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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 07-01-2013 , 2013, and ending 06-30-2014

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

C Name of organization
Catholic Medical Center

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
C/O Finance Dept 100 McGregor
Street

City or town, state or province, country, and ZIP or foreign postal code
Manchester, NH 031023770

D Employer identification number
02-0315693

E Telephone number
(603) 668-3545

G Gross receipts $ 375,967,648

F Name and address of principal officer
Joseph Pepe MD
C/O Finance Dept 100 McGregor
Street
Manchester, NH 031023770

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 ▶ 0928

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www catholicmedicalcenter org

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

L Year of formation 1974

M State of legal domicile NH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
The heart of Catholic Medical Center is to provide health, healing, and hope in a manner that offers innovative high quality services, compassion, and respect for the human dignity of every individual who seeks or needs our care as part of Christ's healing ministry through the Catholic Church

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**	20
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	2,348
6	Total number of volunteers (estimate if necessary)	**6**	324
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	98,780
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	87,762

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	2,427,228	4,476,967
9	Program service revenue (Part VIII, line 2g)	316,639,176	331,528,573
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,095,347	6,854,321
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-54,409	-37,406
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	322,107,342	342,822,455
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	31,110	51,168
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	126,333,759	134,125,100
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶359,591		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	166,290,503	176,420,928
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	292,655,372	310,597,196
19	Revenue less expenses Subtract line 18 from line 12	29,451,970	32,225,259

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	289,197,996	304,702,834
21	Total liabilities (Part X, line 26)	190,837,683	179,056,091
22	Net assets or fund balances Subtract line 21 from line 20	98,360,313	125,646,743

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

****** 2015-05-06
Signature of officer Date

Edward L Dudley III Exec VP & CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Nicholas E Porto		2015-05-06		P01310283

Firm's name ▶ BAKER NEWMAN & NOYES — Firm's EIN ▶ 01-0494526

Firm's address ▶ PO BOX 507
PORTLAND, ME 04112 — Phone no (207) 879-2100

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

The heart of Catholic Medical Center is to provide health, healing, and hope in a manner that offers innovative high quality services, compassion, and respect for the human dignity of every individual who seeks or needs our care as part of Christ's healing ministry through the Catholic Church

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 $ 274,077,167 including grants of $ 51,168) (Revenue $ 326,744,616)

Medical & Surgical services provided to 10,204 inpatients and 364,896 outpatients

4b (Code) (Expenses $ 4,350,620 including grants of $) (Revenue $ 4,783,957)

Various other services Please see Schedule H Catholic Medical Center (CMC), as an agency of the Roman Catholic Church, shall provide health care in a manner consistent with the ethical and religious directives for Catholic health care services as interpreted by the Roman Catholic Bishop of Manchester CMC shall employ the highest quality health care professionals and the most appropriate technology to deliver an array of services either directly or through strategic alliances with compatible health care providers With dignity and compassion, CMC shall treat the body, mind, and spirit of all who seek or provide care and comfort Additional details provided in Schedule H

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** ▶ 278,427,787

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants 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**	Yes	
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**	Yes	
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	190		
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	2,348		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	20		
	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**	14		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

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

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

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

▶ Edward Dudley C/O Finance Dept 100 McGregor
Manchester, NH 031023770 (603) 668-3545

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			

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			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								3,261,541	1,689,630	648,709

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 ▶ 92

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Dartmouth Hitchcock Clinic One Medical Center Drive Lebanon NH 03756	Physician Services	21,222,926
Granite State Emergency Physicians 380 Lafayette Road Hampton NH 03842	Physician Services	986,688
CHG Companies Inc 6440 South Millrock Drive Suite 17 Salt Lake City UT 84121	Healthcare Staffing Services	956,629
Aramark Management Service 1101 Market Street Philadelphia PA 19107	Facilities Management	676,499
Quest Diagnostics 195 McGregor Street Manchester NH 031023748	Laboratory Services	444,420

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 ▶ 27

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 30,000				
	b	Membership dues	1b				
	c	Fundraising events	1c 182,943				
	d	Related organizations . . .	1d 220,500				
	e	Government grants (contributions)	1e 3,290,163				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 753,361				
	g	Noncash contributions included in lines 1a-1f $	32,012				
	h	**Total.** Add lines 1a-1f . . . . . ▶		4,476,967			
Program Service Revenue			Business Code				
	2a	Patient Service Rev	621400	323,608,207	323,608,207		
	b	Disproportionate Share Funding	621400	3,136,409	3,136,409		
	c	Miscellaneous Rev	621400	2,907,460	2,907,460		
	d	Cafeteria Income	722210	1,471,154	1,471,154		
	e	Rental Income	532000	405,343	405,343		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		331,528,573			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		1,654,863		98,780	1,556,083
	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	38,286,989				
	b	Less cost or other basis and sales expenses	33,044,356 / 43,175				
	c	Gain or (loss)	5,242,633 / -43,175				
	d	Net gain or (loss) . . . . . ▶		5,199,458			5,199,458
	8a	Gross income from fundraising events (not including $ 182,943 of contributions reported on line 1c) See Part IV, line 18 . .	a 20,256				
	b	Less direct expenses . . .	b 57,662				
	c	Net income or (loss) from fundraising events . . ▶		-37,406			-37,406
	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 . . ▶					
Other Revenue		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶					
	12	**Total revenue.** See Instructions . . . . . ▶		342,822,455	331,528,573	98,780	6,718,135

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	51,168	51,168		
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	2,380,189	1,983,119	397,070	
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	104,554,886	86,947,768	17,409,141	197,977
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	5,631,871	4,688,152	938,687	5,032
9 Other employee benefits	13,912,045	11,591,195	2,320,850	
10 Payroll taxes	7,646,109	6,358,480	1,273,129	14,500
11 Fees for services (non-employees)				
a Management				
b Legal	547,592		547,592	
c Accounting	156,535		156,535	
d Lobbying	62,796	52,320	10,476	
e Professional fundraising services See Part IV, line 17				
f Investment management fees	173,394		173,394	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	7,257,853	6,047,076	1,210,777	
12 Advertising and promotion	1,422,060	1,184,828	237,232	
13 Office expenses	8,044,270	6,609,940	1,323,477	110,853
14 Information technology	3,445,033	2,870,322	574,711	
15 Royalties . .				
16 Occupancy	7,603,694	6,324,935	1,266,412	12,347
17 Travel	152,876	127,373	25,503	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	124,914	104,075	20,839	
20 Interest	3,306,829	2,755,174	551,655	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	10,308,342	8,588,673	1,719,669	
23 Insurance	1,932,778	1,610,346	322,432	
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 Supplies	58,987,052	58,987,052		
b Physician Fees	27,258,298	27,258,298		
c Bad Debt Expense	23,778,708	23,778,708		
d Medicaid Enhancement Ta	13,865,109	13,865,109		
e All other expenses	7,992,795	6,643,676	1,330,237	18,882
25 **Total functional expenses.** Add lines 1 through 24e	310,597,196	278,427,787	31,809,818	359,591
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		79,440,778	1	49,502,444
	2	Savings and temporary cash investments		5,759,649	2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		26,183,203	4	29,270,115
	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		147,577	7	72,648
	8	Inventories for sale or use		1,867,994	8	2,010,411
	9	Prepaid expenses and deferred charges		3,412,225	9	4,071,472
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 224,293,607			
	b	Less accumulated depreciation	10b 151,316,215	72,344,096	10c	72,977,392
	11	Investments—publicly traded securities		91,759,697	11	137,974,300
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		892,253	14	810,003
	15	Other assets See Part IV, line 11		7,390,524	15	8,014,049
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		289,197,996	16	304,702,834
Liabilities	17	Accounts payable and accrued expenses		38,623,008	17	38,939,829
	18	Grants payable			18	
	19	Deferred revenue		638,256	19	511,373
	20	Tax-exempt bond liabilities		68,583,122	20	65,085,000
	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		3,047,835	23	4,536,314
	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		79,945,462	25	69,983,575
	26	**Total liabilities.** Add lines 17 through 25		190,837,683	26	179,056,091
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		90,886,469	27	116,956,183
	28	Temporarily restricted net assets		191,861	28	528,802
	29	Permanently restricted net assets		7,281,983	29	8,161,758
		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		98,360,313	33	125,646,743
	34	Total liabilities and net assets/fund balances		289,197,996	34	304,702,834

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	342,822,455
2	Total expenses (must equal Part IX, column (A), line 25)	2	310,597,196
3	Revenue less expenses Subtract line 2 from line 1	3	32,225,259
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	98,360,313
5	Net unrealized gains (losses) on investments	5	7,037,246
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	-11,976,075
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	125,646,743

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	

Additional Data

Software ID:
Software Version:
EIN: 02-0315693
Name: Catholic Medical Center

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Adele Boufford Baker Director	1 00 3 00	X						0	0	0
Gary Bouchard PhD Director (Part Year)	1 00 2 00	X						0	0	0
Guy D Chapdelaine Director (Part Year)	1 00 3 00	X						0	0	0
William Clutterbuck MD Director	1 00 43 00	X						0	352,749	36,460
Eleanor Wm Dahar Esq Director	1 00 2 00	X						0	0	0
Raef Fahmy DPM Director	40 00 3 00	X						255,376	0	16,062
Connor J Haugh MD FACC Director	1 00 42 00	X						0	602,513	38,011
Powen Hsu MD Director	1 00 3 00	X						0	0	0
Susan Huard PhD Director	1 00 2 00	X						0	0	0
Neil Levesque Director	1 00 3 00	X						0	0	0
Patrick A Mahon MD President Medical Staff	1 00 42 00	X						0	438,625	36,674
Diane Murphy Quinlan Esq Director	1 00 3 00	X						0	0	0
Msgr John P Quinn Director	1 00 3 00	X						0	0	0
Keith A Stahl MD Director	1 00 3 00	X						0	295,743	37,938
Fr Patrick Sullivan OSB RN Director	1 00 3 00	X						0	0	0
Richard E Ashooh Director	1 00 3 00	X						0	0	0
Joseph Graham Director	1 00 4 00	X						0	0	0
Rick Botnick Chair	1 00 2 00	X		X				0	0	0
Maria C Mongan Vice Chair	1 00 3 00	X		X				0	0	0
Suzanne Mellon PhD RN Vice Chair (Part Year)	1 00 3 00	X		X				0	0	0
John G Cronin Esq Secretary	1 00 2 00	X		X				0	0	0
Margaret-Ann Moran Esq Secretary (Part Year)	1 00 4 00	X		X				0	0	0
Daryl J Cady CPA Treasurer	1 00 3 00	X		X				0	0	0
Joseph Pepe MD President & CEO	40 00 5 00	X		X				615,990	0	114,075
Edward Dudley III Exec VP & CFO	40 00 4 00			X				432,406	0	92,784

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Alexander Walker General Counsel	40 00			X				410,613	0	104,250
Brian Tew Chief Information Officer	40 00					X		284,192	0	71,966
Robert Duhaime Chief Nursing Officer	40 00					X		269,196	0	36,363
Carolanne O'Sullivan VP of Physician Practices	40 00					X		243,016	0	16,231
Lisa Roux Coggins VP of Surgical Services	40 00					X		210,432	0	21,499
Merryll Rosenfield VP of Human Resources	40 00					X		206,939	0	21,146
Alyson Pitman Giles Former Officer	0 00						X	333,381	0	5,250

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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
Catholic Medical Center

Employer identification number
02-0315693

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 C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Catholic Medical Center	02-0315693

