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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 10-01-2013 , 2013, and ending 09-30-2014

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

C Name of organization
NORTHEAST HOSPITAL CORPORATION

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
85 HERRICK STREET

City or town, state or province, country, and ZIP or foreign postal code
BEVERLY, MA 01915

D Employer identification number
04-2121317

E Telephone number
(978) 922-3000

G Gross receipts $ 354,807,052

F Name and address of principal officer
HOWARD R GRANT JD MD
41 MALL ROAD
BURLINGTON, MA 01805

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

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ WWW BEVERLYHOSPITAL ORG

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

L Year of formation 1893

M State of legal domicile MA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
COMMITTED TO PROVIDING THE HIGHEST QUALITY MEDICAL CARE TO ALL INDIVIDUALS WHO CAN BENEFIT FROM OUR CONTINUUM OF CARE OUR CONCEPT OF CARE BROADLY EMBRACES HEALTH, WELL-BEING AND DIGNITY OF THE PATIENTS WE SERVE, REGARDLESS OF ABILITY TO PAY

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**	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	2,892
6	Total number of volunteers (estimate if necessary)	**6**	350
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	3,512,295
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-345,817

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	2,213,520	3,991,042
	9 Program service revenue (Part VIII, line 2g)	308,436,194	323,677,887
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,803,738	3,404,220
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	19,254,658	8,978,038
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	332,708,110	340,051,187
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	51,030	56,450
	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)	176,532,853	182,925,811
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 700,069		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	136,370,167	135,029,740
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	312,954,050	318,012,001
	19 Revenue less expenses Subtract line 18 from line 12	19,754,060	22,039,186

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	374,551,702	407,659,416
	21 Total liabilities (Part X, line 26)	185,647,595	199,128,218
	22 Net assets or fund balances Subtract line 21 from line 20	188,904,107	208,531,198

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

****** | 2015-08-14
Signature of officer | Date

HOWARD R GRANT JD MD PRESIDENT/CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
JEFFREY T ROGERS				P01074284

Firm's name ▶ FEELEY & DRISCOLL PC | Firm's EIN ▶ 04-2684828

Firm's address ▶ 200 PORTLAND STREET
BOSTON, MA 02114 | Phone no (617) 742-7788

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

PROVIDING THE HIGHEST QUALITY MEDICAL CARE TO ALL INDIVIDUALS WHO CAN BENEFIT FROM OUR CONTINUUM OF CARE OUR CONCEPT OF CARE BROADLY EMBRACES HEALTH, WELL-BEING AND DIGNITY OF THE PATIENTS WE SERVE, REGARDLESS OF ABILITY TO PAY

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 $ 121,297,085 including grants of $ 56,450) (Revenue $ 174,261,927)

INPATIENT SERVICES - NORTHEAST HOSPITAL CORPORATION (THE HOSPITAL) IS A NON-PROFIT COMMUNITY HOSPITAL PROVIDING HIGH QUALITY CARE TO THE SICK AND INJURED, REGARDLESS OF THE ABILITY TO PAY INPATIENT CARE IS AVAILABLE IN THE AREAS OF CRITICAL CARE, GENERAL MEDICINE, SURGERY, MATERNITY/OBSTETRICS, NEWBORN SPECIAL CARE, PEDIATRICS AND PHYSCHIATRY IN FY2014, THE HOSPITAL HAS APPROXIMATELY 28,000 INPATIENT ADMISSIONS THE HOSPITAL HAS FOUR LOCATIONS, BEVERLY HOSPITAL, ADDISON GILBERT HOSPITAL, LAHEY OUTPATIENT CENTER AT DANVERS AND BAYRIDGE HOSPITAL

4b (Code) (Expenses $ 105,308,800 including grants of $) (Revenue $ 127,517,790)

OUTPATIENT SERVICES - THE HOSPITAL PROVIDES A COMPREHENSIVE RANGE OF OUTPATIENT SERVICES, PROVIDING HIGH QUALITY OF CARE TO THE SICK AND INJURED, REGARDLESS OF THE ABILITY TO PAY, INCLUDING (BUT NOT LIMITED TO) CARDIOLOGY, ONCOLOGY, RADIOLOGY, GERIATRICS, WOMEN'S HEALTH, REHABILITATION, ENDOSCOPY, MAMOGRAPHY, AND CARDIOPULMONARY SERVICES IN FY2014 THE HOSPITAL HAD APPROXIMATELY 395,000 OUTPATIENT ENCOUNTERS

4c (Code) (Expenses $ 19,803,046 including grants of $) (Revenue $ 24,581,713)

EMERGENCY ROOM - THE HOSPITAL (BEVERLY AND ADDISON) HAS A 24 HOUR EMERGENCY ROOM, PROVIDING HIGH QUALITY CARE TO THE SICK AND INJURED, REGARDLESS OF THE ABILITY TO PAY IN FY2014, THE HOSPITAL HAD APPROXIMATELY 63,000 EMERGENCY ROOM VISITS THE EMERGENCY ROOM HAS BOARD CERTIFIED EMERGENCY MEDICINE PHYSICIANS AND SPECIALTY TRAINED EMERGENCY NURSES PATIENTS SEEKING CARE AT THE HOSPITAL HAVE ACCESS TO ADVANCED LIFE SUPPORT, INTENSIVE CARE CAPABILITIES, AND SPECIALLY TRAINED DOCTORS IN PEDIATRICS, CARDIOLOGY, AND ANESTHESIA

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses ▶** 246,408,931

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8	Yes	
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b	Yes	
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**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
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	279		
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	2,892		
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	Yes	
b	If "Yes," enter the name of the foreign country ▶ BD , CJ , VI 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	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	Yes	
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**	16		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	15		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			**2** Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .			**3**	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			**4**	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .			**5**	No
6	Did the organization have members or stockholders?			**6** Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			**7a** 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**	Yes	
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**	Yes	

Section C. Disclosure

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

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

▶ TIMOTHY O'CONNOR 41 MALL ROAD
BURLINGTON, MA 01805 (978) 922-3000

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

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			

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)** . . . . . ▶								5,097,379	3,295,664	882,039

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 ▶ 262

			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
NORTHEAST EMERGENCY ASSOC PC 1342 BELMONT STREET SUITE 205 BROCKTON MA 02301	PHYSICIAN SERVICES	8,314,507
IPC HOSPITALISTS OF NEW ENGLAND PC 819 WORCESTER STREET SUITE 3 SPRINGFIELD MA 01151	HOSPITALIST SERVICES	1,090,999
LAHEY CLINIC INC 41 MALL ROAD BURLINGTON MA 01805	PHYSICIAN SERVICES	946,491
ESSEX COUNTY OBGYN 83 HERRICK STREET SUITE 2004 BEVERLY MA 01915	OB HOSPITALIST SERVICES	739,670
MEDICAL INTERPRETERS OF THE NORTH SHORE PO BOX 8092 LYNN MA 01904	INTERPRETER SERVICES	593,298

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 ▶ 21

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c	108,750			
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e	968,898			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,913,394			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		3,991,042			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE RE	624100	323,677,887	323,677,887		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		323,677,887			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		120,821			120,821
	4	Income from investment of tax-exempt bond proceeds . . ▶		1,357,437			1,357,437
	5	Royalties . . . . . ▶					
			(i) Real / (ii) Personal				
	6a	Gross rents	3,269,899 /				
	b	Less rental expenses	497,467 /				
	c	Rental income or (loss)	2,772,432 /				
	d	Net rental income or (loss) . . . . . ▶		2,772,432			2,772,432
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	15,905,908 / 230,000				
	b	Less cost or other basis and sales expenses	13,852,946 / 357,000				
	c	Gain or (loss)	2,052,962 / -127,000				
	d	Net gain or (loss) . . . . . ▶		1,925,962			1,925,962
Other Revenue	8a	Gross income from fundraising events (not including $ 108,750 of contributions reported on line 1c) See Part IV, line 18 . . a	52,800				
	b	Less direct expenses . . . b	48,452				
	c	Net income or (loss) from fundraising events . . ▶		4,348			4,348
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a	LABORATORY REVENUE	621500	3,409,415		3,409,415	
	b	OTHER OPERATING REVENU	621400	1,899,226	1,899,226		
	c	NON-OPERATING REVENUES	624100	892,617	784,317	102,880	5,420
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		6,201,258			
	12	**Total revenue.** See Instructions . . . . . ▶		340,051,187	326,361,430	3,512,295	6,186,420

