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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
HUDSON VALLEY HOSPITAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 1980 CROMPOND ROAD | Room/suite

City or town, state or province, country, and ZIP or foreign postal code
CORTLANDT MANOR, NY 10567

**D Employer identification number**
13-1740120

E Telephone number
(914) 734-3277

**G** Gross receipts $ 173,054,654

**F** Name and address of principal officer
JOHN FEDERSPIEL
1980 CROMPOND ROAD
CORTLANDT MANOR, NY 10567

**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:** ▶ WWW HVHC ORG

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

**L** Year of formation 1911

**M** State of legal domicile NY

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY, COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE, PROFESSIONAL, RESPECTFUL MANNER, WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN OR DISEASE CATEGORY

**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** | 15 |
| **5** | Total number of individuals employed in calendar year 2013 (Part V, line 2a) | **5** | 1,363 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 230 |
| **7a** | Total unrelated business revenue from Part VIII, column (C), line 12 | **7a** | 0 |
| **b** | Net unrelated business taxable income from Form 990-T, line 34 | **7b** | |

| | | Prior Year | Current Year |
|---|---|---|---|
| **Revenue** | | | |
| **8** | Contributions and grants (Part VIII, line 1h) | 110,121 | 1,240,056 |
| **9** | Program service revenue (Part VIII, line 2g) | 162,835,803 | 160,958,100 |
| **10** | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 1,165,039 | 2,512,496 |
| **11** | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 2,185,071 | 1,886,544 |
| **12** | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 166,296,034 | 166,597,196 |
| **Expenses** | | | |
| **13** | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | | 0 |
| **14** | Benefits paid to or for members (Part IX, column (A), line 4) | | 0 |
| **15** | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 82,879,602 | 84,120,772 |
| **16a** | Professional fundraising fees (Part IX, column (A), line 11e) | | 0 |
| **b** | Total fundraising expenses (Part IX, column (D), line 25) ▶0 | | |
| **17** | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 76,809,053 | 80,005,494 |
| **18** | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 159,688,655 | 164,126,266 |
| **19** | Revenue less expenses Subtract line 18 from line 12 | 6,607,379 | 2,470,930 |

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| **Net Assets or Fund Balances** | | | |
| **20** | Total assets (Part X, line 16) | 240,664,077 | 240,546,829 |
| **21** | Total liabilities (Part X, line 26) | 127,243,625 | 122,809,250 |
| **22** | Net assets or fund balances Subtract line 21 from line 20 | 113,420,452 | 117,737,579 |

## 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**

****** | 2014-11-04
Signature of officer | Date

MARK WEBSTER VP FINANCE
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN |
|---|---|---|---|---|
| KAREN L STAPLES CPA | | 2014-11-04 | | P00109614 |

Firm's name ▶ VANACOREDEBENEDICTUSDIGOVANNI&WEDDELL | Firm's EIN ▶ 14-1604297

Firm's address ▶ 11 RACQUET RD
NEWBURGH, NY 12550 | Phone no (845) 567-9000

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

HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY, COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE, PROFESSIONAL, RESPECTFUL MANNER, WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN OR DISEASE CATEGORY

**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 $ 136,708,375 including grants of $ ) (Revenue $ 162,844,644 )

HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY, COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE, PROFESSIONAL, RESPECTFUL MANNER, WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN OR DISEASE CATEGORY

**4b** (Code ) (Expenses $ including grants of $ ) (Revenue $ )

**4c** (Code ) (Expenses $ including grants of $ ) (Revenue $ )

**4d** Other program services (Describe in Schedule O )

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

**4e** **Total program service expenses** ▶ 136,708,375

## 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 | | No |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | No |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | No |
| 9 | Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | No |
| 10 | Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | Yes | |
| 11 | If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.* | 11a | Yes | |
| b | Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII* | 11b | | No |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII* | 11c | | No |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX* | 11d | Yes | |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X* | 11e | Yes | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X* | 11f | | No |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII* | 12a | | No |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional* | 12b | Yes | |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | | No |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV* | 14b | | No |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or 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** | | No |
| **34** | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1* | **34** | Yes | |
| **35a** | Did the organization have a controlled entity within the meaning of section 512(b)(13)? | **35a** | 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 | 117 | | |
| 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 | 1,363 | | |
| 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 | | | No |
| 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 | | | |
| 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** | 15 | | |
| **2** | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . . | **2** | | Yes | |
| **3** | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . | **3** | | | No |
| **4** | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . . | **4** | | | No |
| **5** | Did the organization become aware during the year of a significant diversion of the organization's assets? . | **5** | | | No |
| **6** | Did the organization have members or stockholders? . . . . . | **6** | | Yes | |
| **7a** | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . . | **7a** | | | No |
| **b** | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . . | **7b** | | | No |
| **8** | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | | |
| **a** | The governing body? . . . . . | **8a** | | Yes | |
| **b** | Each committee with authority to act on behalf of the governing body? . . . . . | **8b** | | Yes | |
| **9** | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O* . . . . . | **9** | | | No |

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

| | | | Yes | No |
|---|---|---|---|---|
| **10a** | Did the organization have local chapters, branches, or affiliates? . . . . . | **10a** | | No |
| **b** | If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? | **10b** | | |
| **11a** | Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . . | **11a** | 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 ▶ NY

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

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

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

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

▶ MARGI QUAIL 1980 CROMPOND ROAD
CORTLANDT MANOR, NY 10567 (914) 734-3277

**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) RON NUTOVITS MD<br>DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (2) EDWARD B MACDONALD JR<br>CHAIRMAN | 1 00 | X | | X | | | | 0 | 0 | 0 |
| (3) HONGEORGE OROS<br>DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (4) JAMES KANE<br>VICE CHAIRMA | 1 00 | X | | X | | | | 0 | 0 | 0 |
| (5) JEFFREY SWEET<br>SECOND VICE | 1 00 | X | | X | | | | 0 | 0 | 0 |
| (6) JOHN MCGURTY JR MD<br>DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (7) JOHN TESTA<br>THIRD VICE C | 1 00 | X | | X | | | | 0 | 0 | 0 |
| (8) RODMAN PATTON<br>DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (9) MICHAEL A BALDUZZI<br>DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (10) MICHAEL DELFINO<br>ASSISTANT TR | 1 00 | X | | X | | | | 0 | 0 | 0 |
| (11) ARTHUR PIDORIANO MD<br>DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (12) ROBERT SPADACCIA<br>DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (13) SARAN ROSNER MD<br>DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (14) JOHN DARE<br>SECRETARY | 1 00 | X | | X | | | | 0 | 0 | 0 |
| (15) JAMES MARTIN<br>TREASURER | 1 00 | X | | X | | | | 0 | 0 | 0 |
| (16) SHEILA GUIDA<br>TERM ENDED 8 | 1 00 | X | | | | | | 0 | 0 | 0 |
| (17) JOHN FEDERSPIEL<br>PRESIDENT | 40 00 | | | X | | | | 1,800,841 | 0 | 243,358 |

**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) MARK WEBSTER<br>VP FINANCE | 40 00 | | | X | | | | 757,225 | 0 | 119,211 |
| (19) KATHY WEBSTER<br>VP NURSING | 40 00 | | | | X | | | 540,591 | 0 | 68,929 |
| (20) DEBBIE NEUENDORF<br>VP ADMINISTR | 40 00 | | | | X | | | 474,904 | 0 | 82,685 |
| (21) WILLIAM HIGGINS<br>VP MEDICAL A | 40 00 | | | | X | | | 469,492 | 0 | 47,721 |
| (22) JEANE COSTELLA<br>VP OF HR | 40 00 | | | | X | | | 465,145 | 0 | 73,702 |
| (23) ED COLETTI<br>VP FACILITIE | 40 00 | | | | X | | | 309,651 | 0 | 44,668 |
| (24) WILLIAM DAUSTER<br>VP MARKETING | 40 00 | | | | X | | | 277,856 | 0 | 45,019 |
| (25) PAMELA HEALY<br>VP OF QUALIT | 40 00 | | | | X | | | 160,502 | 0 | 19,741 |
| (26) SUZANNE M MATEO<br>ADM DIR NURS | 40 00 | | | | | X | | 184,008 | 0 | 9,051 |
| (27) BETTY LANDIS<br>DIR REHAB SE | 40 00 | | | | | X | | 181,768 | 0 | 8,928 |
| (28) MARYANN MAFFEI<br>DIR EMERGENC | 40 00 | | | | | X | | 177,759 | 0 | 884 |
| (29) FRANCES M CARL<br>ASST NURSING | 40 00 | | | | | X | | 177,440 | 0 | 15,294 |
| (30) KATHLEEN A KIERNAN<br>DIRECTOR DIA | 40 00 | | | | | X | | 175,797 | 0 | 17,699 |
| **1b Sub-Total** . . . . . ▶ | | | | | | | | | | |
| **c Total from continuation sheets to Part VII, Section A** . . . . ▶ | | | | | | | | | | |
| **d Total (add lines 1b and 1c)** . . . . . ▶ | | | | | | | | 6,152,979 | | 796,890 |

**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 ▶ 153

| | | 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** | | No |
| **4** For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *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 |
|---|---|---|
| WESTCHESTER MEDICAL PRACTICE WESTCHESTER MEDICAL PRACTICE 50 DAYTON LANE PEEKSKILL NY 10566 | PHYSICIAN FEES | 3,094,606 |
| NYU SCHOOL OF MEDICINE NYS SCHOOL OF MEDICINE 1 PARK AVENUE 10TH FLOOR NEW YORK NY 10016 | CARDIOLOGY | 778,333 |
| HUDSON VALLEY IMAGING PC HUDSON VALLEY IMAGING PC 2 FOXEY LANE MAHOPAC NY 10541 | RADIOLOGY | 643,446 |
| HUDSON VALLEY RADIATION ONCOLOGY HUDSON VALLEY RADIATION ONCOLOGY 1 INTERNATIONAL BLVD STE 1130 MAHWAH NJ 07495 | RADIATION ONCOL | 600,000 |
| HOSPITAL MEDICINE ASSOCIATES HOSPITAL MEDICINE ASSOCIATES 50 DAYTON LANE PEEKSKILL NY 10566 | PHYSICIAN FEES | 583,751 |

**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 ▶ 23

**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 | 1,240,056 | | | |
| | e | Government grants (contributions) | 1e | | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | | | | |
| | g | Noncash contributions included in lines 1a-1f $ | | | | | |
| | h | **Total.** Add lines 1a-1f . . . . . ▶ | | 1,240,056 | | | |
| Program Service Revenue | | | Business Code | | | | |
| | 2a | NET PATIENT SERVICE REVENUE | | 160,958,100 | 160,958,100 | | |
| | b | | | | | | |
| | c | | | | | | |
| | d | | | | | | |
| | e | | | | | | |
| | f | All other program service revenue | | | | | |
| | g | **Total.** Add lines 2a–2f . . . . . ▶ | | 160,958,100 | | | |
| | 3 | Investment income (including dividends, interest, and other similar amounts) . . . . . ▶ | | 1,448,602 | | | 1,448,602 |
| | 4 | Income from investment of tax-exempt bond proceeds . . ▶ | | | | | |
| | 5 | Royalties . . . . . ▶ | | | | | |
| | | | (i) Real | (ii) Personal | | | |
| | 6a | Gross rents | | | | | |
| | b | Less rental expenses | | | | | |
| | c | Rental income or (loss) | | | | | |
| | d | Net rental income or (loss) . . . . . ▶ | | | | | |
| | | | (i) Securities | (ii) Other | | | |
| | 7a | Gross amount from sales of assets other than inventory | 7,521,352 | | | | |
| | b | Less cost or other basis and sales expenses | 6,343,200 | 114,258 | | | |
| | c | Gain or (loss) | 1,178,152 | -114,258 | | | |
| | d | Net gain or (loss) . . . . . ▶ | | | 1,063,894 | | | 1,063,894 |
| Other Revenue | 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 | EHR INCENTIVE REVENUE | | 1,886,544 | 1,886,544 | | |
| | b | | | | | | |
| | c | | | | | | |
| | d | All other revenue . . . . | | | | | |
| | e | **Total.** Add lines 11a–11d . . . . . ▶ | | 1,886,544 | | | |
| | 12 | **Total revenue.** See Instructions . . . . . ▶ | | 166,597,196 | 162,844,644 | | 2,512,496 |

## 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 . . . . | 6,001,240 | 4,999,033 | 1,002,207 | |
| 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 | 60,388,165 | 50,303,341 | 10,084,824 | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . | 3,456,053 | 2,878,892 | 577,161 | |
| 9 Other employee benefits . . . . . | 9,698,131 | 8,078,543 | 1,619,588 | |
| 10 Payroll taxes . . . . . | 4,577,183 | 3,812,793 | 764,390 | |
| 11 Fees for services (non-employees) | | | | |
| a Management . . . . . | | | | |
| b Legal . . . . . | 536,464 | 446,875 | 89,589 | |
| c Accounting . . . . . | 137,989 | 114,945 | 23,044 | |
| 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) . . . . . | 425,612 | 354,535 | 71,077 | |
| 12 Advertising and promotion . . . . | 989,536 | 824,284 | 165,252 | |
| 13 Office expenses . . . . . | 1,416,775 | 1,180,173 | 236,602 | |
| 14 Information technology . . . . . | | | | |
| 15 Royalties . . | | | | |
| 16 Occupancy . . . . . | 4,357,360 | 3,620,876 | 736,484 | |
| 17 Travel . . . . . | | | | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . . | | | | |
| 19 Conferences, conventions, and meetings . . . . | | | | |
| 20 Interest . . . . . | 3,650,048 | 3,040,490 | 609,558 | |
| 21 Payments to affiliates . . . . . | | | | |
| 22 Depreciation, depletion, and amortization . . . . . | 11,974,926 | 9,975,113 | 1,999,813 | |
| 23 Insurance . . . . . | 2,739,445 | 2,281,958 | 457,487 | |
| 24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O ) | | | | |
| a MEDICAL AND SURGICAL SUPP | 22,119,862 | 18,425,845 | 3,694,017 | |
| b CONTRACTED SERVICES | 8,833,874 | 7,358,617 | 1,475,257 | |
| c PHYSICIAN FEES | 7,045,150 | 5,868,610 | 1,176,540 | |
| d BAD DEBT EXPENSE | 4,446,067 | 3,703,574 | 742,493 | |
| e All other expenses | 11,332,386 | 9,439,878 | 1,892,508 | |
| 25 **Total functional expenses.** Add lines 1 through 24e | 164,126,266 | 136,708,375 | 27,417,891 | 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 | | 3,642,635 | 1 | 1,525,126 |
| | 2 | Savings and temporary cash investments | | 10,120,436 | 2 | 9,448,345 |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 22,922,083 | 4 | 22,534,196 |
| | 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 | | | 7 | |
| | 8 | Inventories for sale or use | | 1,702,225 | 8 | 1,729,071 |
| | 9 | Prepaid expenses and deferred charges | | 877,190 | 9 | 902,090 |
| | 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a 233,051,917 | | | |
| | b | Less accumulated depreciation | 10b 108,382,896 | 128,874,716 | 10c | 124,669,021 |
| | 11 | Investments—publicly traded securities | | 25,527,775 | 11 | 31,415,360 |
| | 12 | Investments—other securities See Part IV, line 11 | | | 12 | |
| | 13 | Investments—program-related See Part IV, line 11 | | | 13 | |
| | 14 | Intangible assets | | | 14 | |
| | 15 | Other assets See Part IV, line 11 | | 46,997,017 | 15 | 48,323,620 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 240,664,077 | 16 | 240,546,829 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 22,727,436 | 17 | 21,750,322 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | 67,007,797 | 20 | 65,281,677 |
| | 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 | | 12,949,681 | 23 | 10,469,133 |
| | 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 | | 24,558,711 | 25 | 25,308,118 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 127,243,625 | 26 | 122,809,250 |
| 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 | | 109,714,478 | 27 | 114,222,386 |
| | 28 | Temporarily restricted net assets | | 2,031,355 | 28 | 1,840,574 |
| | 29 | Permanently restricted net assets | | 1,674,619 | 29 | 1,674,619 |
| | | **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 | | 113,420,452 | 33 | 117,737,579 |
| | 34 | Total liabilities and net assets/fund balances | | 240,664,077 | 34 | 240,546,829 |