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		32,650
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		30,146
j	Total Add lines 1c through 1i			62,796
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
Part II-B, Line 1	Catholic Medical Center is a member of the NH Hospital Association and the American Hospital Association A portion of the dues paid to these organizations is available for lobbying expenditures on behalf of CMC and the other organizations in furtherance of their exempt purposes CMC does not directly perform any lobbying activities Portion of dues paid that constitutes lobbying is as follows NHHA $22,792 AHA $9,858 Devine, Millimet, & Branch, PA provided lobbying services which included providing information regarding public policy pending before the legislature Devine, Millimet, & Branch, PA participated in the administrative rule-making process with respect to rules concerning the certificate of needs board They also provided general communication with elected officials CMC paid Devine, Milliment, & Branch $30,146 for these services

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Catholic Medical Center

Employer identification number
02-0315693

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	7,473,844	7,047,069	7,263,764	6,624,284	6,155,849
b	Contributions	500,599	72,536	51,208	81,408	
c	Net investment earnings, gains, and losses	880,858	590,318	-187,002	618,215	468,435
d	Grants or scholarships					
e	Other expenditures for facilities and programs	164,741	236,079	80,901	60,143	
f	Administrative expenses					
g	End of year balance	8,690,560	7,473,844	7,047,069	7,263,764	6,624,284

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 93 920 %
- c Temporarily restricted endowment ▶ 6 080 %

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		1,024,690		1,024,690
b Buildings		75,728,729	34,602,627	41,126,102
c Leasehold improvements		4,751,225	3,654,302	1,096,923
d Equipment		133,644,756	110,204,744	23,440,012
e Other		9,144,207	2,854,542	6,289,665
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				72,977,392

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
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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	
Accrued Pension & Other Liabilities	68,664,176
Due to Affiliates	1,319,399
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	69,983,575

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	348,777,732
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	7,037,246		
b	Donated services and use of facilities	2b	12,100		
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	798,483		
e	Add lines **2a** through **2d**			2e	7,847,829
3	Subtract line **2e** from line **1**			3	340,929,903
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	173,394		
b	Other (Describe in Part XIII)	4b	1,719,158		
c	Add lines **4a** and **4b**			4c	1,892,552
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	342,822,455

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	310,493,564
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	12,100		
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d	57,662		
e	Add lines **2a** through **2d**			2e	69,762
3	Subtract line **2e** from line **1**			3	310,423,802
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	173,394		
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	173,394
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	310,597,196

Part XIII Supplemental Information

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

Return Reference	Explanation
Part V, Line 4	Proceeds from the Organization's endowment funds are used in operations
Part X, Line 2	The System and all related entities, with the exception of Enterprises, are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code Management evaluated the System's tax positions and concluded the System has maintained its tax-exempt status, does not have any significant unrelated business income, and had taken no uncertain tax positions that require adjustment to the consolidated financial statements With few exceptions, the System is no longer subject to income tax examination by the U S federal or state tax authorities for years before 2011
Part XI, Line 2d - Other Adjustments	Change in Interest in Perpetual Trust 740,821 Event Expenses 57,662
Part XI, Line 4b - Other Adjustments	Pension-Related Charges Other than Net Periodic Cost 1,696,942 Assets Released for Operations 22,216
Part XII, Line 2d - Other Adjustments	Event Expenses 57,662

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.

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

Information about Schedule G (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
Catholic Medical Center

Employer identification number
02-0315693

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

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

- **a** ☐ Mail solicitations
- **b** ☐ Internet and email solicitations
- **c** ☐ Phone solicitations
- **d** ☐ In-person solicitations
- **e** ☐ Solicitation of non-government grants
- **f** ☐ Solicitation of government grants
- **g** ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

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

	(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total . . . . . ▶							

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

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

		(a) Event #1 Gala (event type)	(b) Event #2 (event type)	(c) Other events (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	203,199			203,199
	2 Less Contributions	182,943			182,943
	3 Gross income (line 1 minus line 2)	20,256			20,256
Direct Expenses	4 Cash prizes	69			69
	5 Noncash prizes				
	6 Rent/facility costs	39,131			39,131
	7 Food and beverages	830			830
	8 Entertainment	4,000			4,000
	9 Other direct expenses	13,632			13,632
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(57,662)
	11 Net income summary Subtract line 10 from line 3, column (d) ▶				-37,406

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

11

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

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

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ .....

Address ▶ .....

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

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

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

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

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
Catholic Medical Center

Employer identification number
02-0315693

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			11,710,661	0	11,710,661	4 080 %
b Medicaid (from Worksheet 3, column a)			35,340,026	10,418,202	24,921,824	8 690 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			362,235	265,280	96,955	0 030 %
d **Total** Financial Assistance and Means-Tested Government Programs			47,412,922	10,683,482	36,729,440	12 800 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		32,829	1,926,486	144,477	1,782,009	0 620 %
f Health professions education (from Worksheet 5)			781,539	24,686	756,853	0 260 %
g Subsidized health services (from Worksheet 6)			18,779,573	3,682,840	15,096,733	5 260 %
h Research (from Worksheet 7)			128,881	1,000	127,881	0 040 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			431,751	0	431,751	0 150 %
j **Total.** Other Benefits		32,829	22,048,230	3,853,003	18,195,227	6 330 %
k **Total.** Add lines 7d and 7j		32,829	69,461,152	14,536,485	54,924,667	19 130 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support			228,066	35,376	192,690	0 070 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**			228,066	35,376	192,690	0 070 %

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	7,252,506		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	93,510,708		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	110,159,023		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-16,648,315		
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										

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 Catholic Medical 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.catholicmedicalcenter.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 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 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**	Yes	
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
See Additional Data Table	

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 7, Column (f)	The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is $ 23,778,708

Form and Line Reference	Explanation
Part II, Community Building Activities	The Medical Center sponsored the following partnerships and services to promote the health of the communities it serves School Partnerships Partnership with Manchester School SystemPartnership with VNA, education for classroom teachersPartnership with VNA, education for pre-school classroomsEmergency Services Planning hours for emergency preparednessBioterrorism preparedness safety management

Form and Line Reference	Explanation
Schedule H, Part II	The Medical Center participates in a wide range of community building activities, committees, boards, and partnerships to promote the health of the communities it serves, including City Year, Granite United Way and New Hampshire Charities among others The Medical Center sponsors emergency service efforts through planning hours for emergency preparedness and bioterrorism preparedness safety management

Form and Line Reference	Explanation
Part III, Line 4	There is no footnote in the audited financial statements describing bad debt expense Costing methodology ratio of cost to charge is used to arrive at cost

Form and Line Reference	Explanation
Part III, Line 8	The entire Medicare shortfall is reported in our Community Benefit Report to the State of New Hampshire It is reported under the "Financial Assistance Cost "

Form and Line Reference	Explanation
Part III, Line 9b	All patients are treated the same according to our collection procedures

Form and Line Reference	Explanation
Part VI, Line 2	In collaboration with the city of Manchester and other health care and social service agencies, Catholic Medical Center participates in a community needs assessment as required by the New Hampshire Attorney General's Office Division of Charitable Trusts The previous Community Needs Assessment was titled, "Believe in a Healthy Community 2009" Since hospitals are required to assess the needs of their community every three years, the Elliot and CMC have undertaken this Needs Assessment for 2013 The two hospitals chose to use the 2009 Assessment as a basis for this current assessment Doing so allowed them to look more specifically at medically related health needs since that is their primary purview Hence this report is more targeted and focused in scope Additional information is obtained on an ongoing basis to assist the Organization in evaluating progress towards meeting our goals and the identification of new areas of need This information is collected through community surveys, focus groups and discussions with community leaders, program evaluations and communication with those in the community who interact with our vulnerable populations

Form and Line Reference	Explanation
Part VI, Line 3	Flyers are posted throughout the Hospital and physician practices highlighting Catholic Medical Center's uncompensated care program Inpatients with no insurance are referred to our social service department for an evaluation to determine eligibility for federal, state and CMC's uncompensated program The department works with them to facilitate the application process Outpatients are referred to the uncompensated care office for such an evaluation and facilitation of the process if appropriate

Form and Line Reference	Explanation
Part VI, Line 4	Catholic Medical Center's primary service area consists of the following towns and cities Auburn, Bedford, Candia, Deerfield, Goffstown, Hooksett, Londonderry, Manchester, and New Boston Our secondary service area is made up of Allenstown, Amherst, Bow, Chester, Derry, Dunbarton, Merrimack, Raymond, and Weare

Form and Line Reference	Explanation
Part VI, Line 5	Catholic Medical Center is involved in numerous community initiatives to improve the health outcomes of our community, including, but not limited to, the following Manchester Sustainable Access Project (MSAP), an initiative to improve healthcare access for the poor in our community, Manchester Oral Health Project, an initiative to improve the oral health of children, Catholic Medical Center School partnerships with elementary, middle, and high schools for health prevention education, partnering with the Organization for Refugee and Immigrant Success, providing a Fruit and Vegetable Assistance Program, an initiative to provide fresh produce weekly to our underserved patients, Emergency bioterrorism preparedness safety management

Form and Line Reference	Explanation
Part VI, Line 6	Catholic Medical Center operates as part of CMC Healthcare System Under the System, CMC offers a range of healthcare services to the community The System includes CMC as a licensed, 330 bed full-service, acute care hospital, physician practices, general care surgical capabilities, and advanced care for cardiac needs Catholic Medical Center offers full medical-surgical care with more than 25 subspecialties, comprehensive orthopedic care, inpatient and outpatient rehabilitation services, a 24 hour emergency department, outpatient behavioral health services, and diagnostic imaging In addition, Catholic Medical Center has the Special Care Nursery which is a state-of-the-art neonatal facility designed to meet the distinct needs of our babies and their families Catholic Medical Center is also home to the nationally recognized New England Heart Institute (NEHI), which provides a full-range of cardiac services, and is a pioneer in offering innovative surgical procedures The Institute is also a national center for advanced clinical trials and cardiovascular rehabilitation and wellness education to help patients recover in a multi-step program of exercise, education, risk factor management and the development of healthy lifestyles The System also participates in a joint venture, Bedford Ambulatory Surgical Center, through its wholly-owned entity, Alliance Ambulatory Services CMC has a deeply rooted history of providing care to those most in need through the Community Health Services department CMC reaches beyond the walls of the hospital and into the community, assisting underserved individuals with health information and access to care Community Health Services provides a wide variety of education, clinical services and resources for those in our primary and secondary markets It is the home of the Pregnancy Care Center, West Side Neighborhood Health Center, the Poisson Dental Facility, the Health Care for the Homeless program, and the Parish Nurse program We provide medication assistance, breast and cervical cancer screenings, health screenings, and fertility education

Form and Line Reference	Explanation
Part VI, Line 7, Reports Filed With States	NH

Additional Data

Software ID:
Software Version:
EIN: 02-0315693
Name: Catholic Medical Center

990 Schedule H, Supplemental Information

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
Catholic Medical Center	
Catholic Medical Center	Part V, Section B, Line 4 Elliot Health System in Manchester, NH
Catholic Medical Center	Part V, Section B, Line 5d Our "Healthy Living News" flyers were distributed to our prima ry and secondary service areas (approximately 120,000 people) Flyers contained a summary report of the community benefit CMC provides
Catholic Medical Center	Part V, Section B, Line 6i Our implementation plan was approved by the Board of the Direc tors on 10/31/2013 Since then, we have begun our implementation strategies
Catholic Medical Center	Part V, Section B, Line 14g Signs are posted throughout the facility that list the financial programs available
Catholic Medical Center	Part V, Section B, Line 18e Signs are posted throughout the facility that list the financ ial programs available Phrases appear on statements we send to patients and patients are notified during telephone conversations
Catholic Medical Center	Part V, Section B, Line 20d All patients are charged the same regardless of ability to pay
Catholic Medical Center	Part V, Section B, Line 22 All patients are charged the same regardless of ability to pay

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Catholic Medical Center

Employer identification number
02-0315693

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Hooksett Fire Department 15 Legends Drive Hooksett, NH 03106		Governmental		13,693	Book Value	Chest Compression Machine/AED	Medical Equipment for Fire Department
(2) Town of Peterborough 1 Grove Street Peterborough, NH 03458		Governmental	15,000				General Support