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	50,000	50,000		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	6,450	6,450		
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	4,259,801	852,045	3,407,756	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	243,582		243,582	
7 Other salaries and wages	148,813,620	112,136,248	36,246,522	430,850
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	3,476,881	2,627,111	840,121	9,649
9 Other employee benefits	15,210,759	11,305,552	3,863,907	41,300
10 Payroll taxes	10,921,168	8,059,572	2,832,253	29,343
11 Fees for services (non-employees)				
a Management				
b Legal	1,183,431		1,183,431	
c Accounting	179,610		179,610	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees	172,350		172,350	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	36,872,877	31,665,192	5,018,758	188,927
12 Advertising and promotion	3,999,995		3,999,995	
13 Office expenses	3,805,698	2,816,084	989,614	
14 Information technology	4,058,482	3,003,136	1,055,346	
15 Royalties . .				
16 Occupancy	10,450,612	7,733,090	2,717,522	
17 Travel	377,842	279,590	98,252	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	1,288,386		1,288,386	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	17,372,818	12,855,283	4,517,535	
23 Insurance	3,268,148	2,418,316	849,832	
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 HOSPITAL MEDICAL SUPPLI	44,407,944	44,407,944		
b UNCOMPENSATED CARE POOL	2,375,096	2,375,096		
c				
d				
e All other expenses	5,216,451	3,818,222	1,398,229	
25 **Total functional expenses.** Add lines 1 through 24e	318,012,001	246,408,931	70,903,001	700,069
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			1	
	2	Savings and temporary cash investments		20,273,552	2	42,722,049
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		34,616,563	4	39,068,176
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		5,765,454	8	6,224,410
	9	Prepaid expenses and deferred charges		3,917,922	9	2,204,862
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 297,791,006			
	b	Less accumulated depreciation	10b 165,020,288	138,621,030	10c	132,770,718
	11	Investments—publicly traded securities		143,548,636	11	155,939,241
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		27,808,545	15	28,729,960
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		374,551,702	16	407,659,416
Liabilities	17	Accounts payable and accrued expenses		30,704,710	17	27,038,691
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		91,746,459	20	88,669,122
	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		288,546	23	231,770
	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		62,907,880	25	83,188,635
	26	**Total liabilities.** Add lines 17 through 25		185,647,595	26	199,128,218
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		169,179,280	27	186,789,302
	28	Temporarily restricted net assets		9,213,602	28	10,854,228
	29	Permanently restricted net assets		10,511,225	29	10,887,668
		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		188,904,107	33	208,531,198
	34	Total liabilities and net assets/fund balances		374,551,702	34	407,659,416

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	340,051,187
2	Total expenses (must equal Part IX, column (A), line 25)	2	318,012,001
3	Revenue less expenses Subtract line 2 from line 1	3	22,039,186
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	188,904,107
5	Net unrealized gains (losses) on investments	5	8,861,902
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	-11,273,997
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	208,531,198

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		No
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		

Additional Data

Software ID:
Software Version:
EIN: 04-2121317
Name: NORTHEAST HOSPITAL CORPORATION

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			
NANCY PALMER TRUSTEE/CHAIR	2 00 0 00	X		X				0	0	0
DAVID DICHIARA MD TRUSTEE	2 00	X						19,025	0	0
STEVEN DEFOSSEZ TRUSTEE UNTIL 7/1/2014	2 00	X		X				0	0	0
ALEXANDER DUMAS MD TRUSTEE	2 00	X						0	0	0
CHARLES FAVAZZO TRUSTEE	2 00	X						0	0	0
HOWARD R GRANT JD MD TRUSTEE/PRESIDENT	1 00 49 00	X		X				0	1,469,642	273,518
CHRIS GEORGE TRUSTEE	2 00	X						0	0	0
ROBERT IRWIN TRUSTEE	2 00	X						0	0	0
PAUL MCCONNELL TRUSTEE	2 00	X						0	0	0
KURT MELDEN TRUSTEE	2 00	X						0	0	0
PAUL MUNIZ TRUSTEE	2 00	X						0	0	0
HUGH O'FLYNN MD TRUSTEE	2 00	X						0	0	0
JAGRUTI PATEL MD TRUSTEE	2 00	X						0	0	0
DAVID ST LAURENT TRUSTEE UNTIL 7/1/2014	2 00	X		X				0	0	0
HUGH TAYLOR MD TRUSTEE	2 00	X						0	0	0
ROBERT TUFTS MD TRUSTEE/DEP'T CHIEF	40 00 0 00	X		X				159,512	0	0
PAUL LUNDBERG TRUSTEE	2 00 0 00	X						0	0	0
GEORGE BURKE TRUSTEE	2 00 0 00	X						0	0	0
DAVID SPACKMAN JD CLERK	1 00 49 00			X				0	438,488	44,803
MARYELLEN LEAR ASSISTANT CLERK	49 00 1 00			X				90,802	0	11,755
TIMOTHY O'CONNOR TREASURER	1 00 49 00			X				0	726,158	162,517
GARY MARLOW ASSISTANT TREASURER	49 00 1 00			X				337,773	0	29,460
DENIS CONROY CEO	40 00 10 00			X				524,079	0	28,720
PHILIP CORMIER COO	50 00				X			325,745	0	28,281
ERIC BERGER VP SUPPLY CHAIN	50 00				X			164,440	0	35,267

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			
CYNTHIA C DONALDSON VP ANCILLARY SERVICES	50 00				X			210,817	0	22,174
BRUCE METZ CIO	1 00 50 00				X			0	389,344	2,448
GREGORY BIRD VP PATIENT CARE SERVICES	50 00				X			378,471	0	37,810
ELIZABETH CONRAD VP OF HR	1 00 40 00				X			0	272,032	28,833
JOHANNA RODGERS VP PHYSICIAN SERVICES	50 00					X		291,310	0	29,355
PAULINE M PIKE SENIOR VP, BUSINESS DEVELOPMENT	50 00					X		438,927	0	21,894
PETER H SHORT VP, MEDICAL AFFAIRS	50 00					X		388,667	0	28,795
STEVEN A GILLESPIE MD	50 00					X		298,637	0	36,919
BARRY GINSBERG MEDICAL DIRECTOR	50 00					X		293,864	0	38,038
WILLIAM DONALDSON FORMER VP GEN COUNSEL/CLERK	0 00						X	213,327	0	10,836
KENNETH HANOVER FORMER CEO	0 00						X	961,983	0	10,616

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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
NORTHEAST HOSPITAL CORPORATION

Employer identification number
04-2121317

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

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

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
NORTHEAST HOSPITAL CORPORATION

Employer identification number
04-2121317

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 ▶ $ 1,800,000

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	19,724,826	18,280,609	16,419,163	17,765,603	13,090,008
b	Contributions	3,336,901	1,516,024	1,169,967	990,656	4,378,469
c	Net investment earnings, gains, and losses	1,326,719	1,445,254	2,204,342	-839,966	1,545,146
d	Grants or scholarships	123,430	113,205	94,295	87,321	105,855
e	Other expenditures for facilities and programs	2,523,564	1,403,856	1,418,568	1,409,809	1,142,165
f	Administrative expenses					
g	End of year balance	21,741,452	19,724,826	18,280,609	16,419,163	17,765,603

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 50 000 %
- c Temporarily restricted endowment ▶ 50 000 %

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)	Yes	
(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	752,399	4,497,351		5,249,750
b Buildings	5,055,604	184,502,116	90,631,960	98,925,759
c Leasehold improvements		4,119,352	3,246,322	873,030
d Equipment	830,101	98,034,083	71,142,006	27,722,179
e Other				
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				132,770,718

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

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

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

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

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

(a) Description	(b) Book value
(1) DUE FROM AFFILIATES (SHORT TERM)	14,946,045
(2) PROFESSIONAL INSURANCE RECEIVABLE	5,184,849
(3) UNAMORTIZED FINANCING COSTS	2,848,655
(4) OTHER ASSETS	1,414,002
(5) DUE FROM AFFILIATES (LONG TERM)	1,743,063
(6) DEPOSIT INSURANCE RECEIVABLE	793,346
(7) ARTWORK	1,800,000
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	28,729,960