## 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 | 166,597,196 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 164,126,266 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 2,470,930 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 113,420,452 |
| 5 | Net unrealized gains (losses) on investments | 5 | 2,727,539 |
| 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 | -881,342 |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 117,737,579 |

## 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**
HUDSON VALLEY HOSPITAL CENTER

**Employer identification number**
13-1740120

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Section A. Public Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 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 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**
HUDSON VALLEY HOSPITAL CENTER

**Employer identification number**
13-1740120

## 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 | 3,705,974 | 3,973,255 | 4,291,468 | 7,433,563 | 7,642,040 |
| b | Contributions | 1,240,055 | 584,828 | 896,495 | 725,376 | 682,807 |
| c | Net investment earnings, gains, and losses | | | | | |
| d | Grants or scholarships | | | | | |
| e | Other expenditures for facilities and programs | -549,497 | -852,109 | -1,214,708 | -3,867,471 | -891,284 |
| f | Administrative expenses | | | | | |
| g | End of year balance | 3,515,193 | 3,705,974 | 3,973,255 | 4,291,468 | 7,433,563 |

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 47 640 %
- c Temporarily restricted endowment ▶ 52 360 %

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 | | 945,544 | | 945,544 |
| b Buildings | | 149,445,447 | 50,699,721 | 98,745,726 |
| c Leasehold improvements | | | | |
| d Equipment | | 82,660,926 | 57,683,175 | 24,977,751 |
| e Other | | | | |
| **Total.** Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 124,669,021 |

**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 | | |
| Other | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 12 )* ▶ | | |

**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) DEFERRED BOND ISSUANCE COST | 15,743,376 |
| (2) OTHER RECEIVABLES | 13,057,420 |
| (3) INSURANCE RECEIVABLE | 8,537,515 |
| (4) ASSETS WHOSE USE IS LIMITED | 6,222,615 |
| (5) INTEREST IN THE FOUNDATION OF HVHC | 4,762,694 |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | 48,323,620 |

**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 | |
| INSURANCE LIABILITY | 12,182,228 |
| THIRD PARTY PAYORS | 12,096,755 |
| DEFERRED FINANCING | 816,025 |
| ASSET REMEDIATION LIABILITY | 213,110 |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 25 )* ▶ | 25,308,118 |

**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 |
|---|---|
| SCHEDULE D, PAGE 2, PART V, LINE 4 | THE ENDOWMENT FUND BALANCES ARE USED FOR THE FUNDING OF HEALTH CARE SERVICES AND CAPITAL ACQUISITIONS RELATING TO HUDSON VALLEY HOSPITAL CENTER'S MISSION STATEMENT |
| | |
| | |
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| | |

**Part XIII Supplemental Information *(continued)***

| Return Reference | Explanation |
|---|---|
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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

# Hospitals

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

**Employer identification number**
13-1740120

## Part I Financial Assistance and Certain Other Community Benefits at Cost

| | | | Yes | No |
|---|---|---|---|---|
| 1a | Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a | 1a | Yes | |
| b | If "Yes," was it a written policy? | 1b | Yes | |
| 2 | If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year | | | |
| | ☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities | | | |
| 3 | Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year | | | |
| a | Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care | 3a | Yes | |
| | ☐ 100% ☐ 150% ☐ 200% ☑ Other 250 0000000000 % | | | |
| b | Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care | 3b | Yes | |
| | ☐ 200% ☑ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ % | | | |
| c | If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care | | | |
| 4 | Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? | 4 | Yes | |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | 5a | Yes | |
| b | If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | 5b | | No |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care? | 5c | | |
| 6a | Did the organization prepare a community benefit report during the tax year? | 6a | 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) | | | 4,666,349 | 1,683,772 | 2,982,577 | 1 870 % |
| b Medicaid (from Worksheet 3, column a) | | | 14,311,171 | 11,069,940 | 3,241,231 | 2 030 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | 546,829 | 453,826 | 93,003 | 0 060 % |
| d **Total** Financial Assistance and Means-Tested Government Programs | | | 19,524,349 | 13,207,538 | 6,316,811 | 3 960 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 1,854,393 | | 1,854,393 | 1 160 % |
| f Health professions education (from Worksheet 5) | | | 221,227 | | 221,227 | 0 140 % |
| g Subsidized health services (from Worksheet 6) | | | 3,333,365 | 1,794,599 | 1,538,766 | 0 960 % |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | | | | |
| j **Total.** Other Benefits | | | 5,408,985 | 1,794,599 | 3,614,386 | 2 260 % |
| k **Total.** Add lines 7d and 7j | | | 24,933,334 | 15,002,137 | 9,931,197 | 6 220 % |

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

| | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|
| 1 Physical improvements and housing | | | | | | |
| 2 Economic development | | | | | | |
| 3 Community support | | | | | | |
| 4 Environmental improvements | | | | | | |
| 5 Leadership development and training for community members | | | | | | |
| 6 Coalition building | | | 87,425 | | 87,425 | 0 050 % |
| 7 Community health improvement advocacy | | | | | | |
| 8 Workforce development | | | | | | |
| 9 Other | | | | | | |
| 10 **Total** | | | 87,425 | | 87,425 | 0 050 % |

**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 | 4,446,067 | | |
| 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 | 3,779,157 | | |
| 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 | 48,573,187 | | |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 65,066,553 | | |
| 7 | Subtract line 6 from line 5 This is the surplus (or shortfall) | 7 | -16,493,366 | | |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used | | | | |

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

**Section C. Collection Practices**

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

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

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

## Part V Facility Information

### Section A. Hospital Facilities

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

| | Name, address, 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 | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
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## 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** HUDSON VALLEY HOSPITAL CENTER

**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)** 1

| | | | Yes | No |
|---|---|---|---|---|
| **Community Health Needs Assessment** (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012) | | | | |
| **1** | During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 | **1** | Yes | |
| | If "Yes," indicate what the CHNA report describes (check all that apply) | | | |
| **a** | ☑ A definition of the community served by the hospital facility | | | |
| **b** | ☑ Demographics of the community | | | |
| **c** | ☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community | | | |
| **d** | ☑ How data was obtained | | | |
| **e** | ☑ The health needs of the community | | | |
| **f** | ☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups | | | |
| **g** | ☑ The process for identifying and prioritizing community health needs and services to meet the community health needs | | | |
| **h** | ☑ The process for consulting with persons representing the community's interests | | | |
| **i** | ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs | | | |
| **j** | ☐ Other (describe in Part VI) | | | |
| **2** | Indicate the tax year the hospital facility last conducted a CHNA 20 13 | | | |
| **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) WWW HVHC ORG | | | |
| **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 250 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 250 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** | | No |
| If "Yes," check all actions in which the hospital facility or a third party engaged | | | |
| **a** ☐ Reporting to credit agency | | | |
| **b** ☐ Lawsuits | | | |
| **c** ☐ Liens on residences | | | |
| **d** ☐ Body attachments | | | |
| **e** ☐ Other similar actions (describe in 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 |
|---|---|
| FACILITY 1, HUDSON VALLEY HOSPITAL CENTER - PART V, LINE 3 | TO GATHER INPUT FROM THE COMMUNITY ON OUR CHNA, HUDSON VALLEY HOSPITAL CENTER HAD ONGOING MEETINGS AND CORRESPONDENCE WITH LOCAL PARTNERS ADDITIONALLY, 500 MEMBERS OF THE COMMUNITY PARTICIPATED IN AN ONLINE SURVEY TO PARTICIPATE, LETTERS WERE MAILED TO COMMUNITY PARTNERS THE FIRST WEEK IN JANUARY 2013 MORE THAN 30 COMMUNITY ORGANIZATIONS RESPONDED ONGOING EMAIL AND PHONE CORRESPONDENCE WERE CONDUCTED TO MAINTAIN RELATIONSHIPS WITH THE COMMUNITY PARTNERS WE ALSO GATHERED INPUT FROM THE COMMUNITY WHEN WE PARTICIPATED IN A COUNTY-WIDE HEALTH SUMMIT WITH THE WESTCHESTER COUNTY DEPARTMENT OF HEALTH IN AUGUST 2013 |
| FACILITY 1, HUDSON VALLEY HOSPITAL CENTER - PART V, LINE 4 | TO DETERMINE OUR PRIORITIES AS PART OF THE CHNA, HUDSON VALLEY HOSPITAL CENTER BECAME A MEMBER OF THE WESTCHESTER COUNTY DOH HEALTH PLANNING TEAM, WHICH HAD 11 MEETINGS FROM JANUARY THROUGH OCTOBER 2013 WITH THE DOH AND 15 AREA HOSPITALS INCLUDING BLYTHEDALE CHILDREN'S HOSPITAL, BURKE REHABILITATION, LAWRENCE HOSPITAL , MOUNT VERNON, NORTHERN WESTCHESTER, OPEN DOOR HEALTH CENTERS, PHELPS MEMORIAL, ST JOSEPH'S, SOUND SHORE MEDICAL CENTER, ST JOHN'S, ST VINCENT'S, WESTCHESTER MEDICAL CENTER, WHITE PLAINS AND WESTCHESTER COUNTY DOH THE GROUP ALSO CONDUCTED A COUNTYWIDE HEALTH SUMMIT IN AUGUST 2013 WITH MORE THAN 20 PARTNER AGENCIES |

**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 I, LINE 6A - RELATED ORGANIZATION INFORMATION | THE ANNUAL COMMUNITY BENEFIT REPORT WILL BE MAILED TO OUR SUPPORTERS, BUSINESS LEADERS AND PUBLIC OFFICIALS AND DISTRIBUTED AT PUBLIC EVENTS THAT THE ORGANIZATION RUNS, SUCH AS, HEALTH SCREENINGS, LECTURES, ETC IT WILL ALSO BE MADE AVAILABLE UPON REQUEST |
| PART I, LINE 7, COLUMN (F) - EXCLUSIONS FROM PERCENT OF TOTAL EXPENSE | BAD DEBT EXPENSE IN THE AMOUNT OF 4,446,067 WAS REMOVED FROM THE TOTAL FUNCTIONAL EXPENSES OF 164,126,266 LOCATED ON PAGE 10, LINE 25, COLUMN (A) THIS LEAVES TOTAL FUNCTIONAL EXPENSES OF 159,680,199 AND PROVIDES THE PERCENTAGE OF TOTAL EXPENSE LOCATED ON SCHEDULE H, LINE 7, COLUMN (F) |

| Form and Line Reference | Explanation |
|---|---|
| PART II - COMMUNITY BUILDING ACTIVITIES | ACTIVITIES WITH THESE ORGANIZATIONS PROVIDES AN OPPORTUNITY TO SHARE IDEAS, CONCEPTS, AND EXPENSES AND FOSTERS MORE EFFECTIVE PLANNING BY HUDSON VALLEY HOSPITAL CENTER IN ORDER TO BETTER SERVICE THE COMMUNITY AND MEET THEIR NEEDS |
| PART III, LINE 2 - BAD DEBT EXPENSE METHODOLOGY | THE PROCESS FOR ESTIMATING THE ULTIMATE COLLECTION OF RECEIVABLES INVOLVES SIGNIFICANT ASSUMPTIONS AND JUDGMENTS THE HOSPITAL HAS IMPLEMENTED A MONTHLY STANDARDIZED APPROACH TO ESTIMATE AND REVIEW THE COLLECTABILITY OF RECEIVABLES BASED ON THE PAYER CLASSIFICATION AND THE PERIOD THE RECEIVABLES HAVE BEEN OUTSTANDING PAST DUE BALANCES OVER 120 DAYS FROM DATE OF BILLING AND OVER A SPECIFIED AMOUNT ARE CONSIDERED DELINQUENT AND ARE REVIEWED INDIVIDUALLY FOR COLLECTABILITY ACCOUNT BALANCES ARE WRITTEN OFF AGAINST THE ALLOWANCE WHEN MANAGEMENT FEELS IT IS PROBABLE THE RECEIVABLE WILL NOT BE RECOVERED HISTORICAL COLLECTION AND PAYER REIMBURSEMENT EXPERIENCE IS AN INTEGRAL PART OF THE ESTIMATION PROCESS RELATED TO RESERVES FOR DOUBTFUL ACCOUNTS IN ADDITION, THE HOSPITAL ASSESSES THE CURRENT STATE OF ITS BILLING FUNCTIONS IN ORDER TO IDENTIFY ANY KNOWN COLLECTION OR REIMBURSEMENT ISSUES IN ORDER TO QUANTIFY THE IMPACT, IF ANY, ON RESERVE ESTIMATES, WHICH INVOLVES JUDGMENT THE HOSPITAL BELIEVES THAT THE COLLECTABILITY OF ITS RECEIVABLES IS DIRECTLY LINKED TO THE QUALITY OF ITS BILLING PROCESSES, MOST NOTABLY THOSE RELATED TO OBTAINING THE CORRECT INFORMATION IN ORDER TO BILL EFFECTIVELY FOR THE SERVICES PROVIDED REVISIONS IN RESERVE FOR DOUBTFUL ACCOUNTS ESTIMATES ARE RECORDED AS AN ADJUSTMENT TO PROVISION FOR BAD DEBTS PLEASE SEE THE AUDITED FINANCIAL STATEMENTS PAGE 10, FOOTNOTE 3 REGARDING ACCOUNTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS |