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 2

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

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
Part I, Line 2	The Hospital only makes donations to 501(c)(3) public charities or governmental municipalities, additional monitoring is not deemed necessary

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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
Catholic Medical Center

Employer identification number
02-0315693

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**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☐ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☑ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	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**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
Part I, Line 1a	Catholic Medical Center provides certain fringe benefits that have gross-up calculations to cover taxes for a select few officers and/or highly compensated employees In no case did this amount exceed $15,000 during the year for any one individual
Part I, Lines 4a-b	4A The following individual received base compensation under a severance agreement from the Organization Alyson Pitman Giles $326,435 4B The following individuals take part in a section 457(f) forfeitable nonqualified deferred compensation plan The following represents contributions for many years of service Joseph Pepe $76,456 Edward Dudley, III $46,313 Brian Tew $24,320 Alexander Walker $41,036
Part I, Line 7	A portion of compensation is at-risk and variable, and payment depends on the quality of job performance

Additional Data

Software ID:
Software Version:
EIN: 02-0315693
Name: Catholic Medical Center

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
William Clutterbuck MD	(I)	0	0	0	0	0	0	0
Director	(II)	351,042	1,707	0	15,300	21,160	389,209	0
Raef Fahmy DPM	(I)	250,016	0	5,360	14,712	1,350	271,438	0
Director	(II)	0	0	0	0	0	0	0
Connor J Haugh MD	(I)	0	0	0	0	0	0	0
FACC Director	(II)	443,242	121,771	37,500	17,850	20,161	640,524	0
Patrick A Mahon MD	(I)	0	0	0	0	0	0	0
President Medical Staff	(II)	374,137	24,488	40,000	15,300	21,374	475,299	0
Keith A Stahl MD	(I)	0	0	0	0	0	0	0
Director	(II)	213,243	82,500	0	17,597	20,341	333,681	0
Joseph Pepe MD	(I)	450,939	115,704	49,347	94,306	19,769	730,065	0
President & CEO	(II)	0	0	0	0	0	0	0
Edward Dudley III	(I)	307,182	61,805	63,419	61,613	31,171	525,190	0
Exec VP & CFO	(II)	0	0	0	0	0	0	0
Alexander Walker	(I)	297,064	60,000	53,549	56,336	47,914	514,863	0
General Counsel	(II)	0	0	0	0	0	0	0
Brian Tew Chief	(I)	222,329	27,191	34,672	40,401	31,565	356,158	0
Information Officer	(II)	0	0	0	0	0	0	0
Robert Duhaime Chief	(I)	236,850	27,319	5,027	17,459	18,904	305,559	0
Nursing Officer	(II)	0	0	0	0	0	0	0
Carolanne O'Sullivan	(I)	197,202	38,933	6,881	13,910	2,321	259,247	0
VP of Physician Practices	(II)	0	0	0	0	0	0	0
Lisa Roux Coggins VP	(I)	187,084	18,805	4,543	13,346	8,153	231,931	0
of Surgical Services	(II)	0	0	0	0	0	0	0
Merryll Rosenfield VP	(I)	191,912	11,000	4,027	923	20,223	228,085	0
of Human Resources	(II)	0	0	0	0	0	0	0
Alyson Pitman Giles	(I)	0	0	333,381	0	5,250	338,631	0
Former Officer	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Catholic Medical Center

Employer identification number
02-0315693

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	New Hampshire Health And Education Facilities Authority	02-0279866	64461TCV4	05-10-2006	32,910,000	Construction & Defeasance Escrow		X		X		X
B	New Hampshire Health And Education Facilities Authority	02-0279866	644614x79	12-19-2012	35,275,000	See Part VI		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	32,910,000	35,275,000		
4	Gross proceeds in reserve funds	3,134,013	2,895,375		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows	10,216,000	34,643,460		
7	Issuance costs from proceeds	517,960	573,155		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	20,559,500	3,035,221		
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2009	2013		

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X		X					
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
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		X				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?	X		X					
b	Name of provider	MBIA		MBIA					
c	Term of GIC	5 900000000000		5 241000000000					
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X					
6	Were any gross proceeds invested beyond an available temporary period?	X			X				
7	Has the organization established written procedures to monitor the requirements of section 148?		X		X				

Part V Procedures To Undertake Corrective Action

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

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

Return Reference	Explanation
Schedule K, Part I, Line B(f)	Refinance of Series 2002A Bonds Refinance of Series 2002B Bank Placement Refinance of Series 2012 Capital Note Routine Capital Improvements

Return Reference	Explanation
Schedule K, Part III, Line 9, Part IV, Line 7, & Part V	Both bonds are carefully and consistently monitored for potential violations of federal tax requirements, but the procedures were not written as of the end of the fiscal year covered by this tax return However, the Hospital is considering adopting formal policies that set forth the Hospital's methodology for ensuring post-issuance compliance with IRS requirements pertaining to tax-exempt debt and contain specific language regarding organizational responsibility, record retention, private business use, arbitrage rebate, and remedial action Although formal policies are not in place in regards to the remediation of our bonds, the monitoring requirements of Section 148, and procedures to ensure that violations are timely identified and corrected, the Hospital has compliance checks in place that substantiate these requirements Below is a list of all compliance checks that the Hospital has in place to monitor the outstanding bond issues 1 Covenant calculations are performed for each quarter and reported to the bond issuer, New Hampshire Health and Education Facilities Authority 2 Covenant certificate is signed each quarter by the CFO and reported to the bond issuer, New Hampshire Health and Education Facilities Authority 3 Financial statements and statistical reports are sent to the bond issuer, New Hampshire Health and Education Facilities Authority, on a quarterly basis 4 Annual operating and capital budgets are reported to the bond issuer, New Hampshire Health and Education Facilities Authority 5 A No Event of Default certificate is signed by the CFO annually and reported to the bond issuer, New Hampshire Health and Education Facilities Authority 6 Annual audited financial statements are reported to the bond issuer, New Hampshire Health and Education Facilities Authority Each of these items that are reported to New Hampshire Health and Education Facilities Authority has a specific deadline for completion as outlined in the bond documents

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.
▶Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Catholic Medical Center

Employer identification number
02-0315693

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods	X		1,583	Retail Value
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory	X	3	7,900	Retail Value
20 Drugs and medical supplies	X	2	8,215	Retail Value
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (Printed Mater)	X	1	7,500	Retail Value
26 Other ▶ (Tickets - Var)	X	15	7,314	Retail Value
27 Other ▶(_____)				
28 Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . **29** 0

		Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	**30a**		No
b If "Yes," describe the arrangement in Part II			
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	**31**	Yes	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?	**32a**		No
b If "Yes," describe in Part II			
33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II			

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

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

Employer identification number
02-0315693

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	The sole member of CMC is CMC Healthcare System
Form 990, Part VI, Section A, line 7a	Directors of CMC are appointed by the sole member
Form 990, Part VI, Section A, line 7b	The sole member has reserved powers over CMC but does not approve each separate action taken by the CMC board
Form 990, Part VI, Section B, line 11	Form 990 is prepared by an independent tax accounting firm (Baker, Newman, Noyes) Upon completion, a draft of the Form 990 is sent to the Organization, where the CFO, Controller, and Director of Accounting perform a final in-house review prior to submission to the Board of Directors for final approval Upon approval from Board, Form 990 is filed with the Internal Revenue Service
Form 990, Part VI, Section B, line 12c	Officers and directors are required to complete a conflict of interest questionnaire annually
Form 990, Part VI, Section B, line 15	CMC utilizes a compensation committee of the board of directors to set compensation levels and determine bonus potential for its senior leadership team The committee is assisted by an independent consultant who surveys like-sized and performing institutions to benchmark relevant salary scales for each position The consultant's findings are presented to the compensation committee who considers that external data with actual performance against a list of pre-established goals per senior leaders to set prospective compensation levels and bonus values Bonus amounts are determined by how well an executive achieves a pre-defined set of goals These goals, in general, are tied to the achievement of a specific task or project Some goals are attached to achieve overall financial performance and mission performance, not solely revenue generation
Form 990, Part VI, Section C, line 19	CMC makes its governing documents, conflict of interest policy, and financial statements available to the public upon request
Form 990, Part XI, line 9	Net Transfer (to) from Affiliates -11,122,616 Pension Related Changes Other than Net Periodic Cost -1,696,942 Assets Released for Operations -22,216 Change in Interest in Perpetual Trust 740,821 Net Asset Transfer From CMC Associates 124,878
Form 990, Part XII, Line 2c	The audit process has not changed from the prior year

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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
Catholic Medical Center

Employer identification number
02-0315693

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) CMC Ancillary Health Services LLC 100 McGregor Street Manchester, NH 03102 46-4389318	Ancillary Health Services	NH	0	0	Catholic Medical Center

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) Alliance Resources 100 McGregor Street Manchester, NH 03102 02-0398138	Real Estate	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
(2) Alliance Health Services 100 McGregor Street Manchester, NH 03102 61-1508839	Practices	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
(3) CMC Healthcare System 100 McGregor Street Manchester, NH 03102 01-0568516	Parent	NH	501(C)(3)	Line 11b, II	N/A		No
(4) CMC Associates 100 McGregor Street Manchester, NH 03102 02-0344786	Gift Shop	NH	501(C)(3)	Line 11b, II	Catholic Medical Center	Yes	
(5) CMC Physician Practice Associates 100 McGregor Street Manchester, NH 03102 02-0460245	Practices	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
(6) St Peter's Home 100 McGregor Street Manchester, NH 03102 02-0222228	Home	NH	501(C)(3)	Line 9	CMC Healthcare System		No
(7) Alliance Ambulatory Services 100 McGregor Street Manchester, NH 03102 02-0519436	Ambulatory Surgical Center	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) McGregor Street MOB LLC 100 McGregor Street Manchester, NH 03102 13-4347316	Medical Office Building	NH	N/A									
(2) Bedford Ambulatory Surgical Center LLC 11 Washington Place Bedford, NH 03110 02-0519727	Surgical Center	NH	N/A									

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) Alliance Enterprises 100 McGregor Street Manchester, NH 03102 02-0386795	Real Estate	NH	CMC Health System	C	23,030	2,313,315	100 000 %	Yes	
(2) Doctors' Medical Association Inc 100 Mcgregor Street Manchester, NH 03102 02-0340690	Medical Office Building	NH	N/A	C					No

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		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		No
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	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q		No
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s	Yes	

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Catholic Medical Center Associates	C	220,500	Cash Transferred
(2) Catholic Medical Center Associates	S	124,878	Assets Transferred

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 02-0315693
Name: Catholic Medical Center

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) Alliance Resources 100 McGregor Street Manchester, NH 03102 02-0398138	Real Estate	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
(1) Alliance Health Services 100 McGregor Street Manchester, NH 03102 61-1508839	Practices	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
(2) CMC Healthcare System 100 McGregor Street Manchester, NH 03102 01-0568516	Parent	NH	501(C)(3)	Line 11b, II	N/A		No
(3) CMC Associates 100 McGregor Street Manchester, NH 03102 02-0344786	Gift Shop	NH	501(C)(3)	Line 11b, II	Catholic Medical Center	Yes	
(4) CMC Physician Practice Associates 100 McGregor Street Manchester, NH 03102 02-0460245	Practices	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
(5) St Peter's Home 100 McGregor Street Manchester, NH 03102 02-0222228	Home	NH	501(C)(3)	Line 9	CMC Healthcare System		No
(6) Alliance Ambulatory Services 100 McGregor Street Manchester, NH 03102 02-0519436	Ambulatory Surgical Center	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No

BAKER NEWMAN NOYES

Catholic Medical Center and Subsidiary

Audited Consolidated Financial Statements
and Other Financial Information

Years Ended June 30, 2014 and 2013
With Independent Auditors' Report

INTEGRITY • SOLUTIONS

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Years Ended June 30, 2014 and 2013

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Catholic Medical Center and Subsidiary

We have audited the accompanying consolidated financial statements of Catholic Medical Center and Subsidiary, which comprise the consolidated balance sheet as of June 30, 2014, and the related consolidated statements 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 Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Trustees
Catholic Medical Center and Subsidiary

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catholic Medical Center and Subsidiary as of June 30, 2014, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The consolidated financial statements of Catholic Medical Center and Subsidiary as of and for the year ended June 30, 2013, were audited by other auditors whose report dated October 30, 2013 expressed an unmodified opinion on those statements.

