidated
Liabilities and Net Assets								
Current liabilities								
Line of credit	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Accounts payable	93	3,185	32	265	21	–	–	3,596
Accrued expenses and other liabilities	1,958	4,059	–	580	139	1	–	6,737
Estimated third-party payor settlements	–	7,681	–	–	–	–	–	7,681
Current portion of due to affiliates	600	(600)	–	–	–	–	–	–
Current portion of long-term debt and capital leases	–	1,785	387	–	–	–	–	2,172
Total current liabilities	2,651	16,110	419	845	160	1	–	20,186
Long-term debt and capital leases, less current portion	–	23,581	395	–	–	–	–	23,976
Due to affiliates, less current portion	–	–	–	2,000	–	–	–	2,000
Other liabilities	–	–	–	–	–	–	–	–
Long-term pension obligation	842	3,369	–	–	–	–	–	4,211
Professional liability loss reserves	–	1,320	–	–	–	–	–	1,320
Total liabilities	3,493	44,380	814	2,845	160	1	–	51,693
Net assets								
Share capital	–	–	–	–	–	–	–	–
Unrestricted	3,029	29,783	5,229	(391)	161	4	(4)	37,811
Temporarily restricted	–	–	–	–	–	–	–	–
Permanently restricted	1,153	2,428	–	–	–	–	–	3,581
Retained earnings	–	–	–	–	–	–	–	–
Total net assets	4,182	32,211	5,229	(391)	161	4	(4)	41,392
Total liabilities and net assets	$ 7,675	$ 76,591	$ 6,043	$ 2,454	$ 321	$ 5	$ (4)	$ 93,085

St Joseph Healthcare Foundation
Consolidating Statement of Operations
December 31, 2013
(In thousands)

	St Joseph Healthcare Foundation	St Joseph Hospital (Bangor)	M&J Company	St Joseph Ambulatory Care, Inc	Alternative Health Services	Strauss Corporation	Elimi-nations	St Joseph Healthcare Foundation Consolidated
Operating revenue								
Patient service revenue, net of contractual allowances and discounts	$ –	$ 108,512	$ –	$ 8,709	$ 1,550	$ –	$ –	$ 118,771
Less provision for bad debt	–	(8,826)	–	(235)	(2)	–	–	(9,063)
Patient service revenue, net	–	99,686	–	8,474	1,548	–	–	109,708
Other revenue	–	3,127	1,419	1,931	15	–	(2,640)	3,852
Net assets released from restrictions for operations	–	–	–	–	–	–	–	–
Total operating revenue	–	102,813	1,419	10,405	1,563	–	(2,640)	113,560
Operating expenses								
Salaries and wages	–	38,879	–	11,232	1,209	–	–	51,320
Employee benefits	–	9,570	–	2,337	393	–	–	12,300
Supplies and other	435	39,475	412	4,071	321	–	(2,640)	42,074
Interest	–	613	58	21	–	–	–	692
Provider tax	–	2,167	–	–	–	–	–	2,167
Depreciation and amortization	–	3,845	318	376	1	–	–	4,540
Total operating expenses	435	94,549	788	18,037	1,924	–	(2,640)	113,093
Income (loss) from operations	(435)	8,264	631	(7,632)	(361)	–	–	467
Nonoperating gains (losses), net	1,254	1,982	(117)	(2)	1	–	–	3,118
Excess (deficiency) of revenue over expenses	819	10,246	514	(7,634)	(360)	–	–	3,585
Other changes in unrestricted net assets								
Net assets released from restrictions for property, plant and equipment	–	–	–	–	–	–	–	–
Adjustment to long-term pension obligation	(598)	3,659	–	–	–	–	–	3,061
Transfer among affiliates	373	(7,182)	(279)	6,692	396	–	–	–
Increase (decrease) in unrestricted net assets	$ 594	$ 6,723	$ 235	$ (942)	$ 36	$ –	$ –	$ 6,646

St Mary's Health System
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	St Mary's Health System	St Mary's Regional Medical Center	St Mary's d'Youville Pavilion	St Mary's Residences	Community Clinical Services, Inc	Elimi-nations	St Mary's Health System Consolidated
Assets							
Current assets							
Cash and cash equivalents	$ 284	$ 3,470	$ 1,049	$ 123	$ 233	$ –	$ 5,159
Accounts receivable	2	26,500	1,981	–	1,390	–	29,873
Allowance for doubtful accounts	–	(12,693)	(88)	–	(668)	–	(13,449)
Investments	6,696	5,743	–	267	–	–	12,706
Inventories	–	1,243	78	–	14	–	1,335
Prepaid expenses and other current assets	467	3,940	201	101	202	(829)	4,082
Estimated third-party payor settlements	–	–	478	–	(89)	–	389
Current portion of assets whose use is limited or restricted	–	–	–	–	–	–	–
Current portion of due from affiliates	(21,387)	21,843	1	(385)	58	(130)	–
Total current assets	(13,938)	50,046	3,700	106	1,140	(959)	40,095
Assets whose use is limited or restricted, less current portion							
Funds held by trustees, less current portion	–	1,861	490	–	–	–	2,351
Deferred compensation	–	–	–	–	–	–	–
Board designated funds and other long-term investments	1,250	31,377	3,541	9	256	–	36,433
Replacement reserve	–	–	–	191	–	–	191
Donor restricted funds	4,907	1,689	60	23	57	(2,297)	4,439
Total assets whose use is limited or restricted, less current portion	6,157	34,927	4,091	223	313	(2,297)	43,414
Other assets							
Other assets	177	987	58	173	–	–	1,395
Due from affiliates, less current portion	–	–	–	–	–	–	–
Estimated third-party payor settlements	–	2,065	–	–	–	–	2,065
Investments in joint ventures	534	2,466	–	–	–	–	3,000
Total other assets	711	5,518	58	173	–	–	6,460
Property, plant and equipment							
Land and improvements	2,260	1,633	1,728	111	–	–	5,732
Buildings and improvements	7,227	70,071	9,592	6,868	115	–	93,873
Equipment	1,116	37,130	7,624	387	532	–	46,789
Construction in progress	341	754	132	7	7	–	1,241
	10,944	109,588	19,076	7,373	654	–	147,635
Less accumulated depreciation	(3,022)	(53,759)	(14,480)	(6,069)	(399)	–	(77,729)
Total property, plant and equipment	7,922	55,829	4,596	1,304	255	–	69,906
Total assets	$ 852	$ 146,320	$ 12,445	$ 1,806	$ 1,708	$ (3,256)	$ 159,875