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 LIABILITY	28,600,883
SERIES G,H,I LIABILITY SWAPS	11,460,588
TAXABLE BOND - SERIES I	9,500,000
ESTIMATED 3RD PARTY SETTLEMENT	10,484,658
PROFESSIONAL LIABILITY RESERVE	7,548,195
DUE TO AFFILIATES	12,880,318
POST RETIREMENT MEDICAL BENEFITS	1,514,002
ASSET RETIREMENT OBLIGATION	1,094,855
BOND INTEREST PAYABLE	105,136
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	83,188,635

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

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

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

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

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

Part XIII Supplemental Information

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

Return Reference	Explanation
PART III, LINE 4	COLLECTIONS AND RELATION TO EXEMPT PURPOSE THE ARTWORK, "OLD FORT AND TEN POUND ISLAND" BY FITZ HUGH LANE, C 1850 IS BY A LOCAL ARTIST, WHICH SERVES TO STRENGHTEN THE LINK WITH COMMUNITY RESIDENTS WHO UTILIZE THE HOSPITAL
PART V, LINE 4	ENDOWMENT FUNDS ARE USED AS EARMARKED BY DONORS TO COVER COSTS OF ONGOING PROGRAMS OF THE HOSPITAL

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 04-2121317
Name: NORTHEAST HOSPITAL CORPORATION

Form 990, Schedule D, Part X, - Other Liabilities

1 (a) Description of Liability	(b) Book Value
ACCRUED PENSION LIABILITY	28,600,883
SERIES G,H,I LIABILITY SWAPS	11,460,588
TAXABLE BOND - SERIES I	9,500,000
ESTIMATED 3RD PARTY SETTLEMENT	10,484,658
PROFESSIONAL LIABILITY RESERVE	7,548,195
DUE TO AFFILIATES	12,880,318
POST RETIREMENT MEDICAL BENEFITS	1,514,002
ASSET RETIREMENT OBLIGATION	1,094,855
BOND INTEREST PAYABLE	105,136

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.

▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
NORTHEAST HOSPITAL CORPORATION

Employer identification number
04-2121317

Part I **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

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

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) CARIBBEAN/BERMUDA			INVESTMENTS	INVESTMENT MANAGEMENT	16,501,000
(2)					
(3)					
(4)					
(5)					
3a Sub-total	0	0			16,501,000
b Total from continuation sheets to Part I	0	0			0
c **Totals** (add lines 3a and 3b)	0	0			16,501,000

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Part II can be duplicated if additional space is needed.

1 **(a)** Name of organization	**(b)** IRS code section and EIN (if applicable)	**(c)** Region	**(d)** Purpose of grant	**(e)** Amount of cash grant	**(f)** Manner of cash disbursement	**(g)** Amount of non-cash assistance	**(h)** Description of non-cash assistance	**(i)** Method of valuation (book, FMV, appraisal, other)
(1)								
(2)								
(3)								
(4)								

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . ▶ _____

3 Enter total number of other organizations or entities . . . . . ▶

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*	☑ Yes	☐ No
2	Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*	☐ Yes	☑ No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*	☐ Yes	☑ No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*	☐ Yes	☑ No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*	☑ Yes	☐ No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*	☐ Yes	☑ No

Part V **Supplemental Information**

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

990 Schedule F, Supplemental Information

Return Reference	Explanation
PART I, LINE 3 - ACTIVITIES PER REGION	REGION CARIBBEAN/BERMUDA EXPENDITURES $0 INVESTMENTS $16,501,000

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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
NORTHEAST HOSPITAL CORPORATION

Employer identification number
04-2121317

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 GOLF TOURNAMENT (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	161,550			161,550
	2 Less Contributions	108,750			108,750
	3 Gross income (line 1 minus line 2)	52,800			52,800
Direct Expenses	4 Cash prizes				
	5 Noncash prizes	4,050			4,050
	6 Rent/facility costs	20,458			20,458
	7 Food and beverages	19,579			19,579
	8 Entertainment				
	9 Other direct expenses	4,365			4,365
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(48,452)
	11 Net income summary Subtract line 10 from line 3, column (d) ▶				4,348

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493226007325

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
NORTHEAST HOSPITAL CORPORATION

Employer identification number
04-2121317

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 40000 0000000000 %	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		No
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		1,484	5,256,148	1,817,416	3,438,732	1 080 %
b Medicaid (from Worksheet 3, column a)		65,458	48,003,348	42,733,910	5,269,438	1 660 %
c Costs of other means-tested government programs (from Worksheet 3, column b)		11,130	5,598,956	4,989,218	609,738	0 190 %
d **Total** Financial Assistance and Means-Tested Government Programs		78,072	58,858,452	49,540,544	9,317,908	2 930 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	679		2,053,735	10,121	2,043,614	0 640 %
f Health professions education (from Worksheet 5)			181,578	16,630	164,948	0 050 %
g Subsidized health services (from Worksheet 6)		4,578	23,473,965	19,587,790	3,886,175	1 220 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	40		117,524		117,524	0 040 %
j **Total.** Other Benefits	719	4,578	25,826,802	19,614,541	6,212,261	1 950 %
k **Total.** Add lines 7d and 7j	719	82,650	84,685,254	69,155,085	15,530,169	4 880 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development	1		25,000		25,000	0 010 %
3	Community support	5		50,000		50,000	0 020 %
4	Environmental improvements						
5	Leadership development and training for community members	4		1,500		1,500	0 %
6	Coalition building	10		9,250		9,250	0 %
7	Community health improvement advocacy	1		15,000		15,000	0 %
8	Workforce development	1			56,800	-56,800	0 %
9	Other	1		5,000		5,000	0 %
10	**Total**	23		105,750	56,800	48,950	0 030 %

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		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	3,115,858		
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	690,405		
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	105,014,808		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	106,140,625		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-1,125,817		
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		No

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 NORTHEAST HOSPITAL CORPORATION

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 12			
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**		No
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)			
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 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**		No
If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☑ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☐ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
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 3C	THE HOSPITAL DID NOT USE FPG TO DETERMINE ELIGIBILITY FOR PROVIDING DISCOUNTED CARE TO LOW INCOME INDIVIDUALS THERE ARE TWO CIRCUMSTANCES WHERE THE HOSPITAL WILL OFFER DISCOUNTED CARE TO LOW INCOME INDIVIDUALS 1 PATIENTS WHO DO NOT QUALIFY FOR ENROLLMENT IN A MASSACHUSETTS STATE PUBLIC ASSISTANCE PROGRAM, SUCH AS OUT-OF-STATE RESIDENTS, BUT WHO MAY OTHERWISE MEET THE GENERAL FINANCIAL ELIGIBILITY CATEGORIES OF A STATE PUBLIC ASSISTANCE PROGRAM, MAY RECEIVE A DISCOUNTED BILL THE HOSPITAL WILL PROVIDE AN APPROPRIATE DISCOUNT ON THE BILL ONCE THE DETERMINATION IS MADE 2 WHEN A PATIENT REQUESTS A DISCOUNT ON AN UNPAID BILL THE HOSPITAL WILL REVIEW THE PATIENT'S DOCUMENTED FINANCIAL SITUATION AND PAYMENT ACTIVITY THIS REVIEW IS CONSIDERED A SEPARATE FINANCIAL PROGRAM OFFERED BY THE HOSPITAL AND IS APPLIED ON A UNIFORM BASIS TO ALL PATIENTS ANY DISCOUNT THE HOSPITAL PROVIDES IS CONSISTENT WITH FEDERAL AND STATE TAX REQUIREMENTS AND DOES NOT INFLUENCE A PATIENT TO RECEIVE SERVICES FROM THE HOSPITAL

Form and Line Reference	Explanation
PART I, LINE 6A	NORTHEAST HOSPITAL CORPORATION PREPARES THE COMMUNITY BENEFIT REPORT