| Form and Line Reference | Explanation |
|---|---|
| PART III, LINE 8 - MEDICARE EXPLANATION | MEDICARE IS THE HOSPITAL'S LARGEST PAYER DURING 2013, THE MEDICARE ALLOWABLE COST OF CARE WAS 65,066,553, WHILE THE TOTAL MEDICARE REVENUE WAS 48,573,187 THIS LEFT A SHORTFALL OF 16,493,366 THE HOSPITAL PROVIDES BOTH INPATIENT AND OUTPATIENT SERVICES TO THE COMMUNITY IN SPITE OF THIS SHORTFALL AS STATED BY THE HOSPITAL'S MISSION, HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY, COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE, PROFESSIONAL, RESPECTFUL MANNER, WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN OR DISEASE CATEGORY OFFERING STATE-OF-THE-ART DIAGNOSTIC TREATMENT, EDUCATION AND PREVENTIVE SERVICES, THE HOSPITAL IS COMMITTED TO IMPROVING THE QUALITY OF LIFE IN THE COMMUNITY IN FULFILLING THIS MISSION, THE HOSPITAL WILL STRIVE TO CONTINUOUSLY IMPROVE THE CARE PROVIDED AND DEVELOP AND OFFER PROGRAMS, FACILITIES, SYSTEMS AND ALLIANCES THAT MOST EFFECTIVELY RESPOND TO COMMUNITY HEALTH CARE NEEDS THE COSTING METHODOLOGY THAT WAS USED TO REPORT THIS SHORTFALL THE HOSPITAL USED THE MEDICARE CHARGES FROM THE 2013 MEDICARE COST REPORT AND APPLIED THE MEDICARE COST TO CHARGE RATIOS TO THESE CHARGES TO CALCULATE THE APPROPRIATE ALLOWABLE COSTS WE APPLIED THE INPATIENT CCR (COST TO CHARGE RATIO) TO THE INPATIENT CHARGES AND THE OUTPATIENT CCR TO THE OUTPATIENT CHARGES THE MEDICARE REIMBURSEMENTS REPORTED WERE THE MEDICARE CHARGES LESS THE MEDICARE ALLOWANCES FOR 2013 |
| PART III, LINE 9B - COLLECTION PRACTICES EXPLANATION | IF A PATIENT QUALIFIES FOR CHARITY, ALL OPEN ACCOUNTS ARE WRITTEN OFF AT THAT TIME WE DO NOT QUALIFY PATIENTS ON A GO FORWARD BASIS, BUT PATIENTS CAN REQUEST THAT THE ACCOUNT BE REVIEWED AND IF NECESSARY, WE WILL REQUEST ADDITIONAL DOCUMENTATION IF A PATIENT IS APPLYING FOR CHARITY CARE, THE ACCOUNT IS PUT ON HOLD WHILE THE DOCUMENTS ARE GATHERED AND COMPLETED IF THE PATIENT DOES NOT RETURN DOCUMENTS REQUESTED WITHIN 60 DAYS, A LETTER IS SENT TO THEM REMINDING THEM OF THE REQUEST IF THERE IS STILL NO RESPONSE AFTER 30 DAYS, THE ACCOUNT MAY BE REFERRED FOR COLLECTIONS STATING NO COOPERATION FROM THE PATIENT PER 501(R)(5), HUDSON VALLEY HOSPITAL CENTER HAS ESTABLISHED WRITTEN FINANCIAL ASSISTANCE AND EMERGENCY CARE POLICIES THE POLICIES INCLUDE A LIMIT ON AMOUNT CHARGED FOR THOSE WHO QUALIFY ALL REASONABLE EFFORTS ARE MADE TO DETERMINE WHETHER AN INDIVIDUAL IS ELIGIBLE FOR ASSISTANCE PRIOR TO SENDING AN ACCOUNT TO COLLECTION |

| Form and Line Reference | Explanation |
|---|---|
| PART VI, LINE 2 - NEEDS ASSESSMENT | IN KEEPING WITH THE MISSION OF THE COMMISSIONER OF HEALTH OF NEW YORK, HUDSON VALLEY HOSPITAL CENTER, WORKING IN CONJUNCTION WITH OUR COMMUNITY PARTNERS, HAS CONTINUED ASSESSING OUR PRESENT INITIATIVES, STRATEGIC PLANS AND PREVENTION AGENDA PRIORITIES ASSESSING OUR COMMUNITY'S HEALTH NEEDS HAS BEEN PARAMOUNT FOR THE HOSPITAL THE NEEDS OF THE COMMUNITY CONTINUE TO BE ASSESSED THROUGH PARTNERSHIPS WITH PATIENTS, PHYSICIANS, ELECTED OFFICIALS, ORGANIZATIONS, AREA BUSINESSES AND LOCAL DEPARTMENTS OF HEALTH THROUGH STATISTICAL STUDIES WITH A BUSINESS PARTNER USING STATE DATA, THE HOSPITAL HAS IDENTIFIED NEEDS FOR CANCER SERVICES, BARIATRIC SURGERY AND COLORECTAL SURGERY THE HOSPITAL CONTINUOUSLY REQUESTS INPUT FROM THE COMMUNITY THROUGH ITS VARIETY OF COMMUNICATION DEVICES INCLUDING NEWSLETTERS, E-BLASTS AND HEALTH FAIR SURVEYS |
| PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE | THE HOSPITAL'S PRACTICE IS TO NOTE ON ALL PATIENT BILLS THAT FINANCIAL ASSISTANCE IS AVAILABLE OUR STATEMENTS INDICATE THAT IF REQUIRING ADDITIONAL INFORMATION, PLEASE CONTACT THE BILLING OFFICE REGISTRATION PROVIDES NOTIFICATION OF THE FINANCIAL ASSISTANCE POLICY AND HAS THE FORMS AVAILABLE IN ALL AREAS OTHER AREAS SUCH AS NURSING AND QUALITY MANAGEMENT ARE ALSO AVAILABLE TO PATIENTS TO ASSIST IN DETERMINING ELIGIBILITY FOR ASSISTANCE THE FINANCIAL COUNSELOR REACHES OUT TO IN HOUSE PATIENTS WITHOUT INSURANCE AND WITHOUT SECONDARY INSURANCE TO EXPLAIN THE POLICY ALL BILLING STAFF IS EDUCATED ON THE ORGANIZATION'S POLICY AND PATIENTS ARE OFFERED THE ASSISTANCE APPLICATION WHEN CONTACTED BY PHONE FINANCIAL ASSISTANCE APPLICATIONS ARE AVAILABLE IN ENGLISH AND SPANISH THEY ARE AVAILABLE AT THE TIME OF SERVICE, UPON REQUEST FROM THE PATIENT AND ARE AVAILABLE ON OUR WEBSITE (HVHC ORG) ON THE MAIN PAGE, SCROLL TO YOUR HOSPITAL STAY AND THE FINANCIAL ASSISTANCE DROP DOWN |

| Form and Line Reference | Explanation |
| --- | --- |
| PART VI, LINE 4 - COMMUNITY INFORMATION | HUDSON VALLEY HOSPITAL CENTER'S GEOGRAPHIC SERVICE AREA HAS REMAINED CONSTANT, SERVING AN AREA IN THE HUDSON RIVER VALLEY THAT SPANS UPPER WESTCHESTER COUNTY, INTO PUTNAM COUNTY AND REACHING SOUTHERN DUTCHESS COUNTY THIS SERVICE AREA REPRESENTS A TOTAL POPULATION OF 330,000 WITH A TOTAL OF 140,000 HOUSED IN THE PRIMARY SERVICE AREA AND 190,000 IN THE SECONDARY SERVICE AREA THE HOSPITAL PROVIDES SERVICES TO A LARGE NUMBER OF FEDERALLY-DESIGNATED MEDICALLY UNDERSERVED POPULATIONS IN THE COMMUNITY |
| PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH | THROUGH ITS UNDERSTANDING OF COMMUNITY NEEDS, HUDSON VALLEY HOSPITAL CENTER HAS EXPANDED AND IMPLEMENTED NEW PROGRAMS, BETTER SERVING PATIENTS AND THE COMMUNITY IN 2013, NUTRITIONAL SUPPORT BECAME THE FOCUS OF MANY OF OUR COMMUNITY OUTREACH PROGRAMS IN AN EFFORT TO COMBAT OBESITY AND AN INCREASE IN TYPE II DIABETES, THE HOSPITAL HAS BEEN IMPLEMENTING A MULTI-FACETED PLAN UNDER THE BANNER OF HARVEST FOR HEALTH THIS INCLUDED THE CREATION OF AN ORGANIC GARDEN FOR HEALING, WHICH PROVIDED AN OUTDOOR CLASSROOM FOR NUTRITIONAL EDUCATION WITH CANCER PATIENTS THIS YEAR THE HOSPITAL ALSO IMPLEMENTED A NEW FOOD SERVICE THAT FOCUSES ON FRESH, LOCAL PRODUCE AND FROM SCRATCH COOKING THE HOSPITAL ALSO EXPANDED ITS FARMERS' MARKET FROM ONCE A MONTH TO TWICE MONTHLY THE MARKETS PROVIDE THE OPPORTUNITY FOR MEMBERS OF THE COMMUNITY TO HAVE ACCESS TO HEALTHIER FOODS AND ENCOURAGE A PLANT-BASED DIET, PROVEN TO BE BENEFICIAL TO MANY DIAGNOSES FROM CARDIOVASCULAR ISSUES TO DIABETES IN ADDITION, THE HOSPITAL OPENED A TEACHING AND DEMONSTRATION KITCHEN TO PROVIDE THE COMMUNITY WITH COOKING AND NUTRITION CLASSES TO ENCOURAGE THE PREPARATION OF HEALTHY FOODS AT HOME PLANS WERE MADE TO HOLD FREE CLASSES FOR AT RISK YOUNGSTERS 11-13 IN CONJUNCTION WITH THE PEEKSKILL SCHOOL DISTRICT TO COMBAT CHILDHOOD OBESITY AS WELL AS CLASSES FOR CANCER PATIENTS AND PATIENTS WITH HEART DISEASE AND DIABETES TO REDUCE THE NUMBER OF HOSPITAL READMISSIONS IN ELDERLY POPULATIONS, THE HOSPITAL HAS EXPANDED ITS NICHE PROGRAM THE HOSPITAL'S DESIGNATION AS A NICHE HOSPITAL (NURSES IMPROVING CARE FOR HEALTH SYSTEM ELDERS) HAS ALLOWED IT TO ADDRESS MANY ISSUES FACING ITS GROWING ELDERLY POPULATION FUELED BY FIVE NEARBY NURSING HOMES A SILVER LINING HEALTHY AGING FAIR WAS CONDUCTED TO EDUCATE SENIORS AND THEIR CAREGIVERS ON THE IMPORTANCE OF HYDRATION AND MOBILITY IN HELPING THE ELDERLY TO STAY HEALTHY THIS WAS HELD IN ADDITION TO OUR ANNUAL SENIOR AND CAREGIVERS HEALTH FAIR, WHICH PROVIDES HEALTH SCREENINGS AND INFORMATION TO MORE THAN 250 SENIORS AND THEIR CAREGIVERS TWICE A YEAR THE HOSPITAL ADDED A SECOND SENIOR FAIR IN THE SPRING OF 2013 AND ALSO BEGAN OFFERING FREE FLU SHOTS AT ITS FALL FAIR THROUGH A PARTNERSHIP WITH THE HUDSON VALLEY VISITING NURSE SERVICE THE HOSPITAL EXPANDED SERVICE IN ITS COMPREHENSIVE CANCER CARE CENTER THAT OPENED IN 2012 THE CENTER INTEGRATES ALL THE MEDICAL AND PSYCHO-SOCIAL NEEDS OF PATIENTS UNDER ONE ROOF IN 2013, THE HOSPITAL ADDED INTRA-OPERATIVE RADIATION AS AN OPTION FOR WOMEN UNDERGOING BREAST CANCER SURGERY AND INCREASED ITS DIAGNOSTIC CAPABILITIES BY ADDING DIGITAL TOMOSYNTHESIS, WHICH OFFERS MORE SOPHISTICATED IMAGING FOR HIGH RISK PATIENTS AND WOMEN WITH DENSE BREAST TISSUE THE HOSPITAL ALSO BEGAN A PARTNERSHIP WITH GILDA'S CLUB OF WESTCHESTER AND SUPPORT CONNECTION, A SUPPORT SERVICE FOR WOMEN WITH BREAST AND OVARIAN CANCER THE TWO SUPPORT GROUPS BEGAN OFFERING SUPPORT SERVICES TO THE ENTIRE COMMUNITY, NOT JUST THE HOSPITAL'S PATIENTS THE CHERYL R LINDENBAUM CANCER CENTER ALSO ADDED A MELANOMA CENTER FOR THE TREATMENT OF THIS FAST-SPREADING CANCER AND BEGAN OFFERING FREE LOW- DOSE CT LUNG SCREENINGS AS PART OF ITS TREATMENT OF LUNG CANCER WITH THE ARRIVAL OF FOUR NEW THORACIC SURGEONS THE CANCER CENTER CONTINUES TO BENEFIT BY THE SERVICES OF THE ASHIKARI BREAST CENTER, THE NY GROUP FOR PLASTIC SURGERY AND THE WOMEN'S IMAGING CENTER THE WOMEN'S IMAGING CENTER PROVIDES A FULL RANGE OF ULTRASOUND, DIGITAL MAMMOGRAPHY, DIGITAL STEREOTACTIC BIOPSY AND BONE DENSITY TESTS IN ADDITION TO THE NEW 3-D MAMMOGRAPHY NOW ON STAFF AT HUDSON VALLEY HOSPITAL CENTER ARE THE SURGEONS OF THE NEW YORK BARIATRIC GROUP, AMONG THE COUNTRY'S LEADING BARIATRIC SURGEONS, OFFERING THE LATEST IN MINIMALLY INVASIVE WEIGHT LOSS SURGERY THE NEW YORK BARIATRIC GROUP PROVIDES SURGICAL OPTIONS SUCH AS LAPAROSCOPIC BANDING, SLEEVE GASTRECTOMY AND GASTRIC BYPASS ALL THESE PROCEDURES ARE NOW BEING PERFORMED IN OUR MINIMALLY INVASIVE SURGERY CENTER WHICH INCLUDES THE LATEST TECHNOLOGY THE WOMEN'S PAVILION FOR BIRTHING BECAME THE FIRST MATERNITY DEPARTMENT IN THE REGION TO RECEIVE THE BABY FRIENDLY DESIGNATION FROM BABY FRIENDLY USA FOR ITS BREAST FEEDING INITIATIVES THE MATERNITY DEPARTMENT AGAIN HELD ITS MATERNITY FAIR TO PROVIDE EDUCATIONAL INFORMATION AND SUPPORT TO PREGNANT WOMEN AND THEIR FAMILIES |