Baker Newman & Noyes

Manchester, New Hampshire
September 24, 2014

Limited Liability Company

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

June 30, 2014 and 2013

ASSETS

	2014	2013
Current assets:		
Cash and cash equivalents	$ 49,502,444	$ 79,629,091
Short-term investments	26,173,541	1,035,035
Accounts receivable from patients, less allowances of $21,454,883 in 2014 and $20,755,178 in 2013	29,270,115	26,183,203
Inventories	2,010,411	1,906,945
Amounts due from affiliates	1,060	1,121
Other current assets	4,059,472	3,412,225
Total current assets	111,017,043	112,167,620
Property, plant and equipment, net	72,977,392	72,365,670
Other assets:		
Notes receivable, less allowance of $800,000 in 2014 and 2013	72,648	147,577
Unamortized debt issuance costs	810,003	892,253
Intangible assets and other	8,024,989	7,390,524
	8,907,640	8,430,354
Assets whose use is limited		
Pension and insurance obligations	14,246,337	12,688,351
Board designated and donor restricted investments	91,473,836	78,816,899
Held by trustee under revenue bond agreements	6,080,586	4,979,061
	111,800,759	96,484,311
Total assets	$304,702,834	$289,447,955

LIABILITIES AND NET ASSETS

	2014	2013
Current liabilities:		
Accounts payable and accrued expenses	$ 15,145,165	$ 15,318,627
Accrued salaries, wages and related accounts	14,188,183	12,623,741
Amounts payable to third-party payors	10,125,881	11,345,115
Amounts due to affiliates	1,311,372	2,390,126
Current portion of long-term debt	3,351,633	2,076,787
Total current liabilities	44,122,234	43,754,396
Accrued pension and other liabilities, less current portion	68,664,176	77,542,026
Long-term debt, less current portion	66,269,681	69,554,170
Total liabilities	179,056,091	190,850,592
Commitments and contingencies (note 14)		
Net assets:		
Unrestricted	116,956,183	91,123,519
Temporarily restricted	528,802	191,861
Permanently restricted	8,161,758	7,281,983
Total net assets	125,646,743	98,597,363
Total liabilities and net assets	$304,702,834	$289,447,955

See accompanying notes.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended June 30, 2014 and 2013

	2014	2013
Net patient service revenues, net of contractual allowances and discounts	$323,608,207	$312,030,757
Provision for doubtful accounts	(23,778,708)	(26,957,932)
Net patient service revenues less provision for doubtful accounts	299,829,499	285,072,825
Other revenue	9,202,827	7,339,925
Disproportionate share funding	3,136,409	–
Total revenues	312,168,735	292,412,750
Expenses:		
Salaries, wages and fringe benefits	151,040,530	140,475,793
Supplies and other	108,712,500	101,919,246
New Hampshire Medicaid enhancement tax	13,865,109	9,759,737
Depreciation and amortization	10,312,228	10,655,743
Interest	3,306,829	3,122,464
Total expenses	287,237,196	265,932,983
Income from operations	24,931,539	26,479,767
Nonoperating gains (losses):		
Investment income	1,477,062	2,553,756
Net realized gains on sale of investments	5,242,633	1,052,954
(Loss) gain on sale of property and equipment	(43,175)	7,150
Loss on extinguishment of debt	–	(713,452)
Total nonoperating gains, net	6,676,520	2,900,408
Excess of revenues and gains over expenses	31,608,059	29,380,175
Unrealized appreciation on investments	6,901,638	6,018,132
Assets released from restriction used for capital	142,525	3,500
Pension-related changes other than net periodic pension cost	(1,696,942)	13,754,116
Net assets transferred to affiliates	(11,122,616)	(11,840,500)
Increase in unrestricted net assets	25,832,664	37,315,423
Unrestricted net assets at beginning of year	91,123,519	53,808,096
Unrestricted net assets at end of year	$116,956,183	$ 91,123,519

See accompanying notes.

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended June 30, 2014 and 2013

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Balances at June 30, 2012	$ 53,808,096	$ 353,996	$6,693,072	$ 60,855,164
Excess of revenues and gains over expenses	29,380,175	–	–	29,380,175
Investment income	–	1,407	279	1,686
Changes in interest in perpetual trust	–	–	466,556	466,556
Restricted contributions	–	72,536	–	72,536
Unrealized appreciation on investments	6,018,132	–	122,076	6,140,208
Net assets transferred to affiliates	(11,840,500)	–	–	(11,840,500)
Assets released from restriction used for operations	–	(232,578)	–	(232,578)
Assets released from restriction used for capital	3,500	(3,500)	–	–
Pension-related changes other than net periodic pension cost	13,754,116	–	–	13,754,116
	37,315,423	(162,135)	588,911	37,742,199
Balances at June 30, 2013	91,123,519	191,861	7,281,983	98,597,363
Excess of revenues and gains over expenses	31,608,059	–	–	31,608,059
Investment income	–	1,083	3,346	4,429
Changes in interest in perpetual trust	–	–	740,821	740,821
Restricted contributions	–	500,599	–	500,599
Unrealized appreciation on investments	6,901,638	–	135,608	7,037,246
Net assets transferred to affiliates	(11,122,616)	–	–	(11,122,616)
Assets released from restriction used for operations	–	(22,216)	–	(22,216)
Assets released from restriction used for capital	142,525	(142,525)	–	–
Pension-related changes other than net periodic pension cost	(1,696,942)	–	–	(1,696,942)
	25,832,664	336,941	879,775	27,049,380
Balances at June 30, 2014	$116,956,183	$ 528,802	$8,161,758	$125,646,743

See accompanying notes

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2014 and 2013

	2014	2013
Operating activities:		
Increase in net assets	$ 27,049,380	$ 37,742,199
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,312,228	10,434,687
Pension-related changes other than net periodic pension cost	1,696,942	(17,740,405)
Net assets transferred to affiliates	11,122,616	11,840,500
Restricted gifts and investment income	(505,028)	(74,222)
Net realized gains on sales of investments	(5,242,633)	(1,052,954)
Increase in interest in perpetual trust	(740,821)	(466,556)
Unrealized appreciation on investments	(7,037,246)	(6,140,206)
Change in fair value of interest rate swap	(136,466)	1,820,295
Loss (gain) on sale of property and equipment	43,175	(7,150)
Cash premium received upon issuance of bonds	–	2,974,382
Bond discount/premium amortization	(306,808)	–
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,086,912)	4,562,368
Inventories	(103,466)	(612,997)
Other current assets	(647,247)	57,640
Amounts due from/to affiliates	(1,078,693)	2,847,672
Other assets	(699,194)	8,672,954
Accounts payable and accrued expenses	(173,462)	1,179,785
Accrued salaries, wages and related accounts	1,564,442	(707,158)
Amounts payable to third-party payors	(1,219,234)	2,425,111
Accrued pension and other liabilities	(8,138,339)	(18,088,252)
Net cash provided by operating activities	22,673,234	39,667,693
Investing activities:		
Purchases of property, plant and equipment	(10,393,653)	(6,927,400)
Proceeds from disposal of assets	–	7,150
Payments received from notes receivable	74,929	71,282
Net change in assets held by trustee under revenue bond agreements	(1,101,525)	188,955
Proceeds from sales of investments	38,286,989	23,517,637
Purchases of investments	(64,619,718)	(24,827,427)
Net cash used by investing activities	(37,752,978)	(7,969,803)
Financing activities:		
Payments on long-term debt	(1,415,000)	(30,840,956)
Proceeds from issuance of long-term debt, net of financing costs	–	35,004,339
Settlement of interest rate swap	(2,327,000)	–
Repayment of note payable	–	(6,000,000)
Payments on capital leases	(687,315)	(661,786)
Restricted gifts and investment income	505,028	74,222
Net assets transferred to affiliates	(11,122,616)	(11,840,500)
Net cash used by financing activities	(15,046,903)	(14,264,681)
(Decrease) increase in cash and cash equivalents	(30,126,647)	17,433,209

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended June 30, 2014 and 2013

	2014	2013
(Decrease) increase in cash and cash equivalents	$ (30,126,647)	$ 17,433,209
Cash and cash equivalents at beginning of year	79,629,091	62,195,882
Cash and cash equivalents at end of year	$ 49,502,444	$ 79,629,091
Noncash investing and financing activities:		
Assets acquired under capital lease agreement	$ 399,480	$ –

See accompanying notes.

1. Organization

The consolidated financial statements for Catholic Medical Center and Subsidiary include the accounts of Catholic Medical Center (the Medical Center), a voluntary not-for-profit acute care hospital based in Manchester, New Hampshire, and its subsidiary, CMC Associates. During 2005, control of CMC Associates was transferred to the Medical Center. Subsequent to year end, CMC Associates was formally dissolved and all assets and liabilities were transferred to the Medical Center. The Medical Center, which primarily serves residents of New Hampshire and northern Massachusetts, is controlled by CMC Healthcare System, Inc (the System), a not-for-profit corporation which functions as the parent company and sole member of the Medical Center

2. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting.

Principles of Consolidation

The consolidated financial statements include the accounts of the Medical Center and CMC Associates. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The primary estimates relate to collectibility of receivables from patients and third-party payors, amounts payable to third-party payors, accrued compensation and benefits, conditional asset retirement obligations, and self-insurance reserves

Income Taxes

The Medical Center and CMC Associates are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the Medical Center's tax positions and concluded the Medical Center has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to the consolidated financial statements. With few exceptions, the Medical Center is no longer subject to income tax examination by the U.S. federal or state tax authorities for years before 2011.

2. Significant Accounting Policies (Continued)

Performance Indicator

Excess of revenues and gains over expenses is comprised of operating revenues and expenses and nonoperating gains and losses. For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenue and expenses. Peripheral or incidental transactions are reported as nonoperating gains or losses, which include realized gains and losses on the sales of securities and property and equipment, unrestricted investment income, and debt extinguishment losses.

Charity Care and Community Benefits

The Medical Center has a formal charity care policy under which patient care is provided to patients who meet certain criteria without charge or at amounts less than its established rates. The Medical Center does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenues. The Medical Center rendered charity care in accordance with this policy, which, at established charges, amounted to $38,395,611 and $29,024,262 for the years ended June 30, 2014 and 2013, respectively.

The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Medical Center's total expenses divided by gross patient service revenue. Of the Medical Center's $287 million and $266 million total expenses reported in 2014 and 2013, respectively, an estimated $12.6 million and $9.4 million, respectively, arose from providing services to charity patients.

The Medical Center provides community service programs, without charge, such as the Medication Assistance Program, Community Education and Wellness, Patient Transport, and the Parish Nurse Program. The costs of providing these programs amounted to $789,719 and $934,075 for the years ended June 30, 2014 and 2013, respectively.

Concentration of Credit Risk

Financial instruments which subject the Medical Center to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the Medical Center's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The Medical Center's accounts receivable are primarily due from third-party payors and amounts are presented net of expected contractual allowances and uncollectible amounts. The Medical Center's investment portfolio consists of diversified investments, which are subject to market risk. Investments that exceeded 10% of investments include the SSGA S&P 500 Tobacco Free Fund as of June 30, 2014.

2. Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include certificates of deposit with maturities of three months or less when purchased and investments in overnight deposits at various banks. Cash and cash equivalents exclude amounts whose use is limited by board designation and amounts held by trustees under revenue bond and other agreements. The Medical Center maintains approximately $44,000,000 and $74,000,000 at June 30, 2014 and 2013, respectively, of its cash and cash equivalent accounts with a single institution. The Medical Center has not experienced any losses associated with deposits at this institution.

Included in cash and cash equivalents is an amount held in escrow by the Royal Bank of Canada Capital Markets (RBCCM) in the amount of $3,370,000 at June 30, 2013. These funds were on deposit with RBCCM as a condition of the Medical Center's 2005 swap agreement. As discussed in Note 5, the 2005 swap agreement was terminated during 2014 and, therefore, these funds are no longer restricted at June 30, 2014.

Net Patient Service Revenues and Accounts Receivable

The Medical Center has agreements with third-party payors that provide for payments at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, per diem payments and fee schedules 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. Changes in these estimates are reflected in the consolidated financial statements in the year in which they occur.

The Medical Center recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients, the Medical Center provides a discount approximately equal to that of its largest private insurance payors.

The provision for doubtful accounts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in health care coverage, and other collection indicators. The Medical Center records a provision for doubtful accounts in the period services are provided related to self-pay patients, including both uninsured patients and patients with deductible and copayment balances due for which third-party coverage exists for a portion of their balance.

Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience. The results of this review are then used to make any modifications to the provision for doubtful accounts to establish an appropriate allowance for doubtful accounts. The decrease in the provision for doubtful accounts in 2014 is driven primarily by revisions to the Medical Center's charity care policy eligibility Accounts receivable are written off after collection efforts have been followed in accordance with internal policies.

2. Significant Accounting Policies (Continued)

Inventories

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

Property, Plant and Equipment

Property, plant and equipment is stated at cost at time of purchase or fair value at the time of donation, less accumulated depreciation. The Medical Center's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. The provisions for depreciation and amortization have been determined using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives, which range from 2 to 40 years. Assets which have been purchased but not yet placed in service are included in construction in progress and no depreciation expense is recorded.

Conditional Asset Retirement Obligations

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

As of June 30, 2014 and 2013, $1,101,617 and $1,074,604, respectively, of conditional asset retirement obligations are included within accrued pension and other liabilities in the accompanying consolidated balance sheets

Goodwill

The Medical Center reviews its goodwill and other long-lived assets annually to determine whether the carrying amount of such assets is impaired. Upon determination that an impairment has occurred, these assets are reduced to fair value. There were no impairments recorded for the years ended June 30, 2014 and 2013.

2. Significant Accounting Policies (Continued)

Retirement Benefits

The Catholic Medical Center Pension Plan (the Plan) provides retirement benefits for certain employees of the Medical Center and certain employees of an affiliated organization who have attained age twenty-one and work at least 1,000 hours per year. The Plan consists of a benefit accrued to July 1, 1985, plus 2% of plan year earnings (to legislative maximums) per year. The Medical Center's funding policy is to contribute amounts to the Plan sufficient to meet minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as may be determined to be appropriate from time to time. The Plan is intended to constitute a plan described in Section 414(k) of the Code, under which benefits derived from employer contributions are based on the separate account balances of participants in addition to the defined benefits under the Plan

Effective January 1, 2008 the Medical Center decided to close participation in the Plan to new participants. As of January 1, 2008, current participants continued to participate in the Plan while new employees receive a higher matching contribution to the tax-sheltered annuity benefit program discussed below.

During 2011, the Board of Trustees voted to freeze the accrual of benefits under the Plan effective December 31, 2011.

The Medical Center also maintains tax-sheltered annuity benefit programs in which it matches one half of employee contributions up to either 2% or 3% of their annual salary, depending on date of hire. The Medical Center made matching contributions under the program of $4,759,527 and $4,550,407 for the years ended June 30, 2014 and 2013, respectively.

During 2007, the Medical Center created a nonqualified deferred compensation plan covering certain employees under Section 457(b) of the Code. Under the plan, a participant may elect to defer a portion of their compensation to be held until payment in the future to the participant or his or her beneficiary. Consistent with the requirements of the Code, all amounts of deferred compensation, including but not limited to any investments held and all income attributable to such amounts, property, and rights will remain subject to the claims of the Medical Center's creditors, without being restricted to the payment of deferred compensation, until payment is made to the participant or their beneficiary. No contributions were made by the Medical Center for the years ended June 30, 2014 and 2013.

The Medical Center also provides a noncontributory supplemental executive retirement plan covering certain former executives of the Medical Center, as defined The Medical Center's policy is to accrue costs under this plan using the "Projected Unit Credit Actuarial Cost Method" and to amortize past service costs over a fifteen year period. Benefits under this plan are based on the participant's final average salary, social security benefit, retirement income plan benefit, and total years of service. Certain investments have been designated for payment of benefits under this plan and are included in assets whose use is limited–pension and insurance obligations.

During 2007, the Medical Center created a supplemental executive retirement plan covering certain executives of the Medical Center. The Medical Center recorded compensation expense of $60,000 and $200,000 for the years ended June 30, 2014 and 2013, respectively, related to this plan.

2. Significant Accounting Policies (Continued)

Employee Fringe Benefits

The Medical Center has an "earned time" plan. Under this plan, each qualifying employee "earns" hours of paid leave for each pay period worked. These hours of paid leave may be used for vacations, holidays, or illness. Hours earned but not used are vested with the employee and are paid to the employee upon termination The Medical Center expenses the cost of these benefits as they are earned by the employees.

Debt Issuance Costs/Original Issue Discount or Premium

The debt issuance costs incurred to obtain financing for the Medical Center's construction and renovation programs and refinancing of prior bonds and the original issue discount or premium are amortized using the straight-line method over the repayment period of the bonds. This approximates the effective interest method. The original issue discount or premium is presented as a component of bonds payable

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets held by trustees under indenture agreements, pension and insurance obligations, designated assets set aside by the Board of Trustees, over which the Board retains control and may, at its discretion, subsequently use for other purposes, and donor-restricted investments.

Classification of Net Assets

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose When a donor restriction expires (i e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as either net assets released from restrictions used for operations (for noncapital-related items and included in other revenue) or as net assets released from restrictions used for capital (for capital-related items).

Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity. Income earned on permanently restricted net assets, to the extent not restricted by the donor, including net unrealized appreciation on investments, is included in the consolidated statement of operations as unrestricted resources or as a change in temporarily restricted net assets in accordance with donor-intended purposes or applicable law.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

2. Significant Accounting Policies (Continued)

Investments and Investment Income

Investments are carried at fair value in the accompanying consolidated financial statements. See Note 8 for further discussion regarding fair value measurements. Realized gains or losses on the sale of investment securities are determined by the specific identification method and are recorded on the settlement date. Unrealized gains and losses on investments are excluded from the excess of revenues and gains over expenses unless the investments are classified as trading securities or losses are considered other-than-temporary. Interest and dividend income on unrestricted investments, unrestricted investment income on permanently restricted investments and unrestricted net realized gains/losses are reported as nonoperating gains.

During the year ended June 30, 2013, the Medical Center reported realized losses of $1,433 relating to declines in fair value of investments that were determined by management to be other than temporary. No such losses were reported during the year ended June 30, 2014.

Derivative Instruments

Derivatives are recognized as either assets or liabilities in the consolidated balance sheet at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivatives are recognized either in the excess of revenues and gains over expenses or net assets, depending on whether the derivative is speculative or being used to hedge changes in fair value or cash flows.

Beneficial Interest in Perpetual Trust

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

Investment Policies

The Medical Center's investment policies provide guidance for the prudent and skillful management of invested assets with the objective of preserving capital and maximizing returns. The invested assets include endowment, specific purpose and board designated (unrestricted) funds.

Endowment funds are identified as permanent in nature, intended to provide support for current or future operations and other purposes identified by the donor. These funds are managed with disciplined longer-term investment objectives and strategies designed to accommodate relevant, reasonable, or probable events.

Temporarily restricted funds are temporary in nature, restricted as to time or purpose as identified by the donor or grantor. These funds have various intermediate/long-term time horizons associated with specific identified spending objectives.

2. Significant Accounting Policies (Continued)

Board designated funds have various intermediate/long-term time horizons associated with specific spending objectives as determined by the Board of Trustees.

Management of these assets is designed to maximize total return while preserving the capital values of the funds, protecting the funds from inflation and providing liquidity as needed. The objective is to provide a real rate of return that meets inflation, plus 4% to 5%, over a long-term time horizon.

The Medical Center targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints.

Spending Policy for Appropriation of Assets for Expenditure

In accordance with the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), the Medical Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds. (a) the duration and preservation of the fund; (b) the purpose of the organization and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the organization.

Spending policies may be adopted by the Medical Center, from time to time, to provide a stream of funding for the support of key programs. The spending policies are structured in a manner to ensure that the purchasing power of the assets is maintained while providing the desired level of annual funding to the programs. The Medical Center currently has a policy allowing interest and dividend income earned on investments to be used for operations with the goal of keeping principal, including its appreciation, intact.

Federal Grant Revenue and Expenditures

Revenues and expenses under federal grant programs are recognized as the related expenditure is incurred.

Malpractice Loss Contingencies

The Medical Center has a claims-made basis policy for its malpractice insurance coverage. A claims-made basis policy provides specific coverage for claims reported during the policy term. The Medical Center has established a reserve to cover professional liability exposure, which may not be covered by insurance. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the Medical Center. In the event a loss contingency should occur, the Medical Center would give it appropriate recognition in its consolidated financial statements in conformity with accounting standards. The Medical Center expects to be able to obtain renewal or other coverage in future periods.

2. Significant Accounting Policies (Continued)

In accordance with Accounting Standards Update (ASU) No. 2010-24, "*Health Care Entities*" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), at June 30, 2014 and 2013, the Medical Center recorded a liability of $11,447,463 and $11,198,692, respectively, related to estimated professional liability losses covered under this policy. At June 30, 2014 and 2013, the Medical Center also recorded a receivable of $7,435,463 and $7,013,692, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in accrued pension and other liabilities, and intangible assets and other, respectively, on the consolidated balance sheets.

Workers' Compensation

The Medical Center maintains workers' compensation insurance under a self-insured plan. The plan offers, among other provisions, certain specific and aggregate stop-loss coverage to protect the Medical Center against excessive losses. The Medical Center has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims Accrued workers' compensation losses of $2,854,873 and $2,568,117 at June 30, 2014 and 2013, respectively, have been discounted at 1 25% and, in management's opinion, provide an adequate reserve for loss contingencies. At June 30, 2014, $1,281,770 and $1,573,103 is recorded within accounts payable and accrued expenses and accrued pension and other liabilities, respectively, in the accompanying consolidated balance sheets At June 30, 2013, $1,166,689 and $1,401,428 is recorded within accounts payable and accrued expenses and accrued pension and other liabilities, respectively, in the accompanying consolidated balance sheets. A trustee held fund has been established as a reserve under the plan.

Health Insurance

The Medical Center has a self-funded health insurance plan. The plan is administered by an insurance company which assists in determining the current funding requirements of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time The Medical Center is insured above a stop-loss amount of $325,000 on individual claims. Estimated unpaid claims, and those claims incurred but not reported at June 30, 2014 and 2013 of $1,376,638 and $1,367,289, respectively, are reflected in the accompanying consolidated balance sheets within accounts payable and accrued expenses.

Advertising Costs

The Medical Center expenses advertising costs as incurred, and such costs totaled approximately $1,092,000 and $969,000 for the years ended June 30, 2014 and 2013, respectively.

Subsequent Events

Management of the Medical Center evaluated events occurring between the end of its fiscal year and September 24, 2014, the date the consolidated financial statements were available to be issued.