Form and Line Reference	Explanation
PART I, LINE 7	LINE 7A WAS CALCULATED USING WORKSHEET #1 LINE 7B WAS CALCULATED USING AN INTERNAL COST ACCOUNTING SYSTEM THE INTERNAL COST ACCOUNTING SYSTEM PROVIDES MANAGEMENT FINANCIAL INFORMATION ACROSS ALL PAYERS AND SERVICES OF THE ORGANIZATION A COST TO CHARGE RATION WAS USED TO CALCULATE 7A AND 7B AND WAS DERIVED FROM WORKSHEET #2 LINES 7E, 7F, AND 7I WERE CALCULATED BY TAKING COMMUNITY AND CHARITY CARE PROGRAM REVENUES AND EXPENSES FROM THE GENERAL LEDGER, PLUS RELATED DIRECT AND INDIRECTL COSTS THESE COSTS WERE CALCULATED BY TAKING THE NUMBER OF EMPLOYEE HOURS SPENT ON EACH PROGRAM MULTIPLIED BY A STANDARD RATE, PLUS A FRINGE FACTOR TO CALCULATE BENEFIT COST LINE 7G WAS CALCULATED BY TAKING QUALIFYING SUBSIDIZED HEALTH SERVICES NET REVENUE, LESS RELATED DIRECT AND INDIRECT COSTS (EXCLUDING ANY AMOUNTS RELATED TO BAD DEBT, FINANCIAL ASSISTANCE, MEDICAID AND OTHER MEANS-TESTED GOVERNMENT PROGRAMS) FROM AN INTERNAL FINANCIAL REPORTING SYSTEM, WHICH WE RECONCILE TO THE GENERAL LEDGER

Form and Line Reference	Explanation
PART I, LINE 7G	THE SUBSIDIZED HEALTH SERVICES NET COMMUNITY BENEFIT EXPENSE OF $3,886,175 IS A RESULT OF PROVIDING BEHAVIORAL/MENTAL HEALTH INPATIENT AND OUTPATIENT CARE TO THE COMMUNITY DESPITE A FINANCIAL LOSS TO THE ORGANIZATION MEDICAID AND OTHER MEANS TESTED GOVERNMENT PROGRAM WERE NOT INCLUDED IN THIS EXPENSE

Form and Line Reference	Explanation
PART III, LINE 2	BAD DEBT EXPENSE WAS CALCULATED BY TAKING BAD DEBT WRITE OFFS PER THE GENERAL LEDGER, BRINGING THIS DOWN TO COST, THEN NETTING THIS TOTAL BY ACTUAL BAD DEBT RECOVERIES

Form and Line Reference	Explanation
PART III, LINE 3	BAD DEBT PATIENTS ELIGIBLE FOR CHARITY CARE WAS DETERMINED BY REVIEWING SPECIFIC PATIENT BALANCES THIS AMOUNT CONSISTS OF PATIENTS WITH A BALANCE FROM A PRIOR VISIT (WHO DID NOT QUALIFY FOR FREE CARE AT THAT TIME) WHO LATER CAME TO THE HOSPITAL FOR A VISIT AND NOW QUALIFIES FOR FREE CARE CHARGES RELATED TO THIS PREVIOUS VISIT ARE WRITTEN OFF AS BAD DEBT, SINCE THEY WERE NOT ELIGIBLE FOR FREE CARE AT THAT TIME

Form and Line Reference	Explanation
PART II - COMMUNITY BUILDING ACTIVITIES, LINE 2 - ECONOMIC DEVELOPMENT	BEVERLY MAIN STREET'S DOWNTOWN 2020 INITIATIVEDOWNTOWN 2020 IS BEVERLY'S MAIN STREETS' VISION FOR WHAT DOWNTOWN BEVERLY CAN AND SHOULD BECOME A VIBRANT COMMUNITY THAT CELEBRATES THE ARTS AND CREATIVITY WITH COOL PLACES TO LIVE, WORK, SHOP, PLAY AND EXPERIENCE THE VISION REPRESENTS MORE THAN 1,000 VOICES FROM THE COMMUNITY AND IT CENTERS AROUND 3 GOALS 1 DOWNTOWN BEVERLY WILL BE RECOGNIZED AS A REGIONAL CENTER FOR THE ARTS, CULTURE, CREATIVE INDUSTRY AND INNOVATION2 DOWNTOWN BEVERLY WILL BE THE LOCATION OF CHOICE FOR RETAIL AND CREATIVE BUSINESS THAT APPEAL TO RESIDENTS, STUDENTS AND VISITORS 3 DEVELOPMENT IN DOWNTOWN BEVERLY WILL FOLLOW A CLEAR DIRECTION THAT LEVERAGES THE UNIQUE ASSETS OF EACH CORRIDOR

Form and Line Reference	Explanation
PART II - COMMUNITY BUILDING ACTIVITIES, LINE 3 - COMMUNITY SUPPORT	NAME GREATER BEVERLY YMCAAMOUNT $10,000PURPOSE IMPLEMENT DIABETES PREVENTION PROGRAMNAME BACKYARD GROWERSAMOUNT $10,000PURPOSE IMPLEMENT SCHOOL BASED RAISED BED GARDEN PROGRAM AT ELEMENTARY SCHOOLSNAME ACTION, INC GLOUCESTERAMOUNT $10,000PURPOSE CONNECTION HOMELESS/LOW INCOME INDIVIDUALS WITH BEHAVIORAL HEALTH RESOURCES/SERVICESNAME NORTH SHORE HEALTH PROJECTAMOUNT $4,000PURPOSE EDUCATION/OUTREACH TO HIGH RISK POPULATIONSNAME BEVERLY COUNCIL ON AGINGAMOUNT $6,000PURPOSE IMPLEMENT GRANDPARENTS RAISING CHILDREN SUPPORT GROUPNAME BEVERLY BOOTSTRAPSAMOUNT $10,000PURPOSE MOBILE FOOD MARKETNAME ELIZABETH TORREY JOHNSON SCHOLARSHIPSAMOUNT $6,450

Form and Line Reference	Explanation
PART III, LINE 4	THE HOSPITAL INCLUDES ITS BAD DEBT EXPENSE AS A LINE ITEM "PROVISION FOR BAD DEBTS, NET" IN THE AUDITED STATEMENT OF OPERATIONS THIS AMOUNT REPRESENTS A COMMUNITY BENEFIT BECAUSE SERVICES WERE PROVIDED TO PATIENTS THAT ULTIMATELY QUALIFIED FOR CHARITY CARE PROVISION FOR BAD DEBT FOOTNOTE THESE AMOUNTS REPRESENT COMMUNITY BENEFITS BECAUSE THEY WERE PROVIDED TO PATIENTS THAT ULTIMATELY QUALIFIED FOR CHARITY CARE

Form and Line Reference	Explanation
PART III, LINE 8	THESE COSTS REPRESENT A COMMUNITY BENEFIT BECAUSE THE PAYMENT FROM MEDICARE IS LESS THAN THE COST TO PROVIDE CARE AND THAT SHORTFALL IS ABSORBED BY THE HOSPITAL IN ADDITION, THE HOSPITAL PROVIDES CARE TO A SUBSTANTIAL POPULATION OF MEDICAID PATIENTS AT PAYMENT LEVELS WELL BELOW COST

Form and Line Reference	Explanation
PART III, LINE 9B	THE HOSPITAL'S CREDIT AND COLLECTION POLICIES ARE DEVELOPED TO ENSURE COMPLIANCE WITH APPLICABLE CRITERIA REQUIRED UNDER (1) THE MASSACHUSETTS HEALTH SAFETY NET ELIGIBILITY REGULATION (114 6 CMR 13 00), (2) THE CENTERS FOR MEDICARE AND MEDICAID SERVICES MEDICARE BAD DEBT REQUIREMENTS (42 CFR 413 89), AND (3) THE MEDICARE PROVIDER REIMBURSEMENT MANUAL (PART I, CHAPTER 3) THIS POLICY IS AVAILABLE TO ALL PATIENTS UPON REQUEST FOR ANY PATIENTS WHO ARE UNINSURED OR UNDERINSURED THE HOSPITAL'S FINANCIAL COUNSELORS WILL WORK WITH THESE PATIENTS AND ASSIST THEM WITH FINDING A FINANCIAL ASSISTANCE PROGRAM THAT MAY COVER SOME OR ALL OF UNPAID BILLS ONCE THE HOSPITAL KNOWS PATIENTS QUALIFY FOR CHARITY CARE, ALL COLLECTION PROCEDURES END AND THE FULL BALANCE OR THE AMOUNT THAT QUALIFIES UNDER FREE CARE IS WRITTEN OFF FINANCIAL ASSISTANCE IS INTENDED TO HELP LOW-INCOME PATIENTS WHO DO NOT OTHERWISE HAVE THE ABILITY TO PAY FOR THEIR HEALTH CARE SERVICES FINANCIAL ASSISTANCE PROGRAMS INCLUDE, BUT ARE NOT LIMITED TO MASSHEALTH, COMMONWEALTH CARE, CHILDREN'S MEDICAL SECURITY PLAN, HEALTHY START AND HEALTHY SAFETY NET PATIENTS UNDER THESE PROGRAMS WILL RECEIVE AN INITIAL BILL BUT ARE EXEMPT FROM ANY FURTHER COLLECTION OR BILLING PROCEDURES, PURSUANT TO MASSACHUSETTS STATE REGULATIONS