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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
HUDSON VALLEY HOSPITAL CENTER

**Employer identification number**
13-1740120

## 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** | | |
| **3** | Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III | | | |
| | ☑ Compensation committee | ☑ Written employment contract | | |
| | ☑ Independent compensation consultant | ☑ Compensation survey or study | | |
| | ☑ Form 990 of other organizations | ☑ Approval by the board or compensation committee | | |
| **4** | During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization | | | |
| **a** | Receive a severance payment or change-of-control payment? | **4a** | | No |
| **b** | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | **4b** | Yes | |
| **c** | Participate in, or receive payment from, an equity-based compensation arrangement? | **4c** | | No |
| | If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III | | | |
| | **Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.** | | | |
| **5** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of | | | |
| **a** | The organization? | **5a** | | No |
| **b** | Any related organization? | **5b** | | No |
| | If "Yes," to line 5a or 5b, describe in Part III | | | |
| **6** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of | | | |
| **a** | The organization? | **6a** | | No |
| **b** | Any related organization? | **6b** | | No |
| | If "Yes," to line 6a or 6b, describe in Part III | | | |
| **7** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III | **7** | | No |
| **8** | Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III | **8** | | No |
| **9** | If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)? | **9** | | |

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

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

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

| **(A)** Name and Title | **(B)** Breakdown of W-2 and/or 1099-MISC compensation | | | **(C)** Retirement and other deferred compensation | **(D)** Nontaxable benefits | **(E)** Total of columns (B)(i)-(D) | **(F)** Compensation reported as deferred in prior Form 990 |
|---|---|---|---|---|---|---|---|
| | **(i)** Base compensation | **(ii)** Bonus & incentive compensation | **(iii)** Other reportable compensation | | | | |
| 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 |
|---|---|
| SCHEDULE J, PAGE 1, PART I, LINE 4 | JOHN FEDERSPIEL 0 220,037 0 MARK WEBSTER 0 96,501 0 KATHY WEBSTER 0 63,620 0 DEBBIE NEUENDORF 0 53,921 0 WILLIAM HIGGINS 0 28,974 0 JEANE COSTELLA 0 51,981 0 ED COLETTI 0 16,334 0 WILLIAM DAUSTER 0 15,678 0 |
| SCHEDULE J, PART III | HUDSON VALLEY HOSPITAL CENTER IS COMMITTED TO PROVIDING THE HIGHEST QUALITY HEALTH CARE IN THE HUDSON VALLEY TO ACHIEVE THIS GOAL, THE BOARD OF THE HOSPITAL HAS RECOGNIZED THAT THE ADMINISTRATIVE TALENT DIRECTING THE OPERATIONS OF THE HOSPITAL IS A KEY INGREDIENT OF THIS GOAL THE BOARD DEFINES THE MISSION OF THE HOSPITAL AND THE GOALS TO HELP ACHIEVE THAT MISSION AND THEN FULFILLS THE MISSION OF THE HOSPITAL UTILIZING THE TALENTS OF THE ADMINISTRATIVE TEAM TO THAT END, THE BOARD HAS ESTABLISHED AN OBJECTIVE, PERFORMANCE BASED COMPENSATION STRUCTURE FOR THE MEMBERS OF THE ADMINISTRATIVE TEAM OF THE HOSPITAL IN RECOGNITION OF OBJECTIVE PERFORMANCE ATTAINMENT THE BASE SALARIES OF THE ADMINISTRATORS ARE DETERMINED THROUGH BOARD ACTION UTILIZING EXTERNAL MEASURE OF THE REASONABLENESS AND COMPETITIVENESS OF THE SALARIES THESE EXTERNAL RESOURCES ARE RETAINED BY AND REPORT DIRECTLY TO THE BOARD TO PROVIDE FOR AN OBJECTIVE MEASURE OF THESE SALARIES THIS PROCESS IS REPEATED YEARLY FOR THE ESTABLISHMENT OF THE SALARIES ANNUAL BONUSES ARE DETERMINED BY THE BOARD USING A FIVE CATEGORY STRUCTURE WITH QUANTIFIABLE MEASURES ESTABLISHED FOR THE YEAR DURING THE BUDGET SETTING PROCESSES THE GOALS ARE ESTABLISHED PROACTIVELY AND THEN ACHIEVEMENT IS MEASURED AGAINST THOSE GOALS BONUSES ARE AWARDED BASED ON THE DEGREE OF ATTAINMENT OF THOSE GOALS IN COLUMN C, THERE IS A LISTING OF DEFERRED COMPENSATION FOR MEMBERS OF THE ADMINISTRATIVE TEAM THESE AMOUNTS SHOWN ARE FOR DEPOSITS MADE INTO A TRUST ACCOUNT WHICH IS A HOSPITAL ACCOUNT, AND WHICH AMOUNTS ARE TO BE POTENTIALLY DISTRIBUTED IF THE INDIVIDUAL MEMBER OF THE ADMINISTRATIVE TEAM MEETS VESTING REQUIREMENTS AND REMAINS IN GOOD STANDING WITH THE HOSPITAL, THESE AMOUNTS COULD BE PAID TO THE ADMINISTRATOR IF THE HOSPITAL IS FINANCIALLY VIABLE AT THE TIME OF THE PAYOUT THERE IS ABSOLUTELY NO GUARANTEE OF THE PAYOUT OF THESE AMOUNTS THESE FUNDS ARE NOT RESTRICTED AND ARE SUBJECT TO ATTACHMENT BY CREDITORS THIS MEANS THAT THERE IS A VERY SUBSTANTIAL RISK OF FORFEITURE OF THIS MONEY AND THAT THE PAYOUT IS BY NO MEANS ASSURED IT IS AN IRS REGULATION THAT CONTRIBUTIONS MADE TO THIS ACCOUNT FOR THE POSSIBLE BENEFIT OF THE ADMINISTRATOR BE SHOWN AS IF THE ADMINISTRATOR HAS ALREADY RECEIVED THE MONEY EVEN THOUGH THAT IS NOT THE CASE THE SUMMARY OF THIS COMPENSATION POLICY IS THAT IT IS CONTROLLED AND ADMINISTRATED BY THE BOARD OF THE HOSPITAL, RELYING ON EXTERNAL PROFESSIONALS TO MAKE CERTAIN THAT THE AMOUNTS PAID ARE APPROPRIATE IN THE INDUSTRY AND CIRCUMSTANCES THE PROCESS IS CLEARLY DEFINED BEFORE THE YEAR BEGINS, RELIES ON GOALS ESTABLISHED BY THE BOARD AND IS COMMUNICATED TO MEMBERS OF ADMINISTRATION, IS FAIRLY ADMINISTRATED AND IS CLEARLY COMMUNICATED THE NUMBERS SHOWN ARE THE PRODUCT OF THAT PROCESS COLUMN B(III) OF SCHEDULE J, PART II SHOWS 250,000 FOR ONE INDIVIDUAL THIS AMOUNT WAS PAID PURSUANT TO BOARD ACTION UPON RECOMMENDATION OF EXTERNAL CONSULTANTS SO THAT THE INDIVIDUAL COULD SELF FUND A RETIREMENT FUND THE AMOUNT IS CONSISTENT WITH INDUSTRY STANDARDS AND IS FULLY TAXABLE TO THE INDIVIDUAL IN COLUMN F, AMOUNTS ARE SHOWN THAT ARE INCLUDED IN THE CURRENT YEAR BASE COMPENSATION THIS IS NOT SALARY, BUT RATHER COMPENSATION DEFERRED FROM PRIOR YEARS AND PAID AS ORDINARY INCOME IN 2013 AND IT IS INCLUDED IN COLUMN B(I) |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 13-1740120
**Name:** HUDSON VALLEY HOSPITAL CENTER

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

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|---|---|---|---|---|---|---|---|---|
| | | (i) Base Compensation | (ii) Bonus & incentive compensation | (iii) Other compensation | | | | |
| JOHN FEDERSPIEL PRESIDENT | (I) (II) | 1,244,542 | 306,299 | 250,000 | 220,037 | 23,321 | 2,044,199 | 479,689 |
| MARK WEBSTER VP FINANCE | (I) (II) | 617,992 | 139,233 | | 96,501 | 22,710 | 876,436 | 206,071 |
| KATHY WEBSTER VP NURSING | (I) (II) | 439,939 | 100,652 | | 63,620 | 5,309 | 609,520 | 135,607 |
| DEBBIE NEUENDORF VP ADMINISTRATION | (I) (II) | 402,336 | 72,568 | | 53,921 | 28,764 | 557,589 | 108,437 |
| WILLIAM HIGGINS VP MEDICAL AFFAIRS | (I) (II) | 376,036 | 93,456 | | 28,974 | 18,747 | 517,213 | 28,974 |
| JEANE COSTELLA VP OF HR | (I) (II) | 377,499 | 87,646 | | 51,981 | 21,721 | 538,847 | 110,712 |
| ED COLETTI VP FACILITIES | (I) (II) | 241,208 | 68,443 | | 16,334 | 28,334 | 354,319 | 16,334 |
| WILLIAM DAUSTER VP MARKETING | (I) (II) | 277,856 | | | 15,678 | 29,341 | 322,875 | 33,055 |
| PAMELA HEALY VP OF QUALITY MGNT | (I) (II) | 160,502 | | | | 19,741 | 180,243 | |
| SUZANNE M MATEO ADM DIR NURSING | (I) (II) | 184,008 | | | | 9,051 | 193,059 | |
| BETTY LANDIS DIR REHAB SERVICES | (I) (II) | 181,768 | | | | 8,928 | 190,696 | |
| MARYANN MAFFEI DIR EMERGENCY | (I) (II) | 177,759 | | | | 884 | 178,643 | |
| FRANCES M CARL ASST NURSING MANAGER | (I) (II) | 177,440 | | | | 15,294 | 192,734 | |
| KATHLEEN A KIERNAN DIRECTOR DIAGNOSTIC | (I) (II) | 175,797 | | | | 17,699 | 193,496 | |

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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
HUDSON VALLEY HOSPITAL CENTER

**Employer identification number**
13-1740120

## 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 | DORMITORY AUTHORITY OF NYS | 14-6000293 | 649903WQ0 | 10-11-2007 | 77,799,827 | CONSTRUCTION OF HOSPITAL FACILITY | | X | | X | | X |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | 5,570,000 | | | |
| 2 | Amount of bonds legally defeased | | | | |
| 3 | Total proceeds of issue | 84,390,191 | | | |
| 4 | Gross proceeds in reserve funds | 5,580,000 | | | |
| 5 | Capitalized interest from proceeds | 8,651,000 | | | |
| 6 | Proceeds in refunding escrows | | | | |
| 7 | Issuance costs from proceeds | 1,235,609 | | | |
| 8 | Credit enhancement from proceeds | 1,367,989 | | | |
| 9 | Working capital expenditures from proceeds | | | | |
| 10 | Capital expenditures from proceeds | 64,053,174 | | | |
| 11 | Other spent proceeds | | | | |
| 12 | Other unspent proceeds | 227,231 | | | |
| 13 | Year of substantial completion | 2010 | | | |

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

## Part III Private Business Use

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

## Part III Private Business Use *(Continued)*

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

## Part IV Arbitrage

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 1 | Has the issuer filed Form 8038-T? | X | | | | | | | |
| 2 | If "No" to line 1, did the following apply? | | | | | | | | |
| a | Rebate not due yet? | | | | | | | | |
| b | Exception to rebate? | | | | | | | | |
| c | No rebate due? | | | | | | | | |
| | If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed | | | | | | | | |
| 3 | Is the bond issue a variable rate issue? | | X | | | | | | |
| 4a | Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? | | X | | | | | | |
| b | Name of provider | | | | | | | | |
| 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 | | | | | | | |
| b | Name of provider | MBIA INC<br>MBIS INC | | | | | | | |
| c | Term of GIC | 28 800000000000 | | | | | | | |
| d | Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied? | X | | | | | | | |
| 6 | Were any gross proceeds invested beyond an available temporary period? | | X | | | | | | |
| 7 | Has the organization established written procedures to monitor the requirements of section 148? | | X | | | | | | |

## Part V Procedures To Undertake Corrective Action

| | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|
| | Yes | No | Yes | No | Yes | No | Yes | No |
| 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? | | | | | | | | |

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

| Return Reference | Explanation |
|---|---|
| SCHEDULE K - DATE REBATE COMPUTATION PERFORMED | DORMITORY AUTHORITY OF NYS 09/30/12 |

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**SCHEDULE O** (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Supplemental Information to Form 990 or 990-EZ

**Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.**
**▶ Attach to Form 990 or 990-EZ.**
**▶ 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
HUDSON VALLEY HOSPITAL CENTER