3. Net Patient Service Revenue

The following summarizes net patient service revenue for the years ended June 30:

	2014	2013
Gross patient service revenue	$876,940,388	$821,358,777
Less contractual allowances	553,332,181	509,328,020
Less provision for doubtful accounts	23,778,708	26,957,932
Net patient service revenue	$299,829,499	$285,072,825

The Medical Center maintains contracts with the Social Security Administration ("Medicare") and the State of New Hampshire Department of Health and Human Services ("Medicaid"). The Medical Center is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient acute care service depending on the type of illness or the patient's diagnosis related group classification. Capital costs and certain Medicare and Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. The Medical Center receives payment for other Medicaid outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost finding reports.

Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenues in the year that such amounts become known. The percentage of net patient service revenues earned from the Medicare and Medicaid programs was 36% and 4%, respectively, in 2014 and 39% and 2%, respectively, in 2013.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Medical Center believes that it is in compliance with all applicable laws and regulations; compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

The Medical Center also maintains contracts with certain commercial carriers, health maintenance organizations, preferred provider organizations and state and federal agencies. The basis for payment under these agreements includes prospectively determined rates per discharge and per day, discounts from established charges and fee screens. The Medical Center does not currently hold reimbursement contracts which contain financial risk components.

The approximate percentages of patient service revenues, net of contractual allowances and discounts and provision for doubtful accounts for the years ended June 30, 2014 and 2013 from third-party payors and uninsured patients are as follows:

	Third-Party Payors	Uninsured Patients	Total All Payors
2014			
Patient service revenue, net of contractual allowance and discounts	99.1%	0.9%	100.0%
2013			
Patient service revenue, net of contractual allowance and discounts	98.5%	1.5%	100.0%

3. Net Patient Service Revenue (Continued)

An estimated breakdown of patient service revenues, net of contractual allowances and discounts and provision for doubtful accounts recognized in 2014 from major payor sources, is as follows:

	Gross Patient Service Revenues	Contractual Allowances and Discounts	Provision for Doubtful Accounts	Net Patient Service Revenues Less Provision for Doubtful Accounts
Private payors (includes coinsurance and deductibles)	$ 325,406,225	$139,577,341	$ 6,368,264	$ 179,460,620
Medicaid	59,490,036	47,375,535	1,831,319	10,283,182
Medicare	433,809,400	324,843,806	1,602,657	107,362,937
Self-pay	58,234,727	41,535,499	13,976,468	2,722,760
	$ 876,940,388	$553,332,181	$23,778,708	$ 299,829,499

The Medical Center recognizes changes in accounting estimates for net patient service revenue and third-party payor settlements as new events occur or as additional information is obtained. For the years ended June 30, 2014 and 2013, favorable adjustments recorded for changes to prior year estimates were approximately $349,000 and $303,000, respectively.

Under the State of New Hampshire's (the State) tax code, the State imposes a Medicaid enhancement tax equal to 5 5% of net patient service revenues. The amount of tax incurred by the Medical Center for 2014 and 2013 was $13,865,109 and $9,759,737, respectively. Disproportionate share (DSH) funding payments from the State are recorded in operating revenues and amounted to $3,136,409 in 2014. There were no DSH funding payments received from the State in 2013.

Electronic Health Records Incentive Payments

The CMS Electronic Health Records (EHR) incentive programs provide a financial incentive for the "meaningful use" of certified EHR technology to achieve health and efficiency goals. To qualify for incentive payments, eligible organizations must successfully demonstrate meaningful use of certified EHR technology through various stages defined by CMS. The Medical Center filed certain meaningful use attestations with CMS. Revenue totaling $2,348,944 associated with these meaningful use attestations is recorded as other revenue for the year ended June 30, 2014.

4. Property, Plant and Equipment

The major categories of property, plant and equipment at June 30 are as follows:

	Useful Lives	2014	2013
Land and land improvements	2-40 years	$ 1,233,490	$ 1,233,490
Buildings and improvements	2-40 years	75,519,929	75,493,384
Fixed equipment	3-25 years	41,496,770	41,320,996
Movable equipment	3-25 years	101,721,815	93,076,588
Construction in progress		4,321,603	2,590,255
		224,293,607	213,714,713
Less accumulated depreciation and amortization		151,316,215	141,349,043
Net property, plant and equipment		$ 72,977,392	$ 72,365,670

Depreciation expense amounted to $10,138,236 and $10,543,580 for the years ended June 30, 2014 and 2013, respectively.

The cost of equipment under capital leases was $4,783,240 and $4,383,760 at June 30, 2014 and 2013, respectively. Accumulated amortization of the leased equipment at June 30, 2014 and 2013 was $2,854,542 and $2,137,622, respectively. Amortization of assets under capital leases is included in depreciation and amortization expense.

5. Long-Term Debt and Note Payable

Long-term debt at June 30 consists of the following.

	2014	2013
New Hampshire Health and Education Facilities Authority (the Authority) Revenue Bonds:		
Series 2006 bonds with interest ranging from 4.875% to 5.00% per year and principal payable in annual installments ranging from $405,000 to $2,680,000 through July 2036	$30,835,000	$31,225,000
Series 2012 bonds with interest ranging from 4.00% to 5.00% per year and principal payable in annual installments ranging from $1,125,000 to $2,755,000 through July 2032	34,250,000	35,275,000
	65,085,000	66,500,000
Capitalized lease obligations	2,098,213	2,386,048
Unamortized original issue premiums/discounts	2,438,101	2,744,909
	69,621,314	71,630,957
Less current portion	(3,351,633)	(2,076,787)
	$66,269,681	$69,554,170

5. Long-Term Debt and Note Payable (Continued)

The scheduled principal maturities represent annual payments as required under long-term debt repayment schedules.

The fair value of the Medical Center's long-term debt is estimated using discounted cash flow analysis, based on the Medical Center's current incremental borrowing rate for similar types of borrowing arrangements. The fair value of the Medical Center's long-term debt, excluding capitalized lease obligations, was $66,417,070 and $66,621,268 at June 30, 2014 and 2013, respectively.

Pursuant to a Guaranty Agreement dated as of January 1, 1994 by and between Optima Health, Inc. (Optima) and the trustee for Hillcrest Terrace's (Hillcrest) Series 1994 bond issue, later transferred from Optima to the Medical Center, the Medical Center has guaranteed to fund, up to a maximum cumulative amount of $1,900,000, any deficiencies in Hillcrest's Debt Service Reserve Fund (the Reserve Fund) to the extent that the Reserve Fund value, as defined, is less than $800,000. The Medical Center has made cumulative payments of $251,564 as of June 30, 2014 and 2013 under this guarantee. The Medical Center has recorded a liability for the remaining $1,648,436 within accrued pension and other liabilities in the accompanying consolidated balance sheets as of June 30, 2014 and 2013 based upon management's estimate of future obligations.

Derivatives

The Medical Center uses derivative financial instruments principally to manage interest rate risk. During 2005, the Medical Center entered into an interest rate swap agreement to replace an existing agreement signed in 2003. This agreement involved the exchange of fixed rate payments by the Medical Center for variable rate payments from the counterparty without the exchange of the underlying notional amounts. The notional amount for this agreement was $15,000,000 and the agreement was to expire in November 2024. Under the provisions of this agreement, interest was paid to the counterparty, by the Medical Center, at 67% of USD-LIBOR-BBA through the remainder of the term. On June 11, 2014, the 2005 swap agreement was terminated. The Medical Center paid $2,354,300 to settle this swap agreement, which included a swap payoff amount of $2,327,000 along with certain termination fees.

The fair value of this derivative amounted to a liability of $2,463,466 as of June 30, 2013, which amount was included within accrued pension and other liabilities in the accompanying consolidated balance sheets. The changes in the fair value of the derivative of $136,466 and $1,288,350 have been included within nonoperating investment income for the years ended June 30, 2014 and 2013, respectively.

6. Notes Receivable

During February 1994, Hillcrest, together with the Authority, restructured $26,000,000 of special obligation revenue bonds (Series 1990). The bondholder consented to an amendment of the Series 1990 bond indenture, which permitted the redemption of the Series 1990 bonds at a price of 85% of the par value thereof, or $22,100,000. The redemption was accomplished partially with the issuance of $18,950,000 of Series 1994 revenue bonds to the Authority. The Authority then loaned, under a Loan Agreement and Mortgage, the proceeds thereof to Hillcrest, which proceeds, after payment of certain issuance expenses and accrued interest on the Series 1990 bonds, were used to pay a portion of the redemption price of the Series 1990 bonds. In addition, certain funds deposited into the Series 1990 Reserve Fund were paid to Fidelity Health Alliance, Inc. (the Medical Center's former parent company and one of the organizations which formed Optima and hereinafter referred to as Optima) to repay earlier advances. Optima then loaned $2,581,528 to Hillcrest pursuant to a subordinated loan agreement. Hillcrest owed Optima $400,856, which was converted from a current obligation to a long-term obligation and included in the subordinated loan agreement resulting in a total of $2,982,384 owed to Optima. In conjunction with the disaffiliation from Optima effective July 1, 2000, the subordinated loan became payable to the Medical Center. Hillcrest used a portion of the subordinated loan to pay a portion of the redemption price of the Series 1990 bonds. Also, upon redemption of the Series 1990 bonds, $1,500,000 from the Series 1990 Reserve Fund was transferred to the Series 1994 Reserve Fund and the remaining amount, $1,074,000, of the Series 1990 Reserve Fund was used to pay a portion of the redemption price of the Series 1990 bonds. The subordinated loan is subordinated in all respects to the Series 1994 revenue bonds. During 2004, the subordinated loan was restructured by the Medical Center. The principal was reduced. The new note bears interest at a stated rate of 5% per annum. The balance receivable from Hillcrest is $947,577 and $1,018,859 at June 30, 2014 and 2013, respectively. As of August 31, 2008, Hillcrest defaulted on their debt covenants. As a result, the Medical Center has reserved $800,000 at June 30, 2014 and 2013 against the note receivable in the event of default. As of June 30, 2014 all payments are current.

7. Operating Leases

The Medical Center has various noncancelable agreements to lease various pieces of medical equipment. The Medical Center also has noncancelable leases for office space. The Medical Center has also assumed lease obligations for physician practices that became provider based. Certain real estate leases are with related parties. Total rent expense paid to related parties for the years ended June 30, 2014 and 2013 was $1,189,433 and $1,162,445, respectively. Rental expense under all leases for the years ended June 30, 2014 and 2013 was $5,296,928 and $6,239,430, respectively.

Estimated future minimum lease payments under noncancelable operating leases are as follows:

2015	$ 3,641,099
2016	2,840,619
2017	2,636,282
2018	2,581,271
2019	1,852,452
Thereafter	8,907,607
	$22,459,330

8. Investments and Assets Whose Use is Limited

Investments and assets whose use is limited, are comprised of the following at June 30:

	2014		2013	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	$ 6,904,821	$ 6,904,821	$ 5,759,649	$ 5,759,649
U S. federated treasury obligations	6,080,585	6,080,585	4,979,061	4,979,061
Marketable equity securities	31,492,795	25,952,651	21,741,518	18,021,612
Fixed income securities	40,665,955	40,352,584	10,744,033	10,675,990
Private investment funds	52,830,144	34,865,098	54,295,084	41,301,718
	$137,974,300	$114,155,739	$97,519,345	$80,738,030

Unrestricted investment income is summarized as follows:

	2014	2013
Nonoperating investment income	$ 1,477,062	$2,553,702
Realized gains on sales of investments, net	5,242,633	1,052,954
Change in unrealized appreciation on investments	6,901,638	6,018,132
	$13,621,333	$9,624,788

Fair value is defined as the price that would be received to sell 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 data. In determining fair value, the use of various valuation approaches, including market, income and cost approaches, is permitted.

A fair value hierarchy has been established based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Medical Center for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 — Observable inputs such as quoted prices in active markets;

Level 2 — Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 — Unobservable inputs in which there is little or no market data.