Form and Line Reference	Explanation
PART VI - QUESTION 2	2 NEEDS ASSESSMENT THE COMMUNITY BENEFITS PROGRAM AT NORTHEAST HOSPITAL CORPORATION (NHC) IS A PROGRAM ESTABLISHED TO PARTNER WITH COMMUNITY LEADERS AND ORGANIZATIONS TO ASSESS THE HEALTH CARE NEEDS OF THE COMMUNITY NHC IS PART OF LAHEY HEALTH SYSTEM (LHS) A VERTICALLY AND HORIZONTALLY INTEGRATED NETWORK OF HOSPITALS, LONG-TERM CARE FACILITIES, ASSISTED LIVING FACILITIES, HEALTH AND SOCIAL SERVICE AGENCIES AND COMMUNITY BASED PRIMARY CARE AND SPECIALTY CARE NHC INCORPORATES THE COMMUNITY HEALTH CONCEPTS OF WELLNESS, ADAPTATION, SELF-CARE AND HEALTH PROMOTION STRATEGIES USED IN COMMUNITY BENEFITS HEALTH ACTIVITIES INCLUDE PREVENTION, EARLY DETECTION, EARLY INTERVENTION, LONG-TERM MANAGEMENT AND COLLABORATIVE EFFORTS WITH THE AFFILIATE ORGANIZATIONS THAT MAKE UP LHS) HEALTH ISSUES ADDRESSED ENCOMPASS SAFETY, CHRONIC DISEASE, INFECTIOUS DISEASE, SUBSTANCE ABUSE AND BEHAVIORAL HEALTH THE IMPORTANCE OF THE COMMUNITY HEALTH NEEDS ASSESSMENT AND THE HOSPITAL'S COLLECTIVE EFFORTS TO ADDRESS THE HEALTHCARE NEEDS OF THE NORTH SHORE HAVE NEVER BEEN GREATER THE ECONOMIC DOWNTURN HAS HAD A TREMENDOUS IMPACT ON THOUSANDS OF INDIVIDUALS AND FAMILIES THROUGHOUT THE REGION NHC CONTINUES TO WORK IN PARTNERSHIP WITH THE COMMUNITIES IT SERVES AND WITH HEALTH-RELATED ORGANIZATIONS THROUGHOUT THE NORTH SHORE TO MEET THE AREA'S HEALTHCARE NEEDS AND IMPROVE THE OVERALL HEALTH STATUS OF THE COMMUNITY THE COMMUNITY BENEFITS COMMITTEE AT NHC ENSURES THAT THE ORGANIZATION CONDUCTS HEALTH NEEDS ASSESSMENTS FOR ITS 16 TOWN/CITY PRIMARY SERVICE AREA AS MANDATED BY THE MASSACHUSETTS ATTORNEY GENERAL NHC WITH THE HELP OF NORTHEAST HEALTH SYSTEM AFFILIATES WILL FOCUS THE COMMUNITY BENEFITS PLAN AROUND THE FOUR STATE-WIDE PRIORITIES, SET FORTH BY THE ATTORNEY GENERAL'S OFFICE, WHICH INCLUDE CHRONIC DISEASE MANAGEMENT FOR DISADVANTAGED POPULATIONS, REDUCING HEALTH DISPARITIES, PROMOTING WELLNESS OF VULNERABLE POPULATIONS AND SUPPORTING HEALTH CARE REFORMNHC'S MOST RECENT HEALTH NEEDS ASSESSMENT WAS CONDUCTED FROM 2010-2012, WHICH WAS FINALIZED IN 2013 THE HOSPITAL'S INTERNAL COMMITTEE (NHC INTERNAL STEERING COMMITTEE) OVERSEES THE ASSESSMENT ALONG WITH AN OUTSIDE CONTRACTOR, JOHN SNOW, INC (JSI) JSI AND NHC INTERNAL, STEERING COMMITTEE DEVELOPED A FINAL APPROACH AND SET OF METHODS, INCLUDING DATA COLLECTION, COMMUNITY INVOLVEMENT, STRATEGIC PLANNING AND REPORTING ACTIVITIES THAT WILL MEET IRS AND STATE COMMUNITY BENEFIT REQUIREMENTS AND THAT ARE CUSTOMIZED TO THE SERVICE AREA AND THE NEEDS OF THE HOSPITAL THE ASSESSMENT INITIATIVE WAS CONDUCTED IN TWO PHASES PHASE 1 CONDUCTED A PRELIMINARY NEEDS ASSESSMENT, RELYING HEAVILY ON SECONDARY HEALTH RELATED DATA FROM THE MASSACHUSETTS DEPARTMENT OF HEALTH, MASSACHUSETTS COMMUNITY HEALTH INFORMATION PROFILE (MASSCHIP) SYSTEM AND OTHER NATIONAL STATE AND LOCAL SOURCES JSI ASSESSED HEALTH STATUS, HOSPITAL EMERGENCY DEPARTMENT AND INPATIENT TRENDS, IDENTIFIED HEALTH ISSUES AD BARRIERS OR CARE AND IDENTIFIED WHAT POPULATION WAS MOST AT RISK THE INFORMATION COLLECTED RELATED TO DEMOGRAPHIC AND SOCIO-ECONOMIC CHARACTERISTICS, SOCIAL DETERMINANTS OF HEALTHY, HEALTH STATUS AND ACCESS TO CARE AND SERVICE UTILIZATION THE PROJECT TEAM ALSO INTERVIEWED OVER 50 HOSPITALS AND COMMUNITY BASED HEALTH SERVICE PROVIDERS AND OTHER KEY COMMUNITY STAKEHOLDERS THE PURPOSES OF THE INTERVIEWS WERE TO REFINE TOPICS FOR DATA COLLECTION AND ANALYSIS AND TO SET THE STAGE FOR THE DEVELOPMENT OF A COMPREHENSIVE COMMUNITY SURVEY DURING PHASE II, JSI COLLECTED DATA THROUGH THE DISTRIBUTION OF COMMUNITY SURVEYS THAT WERE SENT OUT THROUGH THE MAIL TO RANDOMLY SELECTED LOCAL COMMUNITIES TOPICS ON THE TWENTY PAGE SURVEY INCLUDED ACCESS AND BARRIERS TO CARE, HEALTH BEHAVIORS AND LIFESTYLE, CHRONIC DISEASE AND PREVENTION, SELF-REPORTED HEALTH STATUS, DISABILITIES AND CARE GIVING, ELDER HEALTH AND PERCEIVED CONCERNS AND COMMUNITY PRIORITIES , OUT OF THE 2,300 SURVEYS SENT OUT 1,179 WERE RECEIVED BACK KEY FINDINGS FROM THE ASSESSMENT SHOWED THAT THE NORTH SHORE AND CAPE ANN REGION OF MASSACHUSETTS ARE HEALTHIER AND HAVE BETTER ACCESS TO HEALTHCARE THAN THOSE LIVING IN ESSEX COUNTY, COMMONWEALTH OF MASS AND THE NATION THERE WERE DISPARITIES IN ACCESS TO HEALTH THOUGH, PARTICULARLY OLDER ADULTS AND THOSE IN LOWER INCOME BRACKETS KEY FINDINGS FROM THE SECONDARY DATA REVIEW AND SURVEYS FELL INTO SEVEN CATEGORIES, INCLUDING ACCESS TO CARE, CHRONIC DISEASE, HEALTH RISK FACTORS, MENTAL HEALTH, SUBSTANCE ABUSE, ORAL HEALTH AND MATERNAL AND CHILD HEALTH SEE ATTACHED COMMUNITY HEALTH NEEDS ASSESSMENT REPORT FOR FURTHER INFORMATION ON THESE FINDINGS LHS AND THE STAFF AT NHC ARE COMMITTED TO DEVELOPING HOSPITAL SERVICES AND OTHER COMMUNITY BASED PROGRAMS THAT ARE ALTERED TO MEET THE NEEDS OF THE COMMUNITIES THEY SERVE THE HOSPITALS WORK COLLABORATIVELY WITH COMMUNITY PARTNERS TO DEVELOP PROGRAM AND SERVICES THAT PROVIDE HEALTH EDUCATION, EXPANDING ACCESS TO CARE, ELIMINATING BARRIERS TO CARE AND IMPROVING OVERALL HEALTH STATUS