**Employer identification number**
13-1740120

## 990 Schedule O, Supplemental Information

| Return Reference | Explanation |
|---|---|
| FORM 990 - ORGANIZATION'S MISSION | |
| FORM 990, PAGE 6, PART VI, LINE 2 | MARK WEBSTER KATHY WEBSTER VP FINANCE VP NURSING FAMILY MEMBERS |
| FORM 990, PAGE 6, PART VI, LINE 6 | THE ORGANIZATION IS ORGANIZED AS A NOT-FOR-PROFIT CORPORATION WITH ONE MEMBER, WESTCHESTER PUTNAM HEALTH MANAGEMENT SYSTEM, INC |
| FORM 990, PAGE 6, PART VI, LINE 11B | A COPY OF THE ORGANIZATON'S FEDERAL FORM 990 WILL BE PROVIDED TO BOARD MEMBERS AT A MEETIN G OF THE BOARD THE BOARD WILL REVIEW AND APPROVE THE FEDERAL FORM 990 PRIOR TO FILING WIT H THE INTERNAL REVENUE SERVICE |
| FORM 990, PAGE 6, PART VI, LINE 12C | THE ORGANIZATION HAS IN PLACE A CONFLICT OF INTEREST POLICY WHICH IT ANNUALLY MONITORS AND ENFORCES THE BOARD CURRENTLY MANDATES THAT ALL MEMBERS OF THE MANAGEMENT AND GOVERNING B ODY ANNUALLY SIGN A CONFLICT OF INTEREST POLICY AND DISCLOSE ANY POTENTIAL OR ACTUAL CONFL ICTS THAT MAY EXIST THE SIGNED CONFLICT OF INTEREST IS SUBMITTED TO THE PRESIDENT WHO REV IEWS THE SIGNED ATTESTATIONS FOR POTENTIAL OR ACTUAL CONFLICTS IF A POTENTIAL OR ACTUAL C ONFLICT OF INTEREST EXISTS THE PRESIDENT WILL NOTIFY A MEMBER OF MANAGEMENT OR GOVERNING B ODY ABOUT SUCH CONFLICT AND INVESTIGATE THE CONFLICT THE RESULTS OF THE INVESTIGATION WIL L BE SUMMARIZED AND DOCUMENTED BY THE PRESIDENT AND BE REPORTED TO THE GOVERNING BODY IF THE EXECUTIVE DIRECTOR ESTABLISHES THAT AN ACTUAL CONFLICT EXISTS, THE MEMBER OF MANAGEMEN T OR THE GOVERNING BODY WILL BE NOTIFIED IMMEDIATELY AND WILL NOT BE ALLOWED TO VOTE OR BE PART OF ANY DECISIONS ABOUT SUCH TRANSACTION THAT HAVE TO DO WITH THE CONFLICT UNTIL SUCH TIME THERE IS NO LONGER A CONFLICT |
| FORM 990, PAGE 6, PART VI, LINE 15A | THE EXECUTIVE COMMITTEE OF THE BOARD CONDUCTS A FORMAL PERFORMANCE EVALUATION OF THE PRESI DENT ON AN ANNUAL BASIS THE HOSPITAL PARTICIPATES IN SEVERAL EXECUTIVE COMPENSATION SURVE YS AND ALSO HAS AN INDEPENDENT COMPENSATION CONSULTANT PREPARE A COMPENSATION SURVEY OF CO MPARABLE HOSPITALS IN THE REGION THE EXECUTIVE COMMITTEE REVIEWS THIS SURVEY IN DETAIL AN D USES THE DATA TO SET THE PRESIDENT'S SALARY |
| FORM 990, PAGE 6, PART VI, LINE 15B | THE EXECUTIVE COMPENSATION SURVEY PREPARED BY THE INDEPENDENT COMPENSATION CONSULTANT INCL UDES SALARY SURVEY INFORMATION FOR OTHER KEY EMPLOYEES THE CONSULTANT SHARES THIS WITH TH E EXECUTIVE COMMITTEE OF THE BOARD AND DETERMINES IF THE SALARIES FOR THESE EMPLOYEES IS A PPROPRIATE |
| FORM 990, PAGE 6, PART VI, LINE 19 | THE ORGANIZATION WILL MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINAN CIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST |
| FORM 990, PART XI, LINE 9 | PROVISION FOR BAD DEBTS -4,446,067 PROVISION FOR BAD DEBTS 4,446,067 |
| FORM 990, PART XI, LINE 9 | CHANGE IN INTEREST OF HVHC FOUNDATION 881,342 |

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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
HUDSON VALLEY HOSPITAL CENTER

**Employer identification number**
13-1740120

**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 |
|---|---|---|---|---|---|
| | | | | | |
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**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)** THE FOUNDATION OF HUDSON VALLEY HOSPITAL CENTER<br>1980 CROMPOND RD<br><br>CORTLANDT MANOR, NY 10567<br>13-3307781 | SUPPORT | NY | 501C3 | 11A | HVHC HUDSON VALLEY HOSPITAL CENTER | Yes | |
| **(2)** WESTCHESTER PUTNAM HEALTH MANAGEMENT SYSTEMS INC<br>1980 CROMPOND RD<br><br>CORTLANDT MANOR, NY 10567<br>13-3420263 | SUPPORT | NY | 501C3 | 11A | N/A | | No |
| **(3)** GI VENTURES INC<br><br>1980 CROMPOND RD<br><br>CORTLANDT MANOR, NY 10567<br>45-4644781 | SUPPORT | NY | 501C3 | 3 | WPHMS | Yes | |
| | | | | | | | |
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**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) Disproportionate 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
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**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)** HUDSON VALLEY VENTURES INC<br><br>1980 CROMPOND ROAD<br>CORTLANDT MANOR, NY<br>10567<br>13-3611982 | RENTAL | NY | N/A | | | | | | No |
| **(2)** AC VENTURES INC<br><br>1980 CROMPOND ROAD<br>CORTLANDT MANOR, NY<br>10567<br>13-3758209 | RENTAL | NY | N/A | | | | | | No |
| **(3)** KNOWA VENTURES INC<br><br>1980 CROMPOND ROAD<br>CORTLANDT MANOR, NY<br>10567<br>13-3845922 | RENTAL | NY | N/A | | | | | | No |
| | | | | | | | | | |
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**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 | | No |
| **c** Gift, grant, or capital contribution from related organization(s) | 1c | Yes | |
| **d** Loans or loan guarantees to or for related organization(s) | 1d | Yes | |
| **e** Loans or loan guarantees by related organization(s) | 1e | | No |
| **f** Dividends from related organization(s) | 1f | | No |
| **g** Sale of assets to related organization(s) | 1g | | No |
| **h** Purchase of assets from related organization(s) | 1h | | No |
| **i** Exchange of assets with related organization(s) | 1i | | No |
| **j** Lease of facilities, equipment, or other assets to related organization(s) | 1j | | No |
| **k** Lease of facilities, equipment, or other assets from related organization(s) | 1k | 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 | Yes | |
| **o** Sharing of paid employees with related organization(s) | 1o | Yes | |
| **p** Reimbursement paid to related organization(s) for expenses | 1p | | No |
| **q** Reimbursement paid by related organization(s) for expenses | 1q | | No |
| **r** Other transfer of cash or property to related organization(s) | 1r | | No |
| **s** Other transfer of cash or property from related organization(s) | 1s | | No |

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

| (a) Name of related organization | (b) Transaction type (a-s) | (c) Amount involved | (d) Method of determining amount involved |
|---|---|---|---|
| **(1)** THE FOUNDATION OF HVHC THE FOUNDATION OF HUDSON VALLEY HOSPITAL CENTER | C | 1,240,056 | |
| **(2)** THE FOUNDATION OF HVHC THE FOUNDATION OF HUDSON VALLEY HOSPITAL CENTER | O | 437,781 | |
| | | | |
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**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 | |
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## Part VII Supplemental Information

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

| Return Reference | Explanation |
|---|---|

KPMG

# HUDSON VALLEY HOSPITAL CENTER

Consolidated Financial Statements

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

**HUDSON VALLEY HOSPITAL CENTER**

December 31, 2013 and 2012

**Table of Contents**

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

# Independent Auditors' Report

The Board of Directors
Hudson Valley Hospital Center

We have audited the accompanying consolidated financial statements of Hudson Valley Hospital Center (the Hospital), which comprise the consolidated balance sheet as of December 31, 2013, and the related consolidated statement of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U S generally accepted accounting principles, 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 the consolidated financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement

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

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

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hudson Valley Hospital Center at December 31, 2013, and the results of their operations and their cash flows for the year then ended, in accordance with U S generally accepted accounting principles

KPMG

**Other Matters**

The accompanying consolidated financial statements of Hudson Valley Hospital Center as of and for the year ended December 31, 2012 were audited by other auditors whose report thereon dated April 30, 2013, expressed an unmodified opinion on those consolidated financial statements

Our audits were conducted for the purpose of forming an opinion on the 2013 consolidated financial statements as a whole The 2013 consolidating information included in schedules 1 and 2 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations, of the individual companies 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 information has been subjected to the auditing procedures applied in the audit of the 2013 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 2013 consolidated financial statements or to the 2013 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 2013 consolidated financial statements as a whole

KPMG LLP

February 28, 2014

## HUDSON VALLEY HOSPITAL CENTER

Consolidated Balance Sheets

December 31, 2013 and 2012

| Assets | | 2013 | 2012 |
|---|---|---|---|
| Current assets | | | |
| Cash and cash equivalents | $ | 6,411,646 | 8,105,042 |
| Investments | | 37,165,738 | 32,750,667 |
| Patient accounts receivable, less allowance for uncollectible accounts of $2,574,000 in 2013 and $2,519,000 in 2012 | | 22,534,196 | 22,922,084 |
| Other receivables | | 3,341,136 | 495,007 |
| Supplies and prepaid expenses | | 2,631,161 | 2,579,415 |
| Due from third-party payors | | 852,721 | 1,325,064 |
| Current portion of pledge receivable, net | | 145,761 | 1,546,727 |
| Total current assets | | 73,082,359 | 69,724,006 |
| Assets whose use is limited | | 6,222,615 | 5,622,057 |
| Long-term investments | | 1,674,619 | 1,674,619 |
| Property, plant, and equipment, net | | 125,002,087 | 128,778,650 |
| Pledge receivable, net of current portion | | 1,347,652 | 786,551 |
| Other assets, net | | 24,665,376 | 26,461,712 |
| Insurance receivables | | 8,537,515 | 9,264,804 |
| Total assets | $ | 240,532,223 | 242,312,399 |
| **Liabilities and Net Assets** | | | |
| Current liabilities | | | |
| Current portion of long-term debt | $ | 3,131,825 | 3,010,449 |
| Current portion of capital lease obligations | | 923,744 | 1,166,864 |
| Accounts payable and accrued expenses | | 9,793,061 | 11,825,230 |
| Accrued salaries and benefits | | 9,884,562 | 9,343,035 |
| Due to third-party payors | | 3,674,810 | 902,756 |
| Total current liabilities | | 27,408,002 | 26,248,334 |
| Long-term debt, net of current portion | | 70,531,875 | 73,693,054 |
| Capital lease obligations, net of current portion | | 1,163,367 | 2,087,111 |
| Due to third-party payors | | 8,421,945 | 11,637,982 |
| Insurance liabilities | | 12,182,228 | 12,294,924 |
| Other liabilities | | 3,104,671 | 2,607,284 |
| Total liabilities | | 122,812,088 | 128,568,689 |
| Net assets | | | |
| Unrestricted | | 114,204,942 | 110,037,736 |
| Temporarily restricted | | 1,840,574 | 2,031,355 |
| Permanently restricted | | 1,674,619 | 1,674,619 |
| Total net assets | | 117,720,135 | 113,743,710 |
| Commitments and contingencies | | | |
| Total liabilities and net assets | $ | 240,532,223 | 242,312,399 |

See accompanying notes to consolidated financial statements

**HUDSON VALLEY HOSPITAL CENTER**

Consolidated Statements of Operations

Years ended December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Unrestricted revenues, gains, and other support | | |
| Net patient service revenue before bad debts | $ 157,260,973 | 159,411,471 |
| Provision for bad debts, net | (4,446,067) | (4,151,569) |
| Net patient service revenue | 152,814,906 | 155,259,902 |
| Other operating revenue | 3,697,127 | 3,424,332 |
| Contribution revenue | 303,026 | 773,005 |
| Total revenues, gains, and other support | 156,815,059 | 159,457,239 |
| Operating expenses | | |
| Salaries | 66,770,056 | 66,389,583 |
| Physician fees | 7,045,150 | 4,495,466 |
| Fringe benefits | 17,788,497 | 16,945,444 |
| Supplies and other expenses | 53,203,728 | 51,938,215 |
| Interest | 3,650,048 | 3,798,031 |
| Depreciation and amortization | 11,976,921 | 12,869,692 |
| Total operating expenses | 160,434,400 | 156,436,431 |
| Operating (loss) income before other nonoperating income | (3,619,341) | 3,020,808 |
| Other nonoperating income | | |
| EHR incentive revenue | 1,886,544 | 2,185,071 |
| Investment income | 5,350,506 | 2,883,620 |
| Excess of revenues, gains, and other support over expenses | 3,617,709 | 8,089,499 |
| Other changes in unrestricted net assets | | |
| Net assets released from restriction for capital | 549,497 | 852,109 |
| Increase in unrestricted net assets | $ 4,167,206 | 8,941,608 |

See accompanying notes to consolidated financial statements

**HUDSON VALLEY HOSPITAL CENTER**

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2013 and 2012

| | Unrestricted net assets | Temporarily restricted net assets | Permanently restricted net assets | Total net assets |
|---|---|---|---|---|
| Balances at December 31, 2011 | $ 101,096,128 | 2,298,636 | 1,674,619 | 105,069,383 |
| Changes in net assets | | | | |
| Excess of revenues, gains, and other support over expenses | 8,089,499 | — | — | 8,089,499 |
| Contributions received by the Foundation of Hudson Valley Hospital Center for capital | — | 584,828 | — | 584,828 |
| Net assets released for capital expenditures | 852,109 | (852,109) | — | — |
| Total changes in net assets | 8,941,608 | (267,281) | — | 8,674,327 |
| Balances at December 31, 2012 | 110,037,736 | 2,031,355 | 1,674,619 | 113,743,710 |
| Changes in net assets | | | | |
| Excess of revenues, gains, and other support over expenses | 3,617,709 | — | — | 3,617,709 |
| Contributions received by the Foundation of Hudson Valley Hospital Center for capital | — | 358,716 | — | 358,716 |
| Net assets released for capital expenditures | 549,497 | (549,497) | — | — |
| Total changes in net assets | 4,167,206 | (190,781) | — | 3,976,425 |
| Balances at December 31, 2013 | $ 114,204,942 | 1,840,574 | 1,674,619 | 117,720,135 |