8. Investments and Assets Whose Use is Limited (Continued)

The following fair value hierarchy tables present information about the Medical Center's assets and liabilities measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations.

	Level 1	Level 2	Level 3	Total
2014				
Cash and cash equivalents	$ 6,904,821	$ –	$ –	$ 6,904,821
U.S. federated treasury obligations	6,080,585	–	–	6,080,585
Marketable equity securities	31,492,795	–	–	31,492,795
Fixed income securities	40,665,955	–	–	40,665,955
Private investment funds	–	42,729,029	10,101,115	52,830,144
Total assets at fair value	$85,144,156	$42,729,029	$10,101,115	$137,974,300
2013				
Cash and cash equivalents	$ 5,759,649	$ –	$ –	$ 5,759,649
U.S. federated treasury obligations	4,979,061	–	–	4,979,061
Marketable equity securities	21,741,518	–	–	21,741,518
Fixed income securities	10,744,033	–	–	10,744,033
Private investment funds	–	42,168,226	12,126,858	54,295,084
Total assets at fair value	$43,224,261	$42,168,226	$12,126,858	$ 97,519,345
Interest rate swap	$ –	$ –	$ 2,463,466	$ 2,463,466

The following tables present the assets and liabilities carried at fair value as of June 30, 2014 and 2013 that are classified within Level 3 of the fair value hierarchy The tables reflect gains and losses for the year. Additionally, both observable and unobservable inputs may be used to determine the fair value of positions that the Medical Center has classified within the Level 3 category. As a result, the unrealized gains and losses for assets and liabilities within Level 3 may include changes in fair value that were attributable to both observable and unobservable inputs.

	Private Investment Funds	Interest Rate Swap
Balance at June 30, 2012	$10,719,307	$(3,751,816)
Unrealized gains	1,407,551	1,288,350
Balance at June 30, 2013	$12,126,858	$(2,463,466)
Balance at June 30, 2013	$12,126,858	$(2,463,466)
Realized gains	724,352	–
Sales	(3,019,817)	–
Swap termination	–	2,327,000
Unrealized gains	269,722	136,466
Balance at June 30, 2014	$10,101,115	$ –

8. Investments and Assets Whose Use is Limited (Continued)

There were no significant transfers between Levels 1, 2 or 3 for the year ended June 30, 2014.

In 2009, new guidance related to the Fair Value Measurement standard was issued for estimating the fair value of investments in investment companies (limited partnerships) that have a calculated value of their capital account or net asset value (NAV) in accordance with or in a manner consistent with U.S. GAAP. The Medical Center is permitted under U.S. GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the Medical Center expects to sell the investment at a value other than NAV, or if the NAV is not calculated in accordance with U.S. GAAP. The Medical Center's investments in private investment funds are recorded at fair valued based on the most current NAV.

The Medical Center performs additional procedures, including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided, to ensure conformity with U.S. GAAP. The Medical Center has assessed factors including, but not limited to, managers' compliance with the Fair Value Measurement standard, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The guidance also requires additional disclosures to enable users of the financial statements to understand the nature and risk of the Medical Center's investments Furthermore, investments which can be redeemed at NAV by the Medical Center on the measurement date or in the near term are classified as Level 2. Investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3. In accordance with this guidance, the table below sets forth additional disclosures for investment funds valued based on net asset value to further understand the nature and risk of the investments by category as of June 30, 2014.

Category	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Private investment funds – Level 2	$42,729,029	$ –	Daily/monthly	2-30 day notice
Private investment funds – Level 3	10,101,115	–	Quarterly/ annually	1-2 year lockup with 60-95 day notice

Investment Strategies

U.S. Federated Treasury Obligations and Fixed Income Securities

The primary purpose of these investments is to provide a highly predictable and dependable source of income, preserve capital, reduce the volatility of the total portfolio, and hedge against the risk of deflation or protracted economic contraction.

8. Investments and Assets Whose Use is Limited (Continued)

Marketable Equity Securities

The primary purpose of equity investments is to provide appreciation of principal and growth of income with the recognition that this requires the assumption of greater market volatility and risk of loss. The total equity portion of the portfolio will be broadly diversified according to economic sector, industry, number of holdings and other characteristics, including style and capitalization. The Medical Center may employ multiple equity investment managers, each of whom may have distinct investment styles. Accordingly, while each manager's portfolio may not be fully diversified, it is expected that the combined equity portfolio will be broadly diversified.

Private Investment Funds

The primary purpose of private investment funds is to provide further portfolio diversification and to reduce overall portfolio volatility by investing in strategies that are less correlated with traditional equity and fixed income investments. Private investment funds may provide access to strategies otherwise not accessible through traditional equities and fixed income such as derivative instruments, real estate, distressed debt and private equity and debt.

Fair Value of Other Financial Instruments

Other financial instruments consist of accounts receivable, accounts payable and accrued expenses, amounts payable to third-party payors and long-term debt. The fair value of all financial instruments other than long-term debt approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value. See Note 5 for disclosure of the fair value of long-term debt.

9. Retirement Benefits

A reconciliation of the changes in the Catholic Medical Center Pension Plan and the Medical Center's Supplemental Executive Retirement Plan projected benefit obligations and the fair value of assets for the years ended June 30, 2014 and 2013, and a statement of funded status of the plans as of June 30 for both years follows:

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2014	2013	2014	2013
Changes in benefit obligations:				
Projected benefit obligations at beginning of year	$ (201,367,482)	$(206,954,442)	$ (5,136,340)	$ (5,518,307)
Service cost	(625,000)	(425,000)	–	–
Interest cost	(9,576,309)	(9,191,398)	(197,511)	(191,289)
Benefits paid	4,551,682	4,049,093	489,771	493,738
Actuarial (loss) gain	(15,480,194)	10,544,845	(274,190)	79,518
Expenses paid	654,743	609,420	–	–
Projected benefit obligations at end of year	(221,842,560)	(201,367,482)	(5,118,270)	(5,136,340)

9. Retirement Benefits (Continued)

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2014	2013	2014	2013
Changes in plan assets:				
Fair value of plan assets at beginning of year	$ 143,507,222	$ 123,009,403	$ –	$ –
Actual return on plan assets	24,687,908	15,156,332	–	–
Employer contributions	10,000,000	10,000,000	489,771	493,738
Benefits paid	(4,551,682)	(4,049,093)	(489,771)	(493,738)
Expenses paid	(654,743)	(609,420)	–	–
Fair value of plan assets at end of year	172,988,705	143,507,222	–	–
Funded status of plan at June 30	$ (48,853,855)	$ (57,860,260)	$ (5,118,270)	$ (5,136,340)
Amounts recognized in the consolidated balance sheets consist of:				
Current liability	$ –	$ –	$ (446,695)	$ (476,623)
Noncurrent liability	(48,853,855)	(57,860,260)	(4,671,575)	(4,659,717)
Net amount recognized	$ (48,853,855)	$ (57,860,260)	$ (5,118,270)	$ (5,136,340)

The net loss for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is $1,926,177

The current portion of accrued pension costs included in the above amounts for the Medical Center amounted to $446,695 and $476,623 at June 30, 2014 and 2013, respectively, and has been included in accounts payable and accrued expenses.

The amounts recognized in unrestricted net assets for the years ended June 30, 2014 and 2013 consist of:

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2014	2013	2014	2013
Amounts recognized in the consolidated balance sheets – total plan:				
Unrestricted net assets:				
Net loss	$(66,012,550)	$(65,854,393)	$ (2,538,078)	$ (2,392,006)
Net amount recognized	$(66,012,550)	$(65,854,393)	$ (2,538,078)	$ (2,392,006)

9. Retirement Benefits (Continued)

Net periodic pension cost includes the following components for the years ended June 30, 2014 and 2013:

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2014	2013	2014	2013
Service cost	$ 625,000	$ 425,000	$ –	$ –
Interest cost	9,576,309	9,191,398	197,511	191,289
Expected return on plan assets	(10,872,113)	(10,083,371)	–	–
Amortization of actuarial loss	1,506,242	1,750,242	128,118	132,603
Net periodic pension cost	$ 835,438	$ 1,283,269	$325,629	$323,892

Other changes in plan assets and benefit obligations recognized in unrestricted net assets for the years ended June 30, 2014 and 2013 consist of:

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2014	2013	2014	2013
Net loss (gain)	$ 1,664,398	$(15,617,806)	$ 274,190	$ (79,518)
Amortization of actuarial loss	(1,506,242)	(1,750,242)	(128,118)	(132,603)
Net amount recognized	$ 158,156	$(17,368,048)	$ 146,072	$(212,121)

The investments of the plans are comprised of the following at June 30:

	Target Allocation Fiscal Year Ending June 30, 2014	Catholic Medical Center Pension Plan	
		2014	2013
Marketable equity securities	70 0%	71.4%	62.5%
Fixed income securities	20.0	17.1	27.8
Other	10.0	11.5	9.7
	100.0%	100.0%	100 0%

The assumption for the long-term rate of return on plan assets has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

9. Retirement Benefits (Continued)

The weighted-average assumptions used to determine the defined benefit pension plan obligations at June 30 are as follows.

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2014	2013	2014	2013
Discount rate	4.37%	4.82%	3.53%	3.96%
Rate of compensation increase	N/A	4 00	N/A	N/A

The weighted-average assumptions used to determine the defined benefit pension plan's net periodic benefit costs for the years ended June 30 are as follows:

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2014	2013	2014	2013
Discount rate	4.82%	4.46%	3.96%	3.57%
Rate of compensation increase	N/A	4.00	N/A	N/A
Expected long-term return on plan assets	7.50	7.50	N/A	N/A

The expected employer contributions for the fiscal year ending June 30, 2015 are not expected to be significant.

The benefits, which reflect expected future service, as appropriate, expected to be paid for the years ending June 30 are:

	Catholic Medical Center Pension Plan	Pre-1987 Supplemental Executive Retirement Plan
2015	$ 5,820,272	$ 444,612
2016	6,417,712	433,859
2017	7,102,486	422,265
2018	7,871,031	409,779
2019 - 2022	50,962,473	1,831,651

The Medical Center contributed $10,000,000 and $489,771 to the Catholic Medical Center Pension Plan and the Pre-1987 Supplemental Executive Retirement Plan, respectively, for the year ended June 30, 2014. The Medical Center plans to make any necessary contributions during the upcoming fiscal 2015 year to ensure the plans continue to be adequately funded given the current market conditions.

9. Retirement Benefits (Continued)

The following fair value hierarchy tables present information about the financial assets of the above plans measured at fair value on a recurring basis based upon the lowest level of significant input valuation as of June 30, 2014 and 2013:

	Level 1	Level 2	Level 3	Total
2014				
Cash and cash equivalents	$ 5,917,865	$ –	$ –	$ 5,917,865
Marketable equity securities	41,852,880	–	–	41,852,880
Fixed income securities	27,930,067	–	–	27,930,067
Private investment funds	–	84,715,189	12,572,704	97,287,893
Total assets at fair value	$75,700,812	$84,715,189	$12,572,704	$172,988,705
2013				
Cash and cash equivalents	$ 5,335,517	$ –	$ –	$ 5,335,517
Marketable equity securities	29,604,402	–	–	29,604,402
Fixed income securities	17,868,480			17,868,480
Private investment funds	–	79,244,125	11,454,698	90,698,823
Total assets at fair value	$52,808,399	$79,244,125	$11,454,698	$143,507,222

The following table presents the assets carried at fair values at June 30, 2014 and 2013 that are classified at Level 3 of the fair value hierarchy. The table reflects gains and losses for the year, including gains and losses on assets that were transferred to Level 3 as of June 30, 2014 and 2013. Additionally, both observable and unobservable inputs may be used to determine the fair value of positions that the Medical Center has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within Level 3 may include changes in fair value that were attributable to both observable and unobservable inputs

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3) Private Investment Funds	
	2014	2013
Balance, beginning of year	$11,454,698	$10,099,408
Realized gains	720	–
Unrealized gains	1,136,859	1,355,290
Sales	(19,573)	–
Balance, end of year	$12,572,704	$11,454,698

10. Related Party Transactions

During 2014 and 2013, the Medical Center made and received transfers of net assets (to) from affiliated organizations as follows:

	2014	2013
Alliance Health Services	$ (3,550,000)	$ (3,850,000)
Physician Practice Associates	(8,596,500)	(10,450,500)
Alliance Ambulatory Service	2,485,000	2,575,000
Alliance Resources	(1,419,116)	–
NH Medical Laboratory	(42,000)	(115,000)
	$ (11,122,616)	$ (11,840,500)

The Medical Center enters into various other transactions with the aforementioned related organizations as well as certain other related organizations. The net effect of these transactions was an amount due to affiliates of $1,310,312 and $2,389,005 at June 30, 2014 and 2013, respectively. See Note 7 for related party leasing activity.