Form and Line Reference	Explanation
PART VI - QUESTION 3	3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCETHE HOSPITAL PROVIDES PATIENTS WITH INFORMATION ABOUT THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAMS THAT ARE AVAILABLE THROUGH THE STATE OF MASSACHUSETTS OR THROUGH THE HOSPITAL'S OWN FINANCIAL ASSISTANCE PROGRAM, WHICH MAY COVER ALL OR SOME OF THEIR UNPAID BILL FOR EVERY PATIENT THAT REQUIRES ANY KIND OF FINANCIAL ASSISTANCE, THE HOSPITAL HAS FINANCIAL COUNSELORS AVAILABLE TO ASSIST LOW-INCOME PATIENTS WHO DO NOT HAVE THE ABILITY TO PAY FOR THEIR HEALTH CARE SERVICES SUCH ASSISTANCE TAKES INTO ACCOUNT EACH INDIVIDUAL'S ABILITY TO CONTRIBUTE TO THE COST OF HIS OR HER CARE FINANCIAL ASSISTANCE PROGRAMS INCLUDE, BUT ARE NOT LIMITED TO, MASSHEALTH, COMMONWEALTH CARE, CHILDREN'S MEDICAL SECURITY PLAN, HEALTHY START AND HEALTHY SAFETY NET EACH PATIENT REQUIRING ASSISTANCE COMPLETES AN APPLICATION THROUGH THE VIRTUAL GATEWAY (AN INTERNET PORTAL DESIGNED BY THE MASSACHUSETTS EXECUTIVE OFFICE OF HEALTH & HUMAN SERVICES TO PROVIDE THE GENERAL PUBLIC, MEDICAL PROVIDERS AND COMMUNITY BASED ORGANIZATIONS WITH NO ONLINE APPLICATION FOR THE PROGRAMS OFFERED BY THE STATE) OR THROUGH A STANDARD PAPER APPLICATION THAT ALSO GETS SENT TO THE MASSACHUSETTS EXECUTIVE OFFICE THIS OFFICE SOLELY MANAGES THE APPLICATION PROCESS FOR THE PROGRAMS LISTED ABOVE THE HOSPITAL ALSO INFORMS AND EDUCATES PATIENTS ABOUT STATE AND FEDERAL INSURANCE ASSISTANCE PROGRAMS BY MAKING THIS INFORMATION AVAILABLE ON PATIENT HOSPITAL BILLS, ON NOTICES POSTED AT EVERY REGISTRATION SITE, IN BROCHURES AT REGISTRATION DESKS AND WAITING ROOMS, VIA PHONE PATIENT PHONE CALLS, THOUGH COMMUNITY EVENTS AND HEALTH FAIRS AND BUY ESTABLISH RELATIONSHIPS WITH COMMUNITY AGENCIES SUCH AS SENIOR CITIZENS CENTERS, SHELTERS, FOOD PANTRIES, BOARD IF HEALTH AND SCHOOL NURSES

Form and Line Reference	Explanation
PART VI - QUESTION 4	4 COMMUNITY INFORMATIONTHE HOSPITAL SERVES THE NORTH SHORE COMMUNITY IN MASSACHUSETTS, WHICH HAS A POPULATION OF APPROXIMATELY 300,000 THIS AREA INCLUDES BEVERLY, DANVERS, PEABODY, SAUGUS, LYNN, MARBLEHEAD, SALEM, HAMILTON, IPSWICH, ESSEX, MANCHESTER, GLOUCESTER AND ROCKPORT BUT ANYONE WHO COMES TO ONE OF THE FACILITIES AND REQUIRES CARE WILL RECEIVE IT, REGARDLESS OF WHETHER THEY LIVE IN THIS COMMUNITY EIGHTY PERCENT OF THE COMMUNITY IS WHITE, 81 3% HAVE ENGLISH AS A FIRST LANGUAGE, AND 90% HAVE GRADUATED FROM HIGH SCHOOL AS REPORTED IN OUR PUBLIC HEALTH ASSESSMENT REPORT, 87% OF THE ADULTS IN THE HOSPITAL'S SERVICE AREA HAVE A PERSONAL HEALTH CARE PROVIDER AND 80% HAVE HEALTH INSURANCE

Form and Line Reference	Explanation
PART VI - QUESTION 5	5 PROMOTION OF COMMUNITY HEALTHIN ADDITION TO THE HOSPITAL'S COMMUNITY BENEFITS PROGRAMS, INITIATIVES AND ACTIVITIES AS NOTED THROUGHOUT SCHEDULE H, NHC HAS FURTHER PROMOTED THE HEALTH OF THE COMMUNITY BY ENCOURAGING ITS MANGERS AND STAFF ACTIVELY PARTICIPATE IN OTHER NOT-FOR-PROFIT COMMUNITY ORGANIZATIONS, EITHER AS BOARD MEMBERS OR SUPPORTERS THE HOSPITAL RESPONSIBLY MANAGES FACILITY UPDATES AND TECHNOLOGICAL IMPROVEMENT THAT ENABLES NHC TO PROVIDE THE NORTH SHORE WITH CONVENIENT, SAFE AND EFFECTIVE HEALTHCARE THE HOSPITAL HAS A COMMUNITY BOARD WITH MEMBERS FROM THE NORTH SHORE AND SURROUNDING AREAS, AS WELL AS AN OPEN MEDICAL STAFF, WHICH ALLOWS PHYSICIANS TO APPLY AND RECEIVE HOSPITAL PRIVILEGES THE BOARD OF TRUSTEES REVIEWS AND APPROVES THE HOSPITAL'S ANNUAL BUDGET AND DETERMINES ESTIMATED SURPLUS FUNDS TO BE INVESTED BACK INTO THE COMMUNITY (TOWARDS COMMUNITY NEEDS ASSESSMENTS, HOSPITAL PROGRAMS, HEALTH INITIATIVES, ETC)NORTHEAST HOSPITAL CORPORATION HAS SEVERAL COMMUNITY BENEFIT SERVICES THAT PROMOTE THE HEALTH OF THE COMMUNITIES THE ORGANIZATION SERVES THESE INCLUDE HEALTH SCREENINGS, CLINICS AND SEMINARS DEVELOPED FOR BREAST CANCER, SKIN CANCER, DEPRESSION, DIABETES, BONE DENSITY, BLOOD PRESSURE, FLUE AND CPR IN ADDITION, RISK ASSESSMENTS ARE DEVELOPED FOR CARDIOVASCULAR, OSTEOPOROSIS, DIABETES, BODY MASS INDEX AND BREAST CANCER A NUMBER OF DISEASE MANAGEMENT INITIATIVES HAVE BEEN INSTITUTED INCLUDING CARDIAC REHABILITATION, HEART FAILURE MANAGEMENT, PULMONARY REHABILITATION, OSTEOPOROSIS MANAGEMENT, VASCULAR HEALTH AND WOMAN'S HEALTH SCREENINGS THE HOSPITAL ALSO HOLDS FREE SUPPORT GROUPS TO THE COMMUNITY FOR RESIDENTS WITH BREAST CANCER, MELANOMA, PROSTATE CANCER, ALZHEIMER'S, EARLY STATE OF MEMORY LOSS, POST-PARTUM DEPRESSION, EPILEPSY, DIABETES OR HAVE EXPERIENCED A STROKE, INFANT LOSS AND LOSS OF A FAMILY MEMBER IN 2003, NHC CREATED THE LIFESTYLE MANAGEMENT INSTITUTE (LMI) THE LMI PROVIDES PROGRAMS AND EDUCATION ON HOW TO LIVE A HEALTHY LIFESTYLE, AND PROACTIVELY IDENTIFIES POPULATIONS WITH OR AT RISK OF, ESTABLISHED MEDICAL CONDITIONS THE LMI OFFERS A FULL RANGE OF SERVICES TO THE COMMUNITY INCLUDING RISK ASSESSMENT, PREVENTION EDUCATION, DIAGNOSTIC TESTING, COORDINATED MEDICAL TREATMENT AND CONTINUOUS MONITORING EFFECTIVE DISEASE MANAGEMENT USING APPROPRIATE MEDICAL PROTOCOLS REDUCES THE NUMBER OF HOSPITAL ADMISSIONS AND EMERGENCY ROOM VISITS, SHORTENS THE LENGTH OF HOSPITAL STAYS AND IMPROVES THE OVERALL HEALTH AND QUALITY OF LIFE FOR PEOPLE WITH CHRONIC ILLNESS