See accompanying notes to consolidated financial statements

**HUDSON VALLEY HOSPITAL CENTER**

Consolidated Statements of Cash Flows

Years ended December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Cash flows from operating activities | | |
| Change in net assets | $ 3,976,425 | 8,674,327 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 11,976,921 | 12,869,692 |
| Provision for bad debts | 4,446,067 | 4,151,569 |
| Net realized and unrealized gains on investment | (3,867,633) | (1,990,547) |
| Net losses on sale and disposal of property, plant, and equipment | 114,210 | 411,258 |
| Restricted contributions for capital | (358,716) | — |
| Receipt of contributed securities | (40,955) | (40,920) |
| Receipt of contributed assets | (2,401) | (31,430) |
| Changes in assets and liabilities | | |
| Patient accounts receivable | (4,058,179) | (7,568,033) |
| Other receivables, supplies and prepaid expenses and other assets | (1,500,022) | (541,253) |
| Accounts payable and accrued expenses | (2,032,169) | 2,205,136 |
| Accrued salaries and benefits | 541,527 | 392,821 |
| Due to/from third-party payors, net and other liabilities | 525,747 | (2,115,875) |
| Insurance receivables and insurance payables, net | 614,593 | 921,452 |
| Pledge receivables, net | — | (34,642) |
| Net cash provided by operating activities | 10,335,415 | 17,303,555 |
| Cash flows from investing activities | | |
| Acquisition of property, plant, and equipment | (8,258,948) | (10,654,324) |
| Proceeds from sale of property, plant, and equipment | — | 5,000 |
| Purchase of investments and assets whose use is limited | (9,249,828) | (12,807,484) |
| Proceeds from sales of investments and assets whose use is limited | 8,101,839 | 11,837,673 |
| Change in physician loan receivable | 345,264 | (1,763,143) |
| Proceeds from sale of contributed securities | 40,948 | 41,177 |
| Net cash used in investing activities | (9,020,725) | (13,341,101) |
| Cash flows from financing activities | | |
| Principal payments on long-term debt and capital lease obligations | (4,206,667) | (4,203,708) |
| Pledge receivables, net | 839,865 | — |
| Restricted contributions for capital | 358,716 | — |
| Net cash used in financing activities | (3,008,086) | (4,203,708) |
| Net decrease in cash and cash equivalents | (1,693,396) | (241,254) |
| Cash and cash equivalents | | |
| Beginning of year | 8,105,042 | 8,346,296 |
| End of year | $ 6,411,646 | 8,105,042 |
| Supplemental information and noncash transactions | | |
| Cash paid during the year for interest | $ 3,650,048 | 3,798,031 |
| Capital lease obligations | — | 1,496,390 |
| Contributed securities | 40,955 | 40,920 |
| Contributed assets | 2,401 | 31,430 |

See accompanying notes to consolidated financial statements

## (1) Organization

Hudson Valley Hospital Center (HVHC) is an acute care hospital providing healthcare services to residents of Westchester, Putnam, and Dutchess Counties in the State of New York The Hospital is organized under the not-for-profit corporation law of the State of New York and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code

In March 2010, HVHC became the sole corporate member of the Foundation of Hudson Valley Hospital Center (the Foundation) The Foundation's principal activity is the solicitation of contributions from the public through direct mailings and fund-raising programs on behalf of HVHC The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code

The sole member of HVHC is Westchester Putnam Health Management Systems, Inc (Health Management), a State of New York not-for-profit organization, which is also exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code Health Management is the sole stockholder of Hudson Valley Ventures, Inc , A C Ventures, Inc , and KNOWA Ventures, Inc , New York for-profit corporations, and GI Ventures, Inc , which is a New York not-for-profit corporation GI Ventures, Inc is also exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as of December 2013 The financial statements of the other affiliated organizations are not included in the Hospital's consolidated financial statements

## (2) Summary of Significant Accounting Policies

### *(a) Principles of Consolidation*

The consolidated financial statements of the Hospital include the accounts of HVHC and the Foundation and have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting All significant intercompany transactions and balances have been eliminated in consolidation

### *(b) Use of Estimates*

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period The most significant estimates relate to reserves for contractual allowances, bad debt, and settlements with third-party payors Actual results may differ from those estimates

### *(c) Cash and Cash Equivalents*

Cash and cash equivalents include cash and highly liquid short-term investments with original maturity dates of three months or less from date of acquisition, which are not included in assets whose use is limited or investments

At December 31, 2013 and 2012, the Hospital had cash balances in a financial institution that exceeded federal depository insurance limits Management believes that the credit risk related to these deposits is minimal

### *(d) Inventories*

The Hospital values its inventories, included in supplies and prepaid expenses, at the lower of cost or market using the FIFO (first-in, first-out) method

### *(e) Investments*

The focus of the Hospital's investment strategy is to support the Hospital's mission by providing a reliable source of funds for current and future use All investments reported in the consolidated balance sheets are considered trading securities

Equity securities and debt securities are carried at market value based on the last reported sales price at the end of the fiscal year Fixed income securities are valued by the investment managers using pricing services from financial institutions

Income from these investments, realized gains and losses, unrealized appreciation and depreciation, and dividends on security transactions are included in the excess of revenues over expenses unless the income or loss is restricted by the donor or law Unrealized gains and losses are determined by comparison of specific costs of acquisition to market values at the last day of the fiscal year

Purchases and sales of securities are reflected on a trade-date basis Realized gains and losses on sales of securities are determined on an average-cost basis Dividend income is recorded on the ex-dividend date and interest income is recorded as earned on an accrual basis

### *(f) Assets whose Use is Limited*

Assets whose use is limited (AWUIL) primarily includes funds externally restricted under bond indenture agreements for plant replacement

### *(g) Property, Plant, and Equipment*

Property, plant, and equipment, including certain revenue producing equipment purchases are carried at cost and those acquired by gifts and bequests are carried at appraised or fair market value established at date of contribution Capitalized leases are recorded at present value at the inception of the leases When assets are retired or otherwise disposed of, the cost and the related depreciation are removed from the accounts, and any gain or loss is reflected in current operations Repairs and maintenance expenditures are expensed as incurred The Hospital provides for depreciation of property, plant, and equipment including revenue producing equipment, on a straight-line basis over their estimated useful lives as follows

| | |
|---|---|
| Land improvements | 20 years |
| Buildings | 30–40 years |
| Fixed and movable equipment | 3–15 years |



(Continued)

*(h) Capitalized Interest*

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets These costs are amortized over the life of the related capital assets constructed The Hospital had no capitalized interest during 2013 and 2012

*(i) Temporarily and Permanently Restricted Net Assets*

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

*(j) Donor-Restricted Gifts*

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

*(k) Charity Care*

As an integral part of its mission, Hudson Valley Hospital Center provides care to all patients regardless of their ability to pay The Hospital records as charity care the care provided to patients who meet criteria, under its charity care policy, without charge or at amounts less than the Hospital's established rates As the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

The amount of charges foregone for total uncompensated care, based on established rates provided under the Hospital's policy for the years ended December 31, 2013 and 2012 was approximately $9 9 million and $11 5 million, respectively Of the Hospital's $159 8 million and $155 5 million of total expenses reported in 2013 and 2012, respectively, an estimated $4 5 million and $4 7 million is attributable to providing services to charity patients The estimated costs of providing charity services is based on a calculation, which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients The ratio of costs to charges is calculated based on the Hospital's total expenses divided by gross patient service revenues


(Continued)

*(l) Performance Indicator*

The consolidated statements of operations include excess of revenues, gains, and other support over expenses as the performance indicator During fiscal 2013 and 2012, there was approximately $0 5 million and $0 9 million, respectively, in changes in unrestricted net assets, which are excluded from excess of revenues, gains, and other support over expenses, consistent with industry practice, related to net assets released from restriction for capital

The Hospital differentiates its operating activities through the use of operating income before other nonoperating income as an intermediate measure of operations For the purposes of display, investment income, which management does not consider to be components of the Hospital's operating activities as well as EHR incentive revenue are excluded from the operating income and reported as nonoperating revenues in the consolidated statements of operations

*(m) Reclassification*

Certain amounts in the 2012 consolidated financial statements have been reclassified to conform to the current year presentation

*(n) Tax Exempt Status*

There are certain transactions that could be deemed "Unrelated Business Income" and would result in a tax liability Management reviews transactions to estimate potential tax liabilities using a threshold of more likely than not of being sustained It is management's estimation that there are no material tax liabilities that need to be recorded

**(3) Accounts Receivable and Allowance for Uncollectible Accounts**

The process for estimating the ultimate collection of receivables involves significant assumptions and judgments The Hospital has implemented a monthly standardized approach to estimate and review the collectibility of receivables based on the payor classification and the period the receivable has been outstanding Past-due balances over 90 days from date of billing and over a specified amount are considered delinquent and are reviewed individually for collectibility Account balances are written off against the allowance when management feels it is probable the receivable will not be recovered Historical collection and payor reimbursement experience is an integral part of the estimation process related to reserves for doubtful accounts In addition, the Hospital assesses the current state of its billing functions in order to identify any known collection or reimbursement issues in order to assess the impact, if any, on reserve estimates, which involves judgment The Hospital believes that the collectibility of its receivables is directly linked to the quality of its billing processes, most notably those related to obtaining the correct information in order to bill effectively for the services provided Revisions in reserve for doubtful accounts estimates are recorded as an adjustment to provision for bad debts

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements The mix of gross receivables from patients and third-party payors at December 31, 2013 and 2012, was as follows

| | 2013 | 2012 |
|---|---|---|
| Medicare (including managed care) | 43% | 42% |
| Medicaid | 5 | 2 |
| Blue Cross | 13 | 17 |
| Managed care | 19 | 18 |
| Other third-party payors | 16 | 16 |
| Self-pay patients | 4 | 5 |
| | 100% | 100% |

During 2013 and 2012, the Hospital had bad debt write-offs, net of recoveries of $4 4 million and $4 2 million, respectively A material portion of this balance is self-pay and underinsured

## (4) Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates (i e , gross charges) Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments

Billings relating to services rendered are recorded as net patient service revenues and patient accounts receivable in the period in which the service is performed, net of contractual and other allowances, which represent differences between gross charges and the estimated receipts under such programs Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

A summary of the payment arrangements with major third-party payors follows

**Medicare Payments.** Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Certain items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary

**Medicaid Payments.** The New York Health Care Reform Act of 1996, as updated, governs payments to hospitals in New York State Medicaid, workers' compensation, and no-fault payors pay hospital rates promulgated by the New York State Department of Health on a prospective basis Adjustments to current and prior years' rates for these payors will continue to be made in the future

**Other Third-Party Payors.** The Hospital has entered into payment arrangements with certain commercial carriers, including Blue Cross, other private insurance companies, health maintenance organizations, preferred provider organizations, and other managed care plans The basis for

reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges, and per diem payment rates If such rates are not negotiated, then the payors are billed at the Hospital's established charges

There are also various other proposals at the federal and state level that could, among other things, reduce payment rates The ultimate outcome of these proposals, regulatory changes, and other market conditions cannot presently be determined

The following table reflects the estimated percentages of net patient service revenue for the years ending December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Medicare (including managed care) | 38% | 38% |
| Medicaid | 7 | 6 |
| Blue Cross | 21 | 22 |
| Managed care | 15 | 16 |
| Other third-party payors | 17 | 16 |
| Self-pay patients | 2 | 2 |
| | 100% | 100% |

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations Federal and state regulations provide for certain retrospective adjustments to current and prior years' payment rates based on industry-wide and hospital-specific data The Hospital has estimated the potential impact of such retrospective adjustments based on information presently available and adjustments are accrued on an estimated basis in the period the services are rendered and are adjusted in future periods as additional information becomes available or final settlements are determined The 2013 and 2012 net patient service revenue increased by approximately $2 1 million and $4 1 million, respectively, due to the net result of changes in third-party allowances previously estimated The Hospital's Medicare cost reports have been audited and finalized by the Medicare fiscal intermediary through December 31, 2009

## (5) Healthcare Regulatory Environment

### *(a) Health Reform Law*

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the Health Reform Law), which was signed into law on March 23, 2010, is changing how healthcare services are covered, delivered, and reimbursed through expanded coverage of uninsured individuals, reduced growth in Medicare program spending, reductions in Medicare and Medicaid Disproportionate Share Hospital payments, and the establishment of programs in which reimbursement is tied to quality and integration In addition, the Health Reform law reforms certain aspects of health insurance, expands existing efforts to tie Medicare and Medicaid payments to performance and quality, and contains provisions intended to strengthen fraud and abuse enforcement Because of the many variables involved with the Health

Reform Law, management is unable to predict the net effect on the Hospital of the expected increases in insured individuals using the facilities, the reductions in Medicare spending and reductions in Medicare and Medicaid DSH funding, and numerous other provisions in the law that may affect the Hospital

*(b) Budget Control Act*

The Budget Control Act of 2011 (the Budget Control Act) mandated significant reductions and spending caps on the federal budget for fiscal years 2013 through 2021 The Budget Control Act also created a Joint Select Committee on Deficit Reduction (the Super Committee) to develop a plan to further reduce the federal deficit by $1 5 trillion on or before November 23, 2011 Since the Super Committee failed to act before the mandated deadline, a 2% reduction in Medicare spending, among other reductions, was to take effect beginning January 1, 2013 in a process known as Sequestration

On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act, which delayed sequestration until March 1, 2013 and is now in effect as of March 1, 2013 and will continue until Congress takes further action Further, the American Taxpayer Relief Act delays the implementation of the reduction to the sustainable growth rate formula regarding physician reimbursement under Medicare through the end of 2013 As such, the Hospital nonphysician Medicare payments were reduced by the mandatory 2% reduction for claims with dates of service or dates of discharge on or after April 1, 2013

*(c) Other Federal and New York State Regulations*

Both federal and New York State regulations provide for certain adjustments to current and prior years' payment rates and indigent care pool distributions based on industry-wide and hospital specific data The Hospital has established estimates based on information presently available of the amounts due to or from Medicare, Medicaid, workers' compensation, and no-fault payors, and amounts due from the indigent care pool for such adjustments

Recent federal initiatives have prompted a national review of federally funded healthcare claims To this end, the federal government and New York State have implemented programs to review and recover potential improper payments to providers from the Medicare and Medicaid programs Since June 2010, HVHC have received audit requests from the Medicare Recovery Audit Contractor (RAC) program These RAC audit requests have focused on medical necessity of inpatient admissions and hospital coding practices In addition, HVHC has continued to receive audit requests from other Medicare and Medicaid contractors and federal programs HVHC has cooperated with each of these audit requests and implemented a program to track and manage their effort