11. Functional Expenses

The Medical Center provides general health care services to residents within its geographic location including inpatient, outpatient and emergency care Expenses related to providing these services are as follows at June 30:

	2014	2013
Health care services	$239,319,402	$ 222,183,671
General and administrative	47,917,794	43,749,300
	$287,237,196	$ 265,932,971

12. Concentration of Credit Risk

The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows at June 30.

	2014	2013
Medicare	40%	40%
Medicaid	15	8
Commercial insurance and other	17	19
Patients (self pay)	14	19
Anthem Blue Cross	14	14
	100%	100%

13. Endowments

In July 2008, the State of New Hampshire enacted a version of UPMIFA (the Act). The new law, which had an effective date of July 1, 2008, eliminates the historical dollar threshold and establishes prudent spending guidelines that consider both the duration and preservation of the fund. As a result of this enactment, subject to the donor's intent as expressed in a gift agreement or similar document, a New Hampshire charitable organization may now spend the principal and income of an endowment fund, even from an underwater fund, after considering the factors listed in the Act.

At June 30, 2014 and 2013, the endowment net asset composition by type of fund consisted of the following:

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
2014				
Donor-restricted funds	$ –	$528,802	$8,161,758	$ 8,690,560
Board-designated funds	82,783,276	–	–	82,783,276
Total funds	$82,783,276	$528,802	$8,161,758	$91,473,836
2013				
Donor-restricted funds	$ –	$191,861	$7,281,983	$ 7,473,844
Board-designated funds	71,343,055	–	–	71,343,055
Total funds	$71,343,055	$191,861	$7,281,983	$78,816,899

Changes in endowment net assets consisted of the following for the fiscal years ended June 30:

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Balance at June 30, 2012	$64,054,092	$ 353,996	$6,693,072	$71,101,160
Investment return:				
Investment income	767,221	1,407	279	768,907
Net appreciation (realized and unrealized)	5,764,154	–	588,632	6,352,786
Total investment gain	6,531,375	1,407	588,911	7,121,693
Contributions	754,088	72,536	–	826,624
Appropriation for operations	–	(232,578)	–	(232,578)
Appropriation for capital	3,500	(3,500)	–	–
Balance at June 30, 2013	71,343,055	191,861	7,281,983	78,816,899

13. Endowments (Continued)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Balance at June 30, 2013	$71,343,055	$ 191,861	$7,281,983	$78,816,899
Investment return:				
Investment income	595,595	1,083	3,346	600,024
Net appreciation (realized and unrealized)	10,702,101	–	876,429	11,578,530
Total investment gain	11,297,696	1,083	879,775	12,178,554
Contributions	–	500,599	–	500,599
Appropriation for operations	–	(22,216)	–	(22,216)
Appropriation for capital	142,525	(142,525)	–	–
Balance at June 30, 2014	$82,783,276	$ 528,802	$8,161,758	$91,473,836

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Medical Center to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2014 and 2013.

14. Commitments and Contingencies

Litigation

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

Regulatory

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

INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Catholic Medical Center and Subsidiary

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as of and for the year ended June 30, 2014 as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information as of and for the year ended June 30, 2014 has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information as of and for the year ended June 30, 2014 is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The accompanying consolidating information as of and for the year ended June 30, 2013 was audited by other auditors whose report, dated October 30, 2013, expressed an unmodified opinion on such information in relation to the consolidated financial statements as a whole.

Baker Newman & Noyes

Manchester, New Hampshire
September 24, 2014

Limited Liability Company

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATING BALANCE SHEETS

June 30, 2014 and 2013

ASSETS

	2014				2013			
	Catholic Medical Center	CMC Associates	Elimi-nations	Consol-idated	Catholic Medical Center	CMC Associates	Elimi-nations	Consol-idated
Current assets								
Cash and cash equivalents	$ 49,416,923	$ 85,521	$ –	$ 49,502,444	$ 79,440,778	$ 188,313	$ –	$ 79,629,091
Short-term investments	26,173,541	–	–	26,173,541	1,035,035	–	–	1,035,035
Accounts receivable from patients, net	29,270,115	–	–	29,270,115	26,183,203	–	–	26,183,203
Inventories	1,977,405	33,006	–	2,010,411	1,867,994	38,951	–	1,906,945
Amounts due from affiliates	–	1,060	–	1,060	–	1,121	–	1,121
Other current assets	4,071,472	(12,000)	–	4,059,472	3,412,225	–	–	3,412,225
Total current assets	110,909,456	107,587	–	111,017,043	111,939,235	228,385	–	112,167,620
Property, plant and equipment, net	72,959,704	17,688	–	72,977,392	72,344,096	21,574	–	72,365,670
Other assets:								
Notes receivable, net	72,648	–	–	72,648	147,577	–	–	147,577
Unamortized debt issuance costs	810,003	–	–	810,003	892,253	–	–	892,253
Intangible assets and other	8,024,989	–	–	8,024,989	7,390,524	–	–	7,390,524
	8,907,640	–	–	8,907,640	8,430,354	–	–	8,430,354
Assets whose use is limited:								
Pension and insurance obligations	14,246,337	–	–	14,246,337	12,688,351	–	–	12,688,351
Board designated and donor restricted investments	91,473,836	–	–	91,473,836	78,816,899	–	–	78,816,899
Held by trustee under revenue bond agreements	6,080,586	–	–	6,080,586	4,979,061	–	–	4,979,061
	111,800,759	–	–	111,800,759	96,484,311	–	–	96,484,311
Total assets	$ 304,577,559	$ 125,275	$ –	$ 304,702,834	$ 289,197,996	$ 249,959	$ –	$ 289,447,955

LIABILITIES AND NET ASSETS

	2014				2013			
	Catholic Medical Center	CMC Associates	Elimi-nations	Consol-idated	Catholic Medical Center	CMC Associates	Elimi-nations	Consol-idated
Current liabilities:								
Accounts payable and accrued expenses	$ 15,136,741	$ 8,424	$ –	$ 15,145,165	$ 15,292,408	$ 26,219	$ –	$ 15,318,627
Accrued salaries, wages and related accounts	14,188,183	–	–	14,188,183	12,623,741	–	–	12,623,741
Amounts payable to third-party payors	10,125,881	–	–	10,125,881	11,345,115	–	–	11,345,115
Amounts due to affiliates	1,319,399	(8,027)	–	1,311,372	2,403,436	(13,310)	–	2,390,126
Current portion of long-term debt	3,351,633	–	–	3,351,633	2,076,787	–	–	2,076,787
Total current liabilities	44,121,837	397	–	44,122,234	43,741,487	12,909	–	43,754,396
Accrued pension and other liabilities, less current portion	68,664,176	–	–	68,664,176	77,542,026	–	–	77,542,026
Long-term debt, less current portion	66,269,681	–	–	66,269,681	69,554,170	–	–	69,554,170
Total liabilities	179,055,694	397	–	179,056,091	190,837,683	12,909	–	190,850,592
Net assets:								
Unrestricted	116,831,305	124,878	–	116,956,183	90,886,469	237,050	–	91,123,519
Temporarily restricted	528,802	–	–	528,802	191,861	–	–	191,861
Permanently restricted	8,161,758	–	–	8,161,758	7,281,983	–	–	7,281,983
Total net assets	125,521,865	124,878	–	125,646,743	98,360,313	237,050	–	98,597,363
Total liabilities and net assets	$ 304,577,559	$ 125,275	$ –	$ 304,702,834	$ 289,197,996	$ 249,959	$ –	$ 289,447,955

CATHOLIC MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF OPERATIONS

Years Ended June 30, 2014 and 2013

	2014				2013			
	Catholic Medical Center	CMC Associates	Eliminations	Consolidated	Catholic Medical Center	CMC Associates	Eliminations	Consolidated
Net patient service revenues, net of contractual allowances and discounts	$ 323,608,207	$ –	$ –	$ 323,608,207	$ 312,030,757	$ –	$ –	$ 312,030,757
Provision for doubtful accounts	(23,778,708)	–	–	(23,778,708)	(26,957,932)	–	–	(26,957,932)
Net patient service revenues less provision for doubtful accounts	299,829,499	–	–	299,829,499	285,072,825	–	–	285,072,825
Other revenue	8,792,681	410,146	–	9,202,827	6,989,231	350,694	–	7,339,925
Disproportionate share funding	3,136,409	–	–	3,136,409	–	–	–	–
Total revenues	311,758,589	410,146	–	312,168,735	292,062,056	350,694	–	292,412,750
Expenses								
Salaries, wages and fringe benefits	150,954,701	85,829	–	151,040,530	140,389,779	86,014	–	140,475,793
Supplies and other	108,279,870	432,630	–	108,712,500	101,662,505	256,741	–	101,919,246
New Hampshire Medicaid enhancement tax	13,865,109	–	–	13,865,109	9,759,737	–	–	9,759,737
Depreciation and amortization	10,308,347	3,881	–	10,312,228	10,650,179	5,564	–	10,655,743
Interest	3,306,829	–	–	3,306,829	3,122,464	–	–	3,122,464
Total expenses	286,714,856	522,340	–	287,237,196	265,584,664	348,319	–	265,932,983
Income (loss) from operations	25,043,733	(112,194)	–	24,931,539	26,477,392	2,375	–	26,479,767
Nonoperating gains (losses)								
Investment income	1,477,040	22	–	1,477,062	2,553,702	54	–	2,553,756
Net realized gains on sale of investments	5,242,633	–	–	5,242,633	1,052,954	–	–	1,052,954
(Loss) gain on sale of property and equipment	(43,175)	–	–	(43,175)	7,150	–	–	7,150
Loss on extinguishment of debt	–	–	–	–	(713,452)	–	–	(713,452)
Total nonoperating gains, net	6,676,498	22	–	6,676,520	2,900,354	54	–	2,900,408
Excess (deficiency) of revenues and gains over expenses	31,720,231	(112,172)	–	31,608,059	29,377,746	2,429	–	29,380,175
Unrealized appreciation on investments	6,901,638	–	–	6,901,638	6,018,132	–	–	6,018,132
Assets released from restriction used for capital	142,525	–	–	142,525	3,500	–	–	3,500
Pension-related changes other than net periodic pension cost	(1,696,942)	–	–	(1,696,942)	13,754,116	–	–	13,754,116
Net assets transferred to affiliates	(11,122,616)	–	–	(11,122,616)	(11,840,500)	–	–	(11,840,500)
Increase (decrease) in unrestricted net assets	25,944,836	(112,172)	–	25,832,664	37,312,994	2,429	–	37,315,423
Unrestricted net assets at beginning of year	90,886,469	237,050	–	91,123,519	53,573,475	234,621	–	53,808,096
Unrestricted net assets at end of year	$ 116,831,305	$ 124,878	$ –	$ 116,956,183	$ 90,886,469	$ 237,050	$ –	$ 91,123,519