Form and Line Reference	Explanation
PART VI - QUESTION 6	6 AFFILIATED HEALTH CARE SYSTEMLAHEY HEALTH SYSTEM, INC ("PARENT") WAS ORGANIZED TO ACT AS THE PARENT OF AN INTEGRATED HEALTH CARE SYSTEM THE PARENT IS THE SOLE CORPORATE MEMBER OF LAHEY CLINIC FOUNDATION, INC AND THE LAHEY AFFILIATES ("LAHEY") AND NORTHEAST HEALTH SYSTEM, INC AND THE NORTHEAST AFFILIATES ("NORTHEAST") AND AS OF JULY 1, 2014, WINCHESTER HEALTHCARE MANAGEMENT, INC AND THE WINCHESTER AFFILIATES ("WINCHESTER") UNTIL JULY 1, 2014 NORTHEAST WAS THE SOLE MEMBER OF NORTHEAST HOSPITAL CORPORATION ("NHC") AND FUNCTIONED AS THE PARENT HOLDING COMPANY FOR NHC AND OTHER AFFILIATED ORGANIZATIONS EFFECTIVE JULY 1, 2014, THE PARENT IS THE SOLE CORPORATE MEMBER OF NHC NHC IS THE SOLE MEMBER OF NORTHEAST MEDICAL PRACTICE, INC ("NMP"), A CORPORATION ORGANIZED TO MANAGE AND OPERATE PHYSICIAN PRACTICES NHC, KNOWN AS BEVERLY HOSPITAL, HAS ACUTE CARE FACILITIES IN NORTHEASTERN MASSACHUSETTS AND PROVIDES INPATIENT, OUTPATIENT, AND EMERGENCY CARE SERVICES ADMITTING PHYSICIANS ARE PRIMARILY PRACTITIONERS IN THE LOCAL AREA SEE SCHEDULE R FOR FULLEST OF AFFILIATES/RELATED ORGANIZATIONS

Form and Line Reference	Explanation
PART VI - QUESTION 7	LIST OF STATES WHERE COMMUNITY BENEFIT REPORT IS FILED MASSACHUSETTS

Additional Data

Software ID:
Software Version:
EIN: 04-2121317
Name: NORTHEAST HOSPITAL CORPORATION

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
NORTHEAST HOSPITAL CORPORATION	PART V, SECTION B, LINE 3 SEE PART VI, #2
NORTHEAST HOSPITAL CORPORATION	PART V, SECTION B, LINE 4 ADDISON GILBERT, BEVERLY HOSPITAL AT DANVERS
NORTHEAST HOSPITAL CORPORATION	PART V, SECTION B, LINE 11 SEE PART I, LINE 3C, FOR HOW THE HOSPITAL DETERMINED ELIGIBILITY FOR DISCOUNTED CARE
NORTHEAST HOSPITAL CORPORATION	PART V, SECTION B, LINE 14G THE HOSPITAL HAS FINANCIAL COUNSELORS AVAILABLE FOR ANY PATIE NT WHO REQUIRES HELP FILING FOR FINANCIAL ASSISTANCE THE COUNSELORS PERFORM FINANCIAL SCR EENING AND HELP PATIENTS WITH MASSHEALTH, COMMONWEALTH CARE, HEALTH SAFETY NET, MEDICAL HA RDSHIP, DISABILITY AND LONG TERM CARE APPLICATIONS THE HOSPITAL IS ALSO INVOLVED WITH COM MUNITY LIAISON OUTREACH ACTIVITIES IN ADDITION TO HELPING PATIENTS WHO ARE ADMITTED TO TH E HOSPITAL, FINANCIAL COUNSELORS HELP SCREEN AND ENROLL PATIENTS IN THE COMMUNITY WHEN THE Y ARE REFERRED TO THE HOSPITAL AGENCIES THE HOSPITAL HAS ESTABLISHED RELATIONSHIPS WITH I NCLUDE COUNCILS ON AGING, SHINE (SERVING HEALTH INSURANCE NEEDS OF ELDERS), CHEC (COMMUNIT Y HEALTH EDUCATION CENTER), PUBLIC SCHOOLS, HOMELESS SHELTERS, FOOD PANTRIES, BOARD OF HEA LTH IN GLOUCESTER AND BEVERLY, POLICE DEPT IN GLOUCESTER AND BEVERLY AND LOCAL PHYSICIAN O FFICES

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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
NORTHEAST HOSPITAL CORPORATION

Employer identification number
04-2121317

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) GREATER BEVERLY YMCA 254 ESSEX ST BEVERLY,MA 01915	04-2104913		10,000				IMPLEMENT DIABETES PREVENTION PROGRAM
(2) BACKYARD GROWERS 269 MAIN STREET GLOUCESTER,MA 01930	47-1553021		10,000				IMPLEMENT SCHOOL BASED RAISED BED GARDEN PROHRAM AT ELEMENTARY SCHOOLS
(3) ACTION INC GLOUCESTER 180 MAIN STREET GLOUCESTER,MA 01930	04-2389332		10,000				CONNECT HOMELESS/ LOW INCOME INDIVIDUALS WITH BEHAVIORAL HEALTH RESOURCES/SERVICES
(4) NORTH SHORE HEALTH PROJECT 5 CENTER ST GLOUCESTER,MA 01930	22-2978638		4,000				EDUCATION/ OUTREACH TO HIGH RISK POPULATIONS
(5) BEVERLY COUNCIL ON AGING 90 COLON ST BEVERLY,MA 01915	04-6001379		6,000				IMPLEMENT GRANDPARENTS RAISING CHILDREN SUPPORT GROUP
(6) BEVERLY BOOTSTRAPS 198 RANTOUL STREET BEVERLY,MA 01915	04-3254507		10,000				MOBILE FOOD MARKET

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 6

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) ELIZABETH TORREY JOHNSON SCHOLARSHIPS	5	6,450			