**(6) Incentive Payments for Meaningful Use of Electronic Health Records**

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinic Health Act (HITECH) These provisions were designed to increase the use of electronic health records (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payments program beginning in 2011 for eligible hospitals and providers that adopt meaningfully use certified EHR technology Eligibility for annual Medicare incentive payments is dependent on providers demonstrating

meaningful use of EHR technology in each period over a four-year period Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology, but providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional incentive payments During the years ended December 31, 2013 and 2012, the Hospital recognized approximately $1,886,544 and $2,185,071, respectively, of revenue for HITECH incentives from the Medicare and Medicaid programs that is related to the Hospital's meeting the requirements of the Meaningful Use Incentive program The Hospital elected to recognize the revenue associated with the EHR incentive payment under the grant model and included such amounts in nonoperating revenue in the accompanying consolidated statements of operations The amount of the EHR incentive payment was based on the Hospital's best estimate and cost report data, which is subject to audit by the Center for Medicare and Medicaid Services (CMS) or its intermediaries and amounts recognized are subject to change

## (7) Investments and Assets Whose Use is Limited

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date Fair value requires an organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured

The Hospital utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible The Hospital determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels

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

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

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

Assets and liabilities measured at fair value are based on one or more of three valuation techniques The three valuation techniques are as follows

- Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities
- Cost approach – Amount that would be required to replace the service capacity of an asset (i e , replacement cost)

- Income approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement Inputs are used in applying the various valuation techniques and broadly refer to the assumptions the market participants use to make valuation decisions Inputs may include price information, credit data, liquidity statistics, and other factors

HVHC's investment portfolio consisted of the following at December 31

| | | 2013 | 2012 |
|---|---|---|---|
| Cash and cash equivalents | $ | 1,789,529 | 3,379,971 |
| Money market funds | | 1,305,388 | 1,102,401 |
| Equity securities – Domestic | | 14,984,566 | 11,908,532 |
| Mutual funds | | 7,977,945 | 6,951,613 |
| United States government securities | | 632,359 | 758,304 |
| Corporate bonds and notes | | 7,820,490 | 5,909,326 |
| Certificate of deposit | | 2,582,696 | 2,580,484 |
| | $ | 37,092,973 | 32,590,631 |

HVHC's assets whose use is limited under bond indenture agreements for plant replacement consisted of the following at December 31

| | | 2013 | 2012 |
|---|---|---|---|
| Money market funds | $ | 6,222,615 | 5,622,057 |

HVHC's investment income, which is included in the consolidated statements of operations, for the years ended December 31 was as follows

| | | 2013 | 2012 |
|---|---|---|---|
| Interest income | $ | 1,448,602 | 855,155 |
| Net realized gains on investments | | 1,178,152 | 309,883 |
| Net unrealized gains on investments | | 2,727,539 | 1,702,286 |
| | $ | 5,354,293 | 2,867,324 |



(Continued)

The fair values of the HVHC's financial assets that are measured on a recurring basis at December 31, 2013 are as follows

| Assets measured at fair value on a recurring basis | Fair value at December 31, 2013 | Based on Quoted prices in active markets (Level 1) | Based on Other observable inputs (Level 2) | Based on Unobservable inputs (Level 3) | Valuation technique[1] |
|---|---|---|---|---|---|
| Trading securities | | | | | |
| Equity securities – domestic | $ 14,984,566 | 14,984,566 | — | — | M |
| Mutual funds | 7,977,945 | 7,977,945 | — | — | M |
| Money market funds | 7,528,003 | 7,528,003 | — | — | M |
| Fixed income | | | | | |
| United States government securities | 632,359 | — | 632,359 | — | M |
| Corporate bonds, notes and others | 7,820,490 | — | 7,820,490 | — | M |
| | $ 38,943,363 | 30,490,514 | 8,452,849 | — | |

(1) The three valuation techniques are market approach (M), cost approach (C), and income approach (I)

There were no significant transfers between levels during the year ended December 31, 2013

At December 31, 2013, included in investments is approximately $4 4 million, which consists of cash and cash equivalents of $1 8 million and certificate of deposits of $2 6 million that are not considered recurring fair value measures

The fair values of the HVHC's financial assets that are measured on a recurring basis at December 31, 2012 are as follows

| Assets measured at fair value on a recurring basis | Fair value at December 31, 2012 | Based on Quoted prices in active markets (Level 1) | Based on Other observable inputs (Level 2) | Based on Unobservable inputs (Level 3) | Valuation technique[1] |
|---|---|---|---|---|---|
| Trading securities | | | | | |
| Equity securities – domestic | $ 11,908,532 | 11,908,532 | — | — | M |
| Mutual funds | 6,951,613 | 6,951,613 | — | — | M |
| Money market funds | 6,724,458 | 6,724,458 | — | — | M |
| Fixed income | | | | | |
| United States government securities | 758,304 | — | 758,304 | — | M |
| Corporate bonds, notes and others | 5,909,326 | — | 5,909,326 | — | M |
| | $ 32,252,233 | 25,584,603 | 6,667,630 | — | |



(Continued)

There were no significant transfers between levels during the year ended December 31, 2012

At December 31, 2012, included in investments is approximately $6 0 million, which consists of cash of $3 4 million and certificate of deposits of $2 6 million that are not considered recurring fair value measures

The Foundation's investment portfolio consisted of the following at December 31

| | | 2013 | 2012 |
|---|---|---|---|
| Trading securities | | | |
| Corporate bonds and notes | $ | 406,749 | 383,645 |
| Cash and cash equivalents | | | |
| Certificate of deposits | | 1,340,635 | 1,451,010 |
| | $ | 1,747,384 | 1,834,655 |

The Foundation's investment (loss) income, which is included in the consolidated statements of operations, for the years ended December 31 was as follows

| | | 2013 | 2012 |
|---|---|---|---|
| Interest income | $ | 34,271 | 37,918 |
| Change in net realized gains | | 1,242 | 25,808 |
| Change in net unrealized losses | | (39,300) | (47,430) |
| | $ | (3,787) | 16,296 |

The fair value of the Foundation's financial assets that are measured on a recurring basis at December 31, 2013 are as follows

| Assets and liabilities measured at fair value on a recurring basis | | Fair value at December 31, 2013 | Based on Quoted prices in active markets (Level 1) | Based on Other observable inputs (Level 2) | Based on Unobservable inputs (Level 3) | Valuation technique[1] |
|---|---|---|---|---|---|---|
| Trading securities | | | | | | |
| Corporate bonds and notes | $ | 406,479 | — | 406,479 | — | M |
| Total | $ | 406,479 | — | 406,479 | — | |



(Continued)

The fair values of the Foundation's financial assets that are measured on a recurring basis at December 31, 2012 are as follows

| Assets and liabilities measured at fair value on a recurring basis | Fair value at December 31, 2012 | Based on Quoted prices in active markets (Level 1) | Based on Other observable inputs (Level 2) | Based on Unobservable inputs (Level 3) | Valuation technique[1] |
|---|---|---|---|---|---|
| Trading securities | | | | | |
| Corporate bonds and notes | $ 383,645 | — | 383,645 | — | M |
| Total | $ 383,645 | — | 383,645 | — | |

(1) The three valuation techniques are market approach (M), cost approach (C), and income approach (I)

At December 31, 2013 and 2012, included in the Foundation's investments are approximately $1 3 and $1 5 million certificate of deposits, respectively, which are not considered recurring fair value measures

The following methods and assumptions were used to estimate the fair value of each class of investments included in the Hospitals consolidated financial statements

U S government securities and corporate bonds – The estimated fair values of debt securities are based on quoted market prices (Level 1) and/or other market data for the same or comparable instruments and transactions in establishing the prices (Level 2) Fair values of debt securities that do not trade on a regular basis in active markets are classified as Level 2

Equity securities, mutual funds and money market funds – Fair value estimates for publicly traded securities are based on quoted market prices (Level 1)

There are no investments with unobservable inputs that cannot be corroborated by observable market data and therefore classified as Level 3

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date

## (8) Promises to Give

Pledges receivable at December 31, 2013 and 2012 were $2 9 million and $4 0 million, before allowance for doubtful accounts, respectively The Foundation determined that allowance for doubtful accounts of $1 4 million and $1 7 million were necessary at December 31, 2013 and 2012

Pledges receivable consisted of the following at December 31

| | 2013 | 2012 |
|---|---|---|
| Due within one year | $ 1,275,801 | 3,246,740 |
| Due within two to four years | 1,630,782 | 835,208 |
| Due beyond five years | — | 322 |
| Total pledges receivable | 2,906,583 | 4,082,270 |
| Less discount to present value 1 42% in 2013 and 1 01% in 2012 | (53,157) | (48,979) |
| Total pledges receivable | 2,853,426 | 4,033,291 |
| Less allowance | (1,360,013) | (1,700,013) |
| Total pledges receivable, net | $ 1,493,413 | 2,333,278 |

The Foundation is a beneficiary of a $1 0 million irrevocable charitable remainder trust held by others, which is included within long-term pledge receivable at December 31, 2013 and 2012 These charitable remainder trusts are recognized when established or when the Foundation becomes aware of their existence Contribution revenue and receivables are recognized at the present value of the estimated future benefits to be received when the trust assets are distributed

## (9) Property, Plant, and Equipment

Property, plant, and equipment at December 31, 2013 and 2012 consist of the following

| | 2013 | 2012 |
|---|---|---|
| Land | $ 945,544 | 945,544 |
| Land improvements | 3,200,734 | 3,188,684 |
| Buildings | 146,244,713 | 142,438,873 |
| Fixed and movable equipment | 83,048,329 | 95,793,051 |
| Total property, plant, and equipment | 233,439,320 | 242,366,152 |
| Less accumulated depreciation and amortization | 108,437,233 | 113,587,502 |
| Net property, plant, and equipment | $ 125,002,087 | 128,778,650 |

Assets acquired through capital leases are included with property, plant, and equipment at December 31, 2013 and 2012 The related amortization expense is included in depreciation and amortization expense in the consolidated statements of operations Substantially, all of the buildings, improvements, and equipment under capital leases have been collateralized under various mortgage and lease agreements



(Continued)

## (10) Physician Loan Receivable

Included in other assets, net is a net loan receivable recorded by the Hospital due from Westchester Medical Practice, P C (WMP) in the amount of $8 7 million and $9 4 million at December 31, 2013 and 2012, respectively This receivable is related to a line of credit agreement established on January 1, 2007, whereby $12 0 million can be drawn down by WMP over 6 years and starting in 2013 principal and interest are to be paid to the Hospital in accordance with the agreement The Hospital received $644,372 in payments through December 31, 2013, $345,264 representing principal payments and $299,108 representing interest (1% over the prime rate) The Hospital has included a reserve of $1 0 million against the gross amounts outstanding as of December 31, 2013 and 2012

## (11) Capital Lease Obligations

The Hospital capitalized certain lease agreements, which are accounted for in accordance with capital lease guidance The Hospital's capital lease obligations are collateralized by the underlying equipment and bear interest at rates between 1 73% to 6 47%

The future minimum lease payments under the capital lease obligations, together with the present value of the minimum lease payments as of December 31, 2013, are as follows

| Year | |
|---|---|
| 2014 | $ 973,868 |
| 2015 | 643,203 |
| 2016 | 312,538 |
| 2017 | 234,403 |
| | 2,164,012 |
| Less amount representing interest | 76,901 |
| Present value of net minimum lease payments | 2,087,111 |
| Less current portion | 923,744 |
| | $ 1,163,367 |

## (12) Long-Term Debt

A summary of the Hospital's long-term debt at December 31 is as follows

| | | 2013 | 2012 |
|---|---|---|---|
| FHA insured Section 242 mortgage loan (a) | $ | 8,382,023 | 9,695,706 |
| FHA insured Section 241 mortgage loan (b) | | 65,281,677 | 67,007,797 |
| | | 73,663,700 | 76,703,503 |
| Less current portion | | (3,131,825) | (3,010,449) |
| Long-term debt | $ | 70,531,875 | 73,693,054 |

a In October 1993, the Hospital entered into a mortgage note with the New York State Medical Care Facilities Finance Corporation (MCFFA) to borrow $22 7 million The mortgage note is insured by the Federal Housing Administration (FHA) pursuant to Section 242 of the National Housing Act and is secured by substantially all of the property, buildings, equipment, and gross receipts of the Hospital The proceeds of the mortgage were used to finance an expansion and renovation project at the Hospital MCFFA was succeeded by the Dormitory Authority of the State of New York (DASNY) The mortgage note called for monthly payments of principal and interest at 6 35% and was scheduled to mature in November 2020 On August 6, 2007, the mortgage note was modified to reduce the interest rate to 5 375% and shorten the maturity to October 1, 2019 On August 1, 2011, this mortgage was refinanced at a reduced fixed interest rate of 2 6% with the same October 1, 2019 maturity date The mortgage note was assigned from DASNY to Prudential Huntoon Paige Associates, LTD

b In October 2007, the Hospital entered into a supplemental mortgage note with the DASNY to borrow up to $71 7 million The supplemental mortgage note is insured by the FHA under Section 241 of the National Housing Act The proceeds of the mortgage loan were used to develop, construct, and equip a new patient tower at the Hospital's campus The supplemental loan, which was advanced for construction as the project progressed, is a second mortgage to the Section 242 loan described above and is subject to the financial covenants

The supplemental mortgage note called for payments of interest only, at the rate of 6 2% through February 28, 2010 Commencing March 1, 2010 the interest rate was reduced to 5 0% and the note calls for monthly payments of principal and interest in the amount of $0 4 million through March 1, 2035

Pursuant to the mortgage notes and related documents, the Hospital is, among other things, required to maintain specific financial ratios, maintain a Mortgage Reserve Fund and obtain approval from FHA and DASNY to incur additional indebtedness if certain profitability and liquidity covenants are not met The measures of financial performance include current ratio, debt service coverage, days in accounts payable, days in accounts receivable and days cash on hand At December 31, 2013 and 2012, the Hospital was in compliance with these covenants



(Continued)

Scheduled principal payments on debt for the next five years and thereafter are as follows

| | Amount |
|---|---|
| Years | |
| 2014 | $ 3,131,825 |
| 2015 | 3,258,551 |
| 2016 | 3,390,880 |
| 2017 | 3,529,073 |
| 2018 | 3,673,409 |
| Thereafter | 56,679,962 |
| | 73,663,700 |
| Less current portion | 3,131,825 |
| | $ 70,531,875 |

## (13) Commitments and Contingencies

The Hospital is involved in litigation arising in the course of business After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results from operations

## (14) Insurance Liabilities and Receivables

The Hospital maintains a commercial claims-made policy for its medical malpractice insurance for the first $2 0 million per occurrence, $6 0 million in the aggregate for malpractice claims and excess insurance for $5 0 million per occurrence and $5 0 million in the aggregate for all claims The policy does not represent a transfer of risk for claims and incidents incurred but not reported (IBNR) to the insurance carrier Therefore, the Hospital has recorded an undiscounted estimated malpractice liability related to IBNR of approximately $2 4 million and $2 4 million at December 31, 2013 and 2012, respectively, which is included in insurance liabilities in the accompanying consolidated balance sheets

The Hospital was fully insured for worker's compensation claims during 2007 – 2009 For 2010 – 2013, the Hospital has a retrospective premium policy The Hospital accrues liabilities for estimates of future adjustments to premiums

Total amounts accrued under medical malpractice, including IBNR, and workers' compensation insurance programs as long-term liabilities approximate $12 2 million and $12 3 million at December 31, 2013 and 2012, respectively Amounts recognized as insurance receivables related to the claims approximate $8 5 million and $9 3 million at December 31, 2013 and 2012, respectively, and are included in insurance receivables in the consolidated balance sheets Insurance recoveries are measured on the same basis as the liability subject to the need for valuation allowance for uncollectible amounts At December 31, 2013 and 2012, no valuation allowance was considered necessary

## (15) Pension Plan

The Hospital provides pension coverage for its eligible employees through a defined-contribution pension plan (the Plan). Under the Plan, the Hospital contributes 4% to 5.5% of each eligible employee's annual compensation for each Plan year. The Hospital recorded pension expense of $3.5 million and $3.1 million in 2013 and 2012, respectively.