St Mary's Health System
Consolidating Balance Sheet
December 31, 2013
(In thousands)

	St Mary's Health System	St Mary's Regional Medical Center	St Mary's d'Youville Pavilion	St Mary's Residences	Community Clinical Services, Inc	Elimi-nations	St Mary's Health System Consolidated
Liabilities and Net Assets							
Current liabilities							
Line of credit	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Accounts payable	42	1,685	174	26	4	–	1,931
Accrued expenses and other liabilities	5,422	10,398	2,175	30	1,205	–	19,230
Estimated third-party payor settlements	–	1,521	–	–	–	–	1,521
Current portion of due to affiliates	130	–	–	–	–	(130)	–
Current portion of long-term debt and capital leases	265	2,071	785	64	–	–	3,185
Total current liabilities	5,859	15,675	3,134	120	1,209	(130)	25,867
Long-term debt and capital leases, less current portion	3,935	43,343	2,129	2,526	–	–	51,933
Due to affiliates, less current portion	–	–	–	–	–	–	–
Other liabilities	3,659	135	–	57	–	(3,126)	725
Long-term pension obligation	–	–	–	–	–	–	–
Professional liability loss reserves	1,083	453	–	–	–	–	1,536
Total liabilities	14,536	59,606	5,263	2,703	1,209	(3,256)	80,061
Net assets							
Share capital	–	–	–	–	–	–	–
Unrestricted	(15,358)	85,025	7,151	(920)	442	–	76,340
Temporarily restricted	1,307	992	21	23	57	–	2,400
Permanently restricted	367	697	10	–	–	–	1,074
Retained earnings	–	–	–	–	–	–	–
Total net assets	(13,684)	86,714	7,182	(897)	499	–	79,814
Total liabilities and net assets	$ 852	$146,320	$ 12,445	$ 1,806	$ 1,708	$ (3,256)	$ 159,875

St Mary's Health System
Consolidating Statement of Operations
December 31, 2013
(In thousands)

	St Mary's Health System	St Mary's Regional Medical Center	St Mary's d'Youville Pavilion	St Mary's Residences	Community Clinical Services, Inc	Elimi-nations	St Mary's Health System Consolidated
Operating revenue							
Patient service revenue, net of contractual allowances and discounts	$ (6)	$ 149,810	$ 19,502	$ –	$ 9,093	$ –	$ 178,399
Less provision for bad debt	5	(10,957)	(168)	–	(1,270)	–	(12,390)
Patient service revenue, net	(1)	138,853	19,334	–	7,823	–	166,009
Other revenue	17,145	8,025	5,193	1,639	1,579	(24,169)	9,412
Net assets released from restrictions for operations	59	732	1	48	–	–	840
Total operating revenue	17,203	147,610	24,528	1,687	9,402	(24,169)	176,261
Operating expenses							
Salaries and wages	1,427	71,264	8,938	–	7,184	–	88,813
Employee benefits	9,651	14,445	2,301	–	1,138	(14,554)	12,981
Supplies and other	2,609	51,478	10,964	1,266	2,993	(9,630)	59,680
Interest	160	2,122	166	197	–	–	2,645
Provider tax	–	3,236	1,193	–	–	–	4,429
Depreciation and amortization	438	4,964	607	166	51	–	6,226
Total operating expenses	14,285	147,509	24,169	1,629	11,366	(24,184)	174,774
Income (loss) from operations	2,918	101	359	58	(1,964)	15	1,487
Nonoperating gains (losses), net	(1,857)	2,784	364	–	1,965	(15)	3,241
Excess (deficiency) of revenue over expenses	1,061	2,885	723	58	1	–	4,728
Other changes in unrestricted net assets							
Net assets released from restrictions for property, plant and equipment	–	–	12	10	–	–	22
Adjustment to long-term pension obligation	–	–	–	–	–	–	–
Transfer among affiliates	(2,279)	2,275	–	–	4	–	–
Increase (decrease) in unrestricted net assets	$ (1,218)	$ 5,160	$ 735	$ 68	$ 5	$ –	$ 4,750