## (16) Functional Expenses

HVHC provides general healthcare services to residents within its geographic location, including general acute care with a full range of inpatient and outpatient services. Expenses related to providing these services for the years ended December 31, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|---|---|---|
| Healthcare services | $ 133,108,784 | 128,784,706 |
| General and administrative | 26,685,674 | 26,752,379 |
| | $ 159,794,458 | 155,537,085 |

The Foundation's principal activity is the solicitation of contributions from the public through direct mailings and fund-raising programs. Expenses related to providing these services for the years ended December 31, 2013 and 2012, are as follows:

| | 2013 | 2012 |
|---|---|---|
| Fund-raising expenses | $ 617,768 | 850,608 |
| General and administrative | 22,174 | 48,738 |
| | $ 639,942 | 899,346 |

## (17) Related-Party Transactions

### *(a) Hudson Valley Ventures, Inc.*

Hudson Valley Ventures, Inc. (Ventures) is a for-profit corporation incorporated in 1991. Ventures subleases office building space to the Hospital. For the years ended December 31, 2013 and 2012, annual rental payments totaled $29,823 and annual common charges totaled $41,525.

As of December 31, 2013 and 2012, Ventures owed the Hospital $4.3 million and $3.9 million, respectively. These amounts represent various expenses incurred by the Hospital on behalf of Ventures, and are included in other long-term assets, net in the consolidated balance sheets.

### *(b) A.C. Ventures, Inc.*

A.C. Ventures, Inc. (A.C.) is a for-profit corporation incorporated in 1994. The corporation was formed to purchase and lease office space to various physicians in Cold Spring, New York, and Putnam Valley, New York.


(Continued)

A C leases office building space to the Hospital For the years ended December 31, 2013 and 2012, annual rental payments aggregated $0 2 million

As of December 31, 2013 and 2012, A C owed the Hospital $1 2 million and $1 1 million, respectively These amounts represent various expenses incurred by the Hospital on behalf of A C , and are included in other long-term assets, net in the consolidated balance sheets

*(c) KNOWA Ventures, Inc.*

KNOWA Ventures, Inc (KNOWA) is a for-profit corporation incorporated in 1995 The corporation was formed to lease and sublease office space to various physicians in Yorktown, New York During 1997 and 1996, the Hospital loaned KNOWA approximately $1 1 million to pay for the lease rental and renovations to the office space

As of December 31, 2013 and 2012, KNOWA owed the Hospital $1 6 million These amounts represent various expenses incurred by the Hospital on behalf of KNOWA, and are included in other long-term assets, net in the consolidated balance sheets

*(d) Westchester Putnam Health Management Systems, Inc.*

As of December 31, 2013 and 2012, Health Management owed the Hospital $9 5 million and $8 8 million, respectively The Hospital funded Health Management approximately $9 0 million to build a parking garage on Health Management property The project was completed in early 2011 Starting in 2011, the balance owed to the Hospital is reduced by rental expense the Hospital owes monthly to Health Management for the use of the garage This along with various expenses incurred by the Hospital on behalf of Health Management is included in other long-term assets, net in the consolidated balance sheets

*(e) GI Ventures, Inc.*

GI Ventures, Inc (GI) is a not-for-profit corporation incorporated in 2011 This corporation was formed to have a 12% ownership interest in an Endoscopy Center called Hudson Valley Center for Digestive Health As of December 31, 2013, Hospital owed GI Ventures $0 1 million As of December 31, 2012, GI Ventures owed the Hospital $72,029 These amounts represents GI Ventures' share of capital contributions to Hudson Valley Center offset by the income received

The Hospital has established an allowance for uncollectible accounts associated with the related-party receivables described above in the amount of approximately $4 3 million and $4 3 million at December 31, 2013 and 2012

## (18) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available at December 31, 2013 and 2012 for the following purposes

| | | 2013 | 2012 |
|---|---|---|---|
| Time restricted and contributions for capital asset acquisition | $ | 1,840,574 | 2,031,355 |



(Continued)

The capital asset acquisition is supported primarily by the Foundation The Foundation's principal activity is the solicitation, receipt, holding, investment, and administration of gifts, contributions, and grants primarily for the benefit and support of the Hospital and other not-for-profit entities affiliated with the Hospital

Permanently restricted net assets at December 31, 2013 and 2012 relate to

| | 2013 | 2012 |
|---|---|---|
| Investments to be held in perpetuity, the income from which is expendable to support healthcare services (reported as investment income) | $ 1,674,619 | 1,674,619 |

Temporarily restricted net assets are those funds whose use has been limited by donors to a specified time period and/or purpose Temporarily restricted net assets are available for the funding of healthcare services and capital acquisitions Permanently restricted net assets have been restricted by donors to be held in perpetuity and the income is expendable to support various healthcare services Resources arising from the results of operations or assets set aside by the Board of Trustees are not considered to be donor restricted

On September 17, 2010, New York State enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) UPMIFA governs management and spending of donor-restricted endowment funds and permanently restricted gifts UPMIFA allows organizations to appropriate funds for spending from underwater endowments provided it is deemed prudent under the organization's spending policies in the absence of specific donor directives

New York's law also contains aspects, which differ from the general law including specific written policy requirements and standards to ensure prudent spending, presumption of imprudence calculation and written notification for spending on underwater endowments to endowment donors

Management of the Hospital have interpreted accounting pronouncements as requiring the preservation of the fair value of the donor-restricted endowments funds, absent explicit donor stipulations to the contrary As a result of this interpretation, the Hospital classifies permanently restricted net assets as the original value of gifts donated to the permanent endowment The Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

- The duration and preservation of the fund
- The purposes of the Hospital and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Hospital
- The investment policies of the Hospital



(Continued)

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) The Hospital targets a diversified asset allocation of 25%-50% equity-based investments, 35% fixed income 15%-25% cash investments in accordance with the Hospital investment policy

Endowment net assets composition by type of fund as of December 31, 2013

| | Unrestricted | Temporarily restricted | Permanently restricted | Total |
|---|---|---|---|---|
| Donor-restricted endowment funds | $ — | — | 1,674,619 | 1,674,619 |
| Total funds | $ — | — | 1,674,619 | 1,674,619 |

Endowment net assets composition by type of fund as of December 31, 2012

| | Unrestricted | Temporarily restricted | Permanently restricted | Total |
|---|---|---|---|---|
| Donor-restricted endowment funds | $ — | — | 1,674,619 | 1,674,619 |
| Total funds | $ — | — | 1,674,619 | 1,674,619 |

## (19) Fair Value of Financial Instruments

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments

### *(a) Cash and Cash Equivalents*

The carrying amount reported in the consolidated balance sheet for cash and cash equivalents approximates its fair value

### *(b) Investments and assets whose use is limited*

Fair values that are the amounts reported in the consolidated balance sheets, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities

### *(c) Accounts Payable and Accrued Expenses*

The carrying amount reported in the consolidated balance sheets for accounts payable and accrued expenses approximates its fair value and are short term in nature

*(d) Estimated Third-Party Payor Settlements*

The carrying amount reported in the consolidated balance sheets for estimated third-party payor settlements approximates its fair value

*(e) Long-Term Debt*

Fair value of the Hospital's FHA insured mortgage notes are based on current traded value (Level 2 inputs using the income approach), which approximates $72 8 million and $83 0 million at December 31, 2013 and 2012, respectively The carrying value of the Hospital's FHA debt is $73 7 million and $76 7 million at December 31, 2013 and 2012, respectively

**(20) Subsequent Events**

The Hospital performed an evaluation of subsequent events through February 28, 2014, which is the date the consolidated financial statements were issued The Hospital has determined that all events or transactions, including estimates, required to be recognized in accordance with U S generally accepted accounting principles, are included within the consolidated financial statements

**Schedule 1**

## HUDSON VALLEY HOSPITAL CENTER

Consolidating Schedule – Consolidated Balance Sheet

December 31, 2013

| Assets | | HVHC | Foundation | Elimination entries | Total |
|---|---|---|---|---|---|
| Current assets | | | | | |
| Cash and cash equivalents | $ | 5,295,859 | 1,115,787 | — | 6,411,646 |
| Investments | | 35,418,354 | 1,747,384 | — | 37,165,738 |
| Patient accounts receivable, less allowance for uncollectible accounts of approximately $2,574,000 in 2013 and $2,519,000 in 2012 | | 22,534,196 | — | — | 22,534,196 |
| Other receivables | | 3,282,700 | 58,436 | — | 3,341,136 |
| Supplies and prepaid expenses | | 2,631,161 | — | — | 2,631,161 |
| Due from third-party payors | | 852,721 | — | — | 852,721 |
| Current portion of pledge receivable, net | | — | 145,761 | — | 145,761 |
| Total current assets | | 70,014,991 | 3,067,368 | — | 73,082,359 |
| Interest in net assets of the Foundation of Hudson Valley Hospital Center | | 4,762,694 | — | (4,762,694) | — |
| Assets whose use is limited | | 6,222,615 | — | — | 6,222,615 |
| Long-term investments | | 1,674,619 | — | — | 1,674,619 |
| Property, plant, and equipment, net | | 124,669,021 | 333,066 | — | 125,002,087 |
| Pledges receivable, net of current portion | | — | 1,347,652 | — | 1,347,652 |
| Other assets, net | | 24,665,376 | — | — | 24,665,376 |
| Insurance receivables | | 8,537,515 | — | — | 8,537,515 |
| Total assets | $ | 240,546,831 | 4,748,086 | (4,762,694) | 240,532,223 |
| **Liabilities and Net Assets** | | | | | |
| Current liabilities | | | | | |
| Current portion of long-term debt | $ | 3,131,825 | — | — | 3,131,825 |
| Current portion of capital lease obligations | | 923,744 | — | — | 923,744 |
| Accounts payable and accrued expenses | | 9,790,224 | 2,837 | — | 9,793,061 |
| Accrued salaries and benefits | | 9,884,562 | — | — | 9,884,562 |
| Due to third-party payors | | 3,674,810 | — | — | 3,674,810 |
| Total current liabilities | | 27,405,165 | 2,837 | — | 27,408,002 |
| Long-term debt, net of current portion | | 70,531,875 | — | — | 70,531,875 |
| Capital lease obligations, net of current portion | | 1,163,367 | — | — | 1,163,367 |
| Due to third-party payors | | 8,421,945 | — | — | 8,421,945 |
| Insurance liabilities | | 12,182,228 | — | — | 12,182,228 |
| Other liabilities | | 3,104,671 | — | — | 3,104,671 |
| Total liabilities | | 122,809,251 | 2,837 | — | 122,812,088 |
| Net assets | | | | | |
| Unrestricted | | 114,222,387 | 2,904,675 | (2,922,120) | 114,204,942 |
| Temporarily restricted | | 1,840,574 | 1,840,574 | (1,840,574) | 1,840,574 |
| Permanently restricted | | 1,674,619 | — | — | 1,674,619 |
| Total net assets | | 117,737,580 | 4,745,249 | (4,762,694) | 117,720,135 |
| Commitments and contingences | | | | | |
| Total liabilities and net assets | $ | 240,546,831 | 4,748,086 | (4,762,694) | 240,532,223 |

See accompanying independent auditors' report

**Schedule 2**

## HUDSON VALLEY HOSPITAL CENTER

Consolidating Schedule – Statement of Operations

Year ended December 31, 2013

| | HVHC | Foundation | Elimination entries | Total |
|---|---|---|---|---|
| Unrestricted revenues, gains, and other support | | | | |
| Net patient service revenue before bad debts | $ 157,260,973 | — | — | 157,260,973 |
| Provision for bad debts, net | (4,446,067) | — | — | (4,446,067) |
| Net patient service revenue | 152,814,906 | — | — | 152,814,906 |
| Other operating revenue | 3,697,127 | — | — | 3,697,127 |
| Contribution revenue | — | 303,026 | — | 303,026 |
| Total revenues, gains, and other support | 156,512,033 | 303,026 | — | 156,815,059 |
| Operating expenses | | | | |
| Salaries | 66,389,405 | 380,651 | — | 66,770,056 |
| Physician fees | 7,045,150 | — | — | 7,045,150 |
| Fringe benefits | 17,731,367 | 57,130 | — | 17,788,497 |
| Supplies and other expenses | 53,003,562 | 200,166 | — | 53,203,728 |
| Interest | 3,650,048 | — | — | 3,650,048 |
| Depreciation and amortization | 11,974,926 | 1,995 | — | 11,976,921 |
| Total operating expenses | 159,794,458 | 639,942 | — | 160,434,400 |
| Operating loss before other nonoperating income | (3,282,425) | (336,916) | — | (3,619,341) |
| Other nonoperating income | | | | |
| EHR incentive revenue | 1,886,544 | — | — | 1,886,544 |
| Investment income (loss) | 5,354,293 | (3,787) | — | 5,350,506 |
| Excess of revenues, gains, and other support over expenses | 3,958,412 | (340,703) | — | 3,617,709 |
| Other changes in unrestricted net assets | | | | |
| Net assets released from restriction for capital | 549,497 | 549,497 | (549,497) | 549,497 |
| Distribution of funds to HVHC (from) Foundation | 1,240,055 | (1,240,055) | — | — |
| Increase (decrease) in unrestricted net assets | $ 5,747,964 | (1,031,261) | (549,497) | 4,167,206 |

See accompanying independent auditors' report