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 ELIZABETH TORREY JOHNSON SCHOLARSHIP FUND IS MAINTAINED BY THE FRIENDS OF BEVERLY HOSPITAL (A GROUP WHO CREATES AND SUPPORTS PROGRAMS AND ACTIVITIES THAT ENRICH BEVERLY HOSPITAL) THE FUND WAS ESTABLISHED IN 1964 AND SINCE THEN HAS BEEN PROVIDED ANNUAL SCHOLARSHIPS TO NUMEROUS APPLICANTS ALL ELIGIBLE APPLICANTS MUST SUBMIT AN APPLICATION THAT INCLUDES THE COST OF TUITION, ROOM & BOARD, FEES AND ALL AVAILABLE FINANCIAL RESOURCES THEY HAVE BEEN AWARDED RECIPIENTS ARE HIGH SCHOOL STUDENTS WHO HAVE VOLUNTEERED A MINIMUM OF 100 HOURS AT THE HOSPITAL AND PLAN TO HAVE CAREERS IN HEALTH CARE CONFIRMATION OF ENROLLMENT IN COLLEGE IS REQUIRED THE MEDICAL STAFF SCHOLARSHIPS AWARDS $2,000 TO SEVERAL STUDENTS IN THE HOSPITAL'S PRIMARY CARE SERVICE AREA AFTER STUDENTS APPLY FOR THE SCHOLARSHIPS THEIR APPLICATIONS ARE REVIEWED AND THE RECIPIENTS ARE CHOSEN BY A COMMITTEE OF THE MEDICAL STAFF GRANTS TO ORGANIZATIONS INSIDE THE US NHC REQUESTS APPLICATIONS FOR FUNDING THAT RELATES TO THE MAIN FOCUSES OF THE COMMUNITY HEALTH NEEDS ASSESSMENT, WHICH INCLUDES MENTAL BEHAVIORAL HEALTH, CHRONIC DISEASE MANAGEMENT AND ACCESS TO HEALTHCARE SERVICES GRANT REQUESTS MAY BE SUBMITTED FOR UP TO $10,000PER ORGANIZATION IN ANY ONE CATEGORY PROGRAMS OR SERVICES UNDER THE GRANT INITIATIVE MUST BE DELIVERED WITHIN THE NHC PRIMARY SERVICE AREA ELIGIBLE APPLICANTS INCLUDE LOCAL COALITIONS OR COLLABORATIVE EFFORTS THAT ARE INTERESTED IN IMPROVING COMMUNITY HEALTH ALL APPLICANTS MUST HAVE AN APPROPRIATE FISCAL AGENT SUCH AS A 501(C)(3) OR MUNICIPALITY AN OBJECTIVE GRANT REVIEW TEAM WILL REVIEW AND SCORE ALL PROPOSALS AND MAKE FINAL FUNDING DECISIONS ANY APPLICATION THAT DOES NOT MEET THE TIMELINE MAY NOT BE REVIEWED AND/OR MAY RECEIVE A LOWER TOTAL SCORE REVIEWERS WILL BE SCREENED OUT FOR ANY POTENTIAL CONFLICT OF INTEREST IN THE FUNDING DECISION
PART I, LINE 2 - PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS	

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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
NORTHEAST HOSPITAL CORPORATION

Employer identification number
04-2121317

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☑ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	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, LINES 4A-B	LAHEY CLINIC FOUNDATION (RELATED ORGANIZATION) MAINTAINS A 457F NONQUALIFIED DEFERRED COMPENSATION PLAN FOR CERTAIN PHYSICIANS, EXECUTIVE MANAGEMENT AND DEFINED MEDICAL STAFF THE PLAN OFFERS PARTICIPATING EMPLOYEES AN ANNUAL DEFERRAL OF COMPENSATION IN ADDITION TO THEIR SALARIES SEVERANCE NONQUALIFIED TIMOTHY O'CONNOR 0 136,700 PHILIP CORMIER 0 17,500 GARY MARLOW 0 16,501 CYNTHIA DONALDSON 0 17,500 KENNETH HANOVER 734,000 0 WILLIAM DONALDSON 211,730 0 GREGORY BIRD 138,460 0 SHARON KINGHORN 18,398 0 THE HOSPITAL MAINTAINS A 457B NON-QUALIFIED DEFERRED COMPENSSATION PLAN FOR CERTAIN EXECUTIVE MANAGEMENT EMPLOYEES EMPLOYEES CONTRIBUTE A PORTION OF THEIR SALARIES (THROUGH PAYROLL DEDUCTION) TO THE PLAN THERE ARE NO EMPLOYER CONTRIBUTIONS TO THIS PLAN
PART I, LINE 7	THE NON-FIXED PAYMENT BONUSES REPORTED IN SCHEDULE J, PART II, COLUMN (B)(II) ARE DETERMINED BY AN INDEPENDENT COMPENSATION COMMITTEE, WHICH INCLUDES A GROUP OF TRUSTEES IN A SUBJECTIVE MANNER, THE COMMITTEE TAKES INTO ACCOUNT THE ACHIEVEMENTS OF BOTH THE ORGANIZATION AND THE INDIVIDUAL TO DETERMINE THE APPROPRIATE AMOUNT OF SUCH BONUSES, WHICH INCLUDE, BUT NOT LIMITED TO, THE ORGANIZATION MEETING ITS CORPORATE GOALS, (INCLUDING NET INCOME) AND QUALITY MEASURES, (SUCH AS PATIENT SATISFACTION AND QUALITY OF CARE)
FORM 990, PART VII AND SCHEDULE J, PART II	VOLUNTEER TRUSTEES ARE NOT COMPENSATED FOR THEIR ROLE AS TRUSTEES COMPENSATION DISCLOSED ON PART VII AND ON SCHEDULE J IS FOR SERVICES PROVIDED TO THE ORGANIZATION AND ITS RELATED ORGANIZATIONS IN THEIR CAPACITY AS EMPLOYEES

Additional Data

Software ID:
Software Version:
EIN: 04-2121317
Name: NORTHEAST HOSPITAL CORPORATION

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				
HOWARD R GRANT JD MD TRUSTEE/PRESIDENT	(I)	0	0	0	0	0	0	0
	(II)	1,451,746	0	17,896	242,796	30,722	1,743,160	0
ROBERT TUFTS MD TRUSTEE/DEP'T CHIEF	(I)	159,512	0	0	0	0	159,512	0
	(II)	0	0	0	0	0	0	0
DAVID SPACKMAN JD CLERK	(I)	0	0	0	0	0	0	0
	(II)	437,726	0	762	22,796	22,007	483,291	0
TIMOTHY O'CONNOR TREASURER	(I)	0	0	0	0	0	0	0
	(II)	725,900	0	258	136,700	25,817	888,675	0
GARY MARLOW ASSISTANT TREASURER	(I)	296,041	41,732	0	10,200	19,260	367,233	0
	(II)	0	0	0	0	0	0	0
DENIS CONROY CEO	(I)	426,414	83,598	14,067	10,200	18,520	552,799	0
	(II)	0	0	0	0	0	0	0
PHILIP CORMIER COO	(I)	325,745	0	0	10,200	18,081	354,026	0
	(II)	0	0	0	0	0	0	0
ERIC BERGER VP SUPPLY CHAIN	(I)	155,113	9,327	0	6,102	29,165	199,707	0
	(II)	0	0	0	0	0	0	0
CYNTHIA C DONALDSON VP ANCILLARY SERVICES	(I)	180,131	30,686	0	8,577	13,597	232,991	0
	(II)	0	0	0	0	0	0	0
BRUCE METZ CIO	(I)	0	0	0	0	0	0	0
	(II)	371,844	0	17,500	0	2,448	391,792	0
GREGORY BIRD VP PATIENT CARE SERVICES	(I)	185,710	54,300	138,461	9,878	27,932	416,281	0
	(II)	0	0	0	0	0	0	0
ELIZABETH CONRAD VP OF HR	(I)	0	0	0	0	0	0	0
	(II)	272,032	0	0	0	28,833	300,865	0
JOHANNA RODGERS VP PHYSICIAN SERVICES	(I)	241,637	40,959	8,714	10,200	19,155	320,665	0
	(II)	0	0	0	0	0	0	0
PAULINE M PIKE SENIOR VP, BUSINESS DEVELOPMENT	(I)	360,156	78,771	0	10,200	11,694	460,821	0
	(II)	0	0	0	0	0	0	0
PETER H SHORT VP, MEDICAL AFFAIRS	(I)	325,718	62,949	0	10,200	18,595	417,462	0
	(II)	0	0	0	0	0	0	0
STEVEN A GILLESPIE MD	(I)	298,637	0	0	10,200	26,719	335,556	0
	(II)	0	0	0	0	0	0	0
BARRY GINSBERG MEDICAL DIRECTOR	(I)	257,394	36,470	0	10,200	27,838	331,902	0
	(II)	0	0	0	0	0	0	0
WILLIAM DONALDSON FORMER VP GEN COUNSEL/CLERK	(I)	0	0	213,327	0	10,836	224,163	0
	(II)	0	0	0	0	0	0	0
KENNETH HANOVER FORMER CEO	(I)	31,083	196,900	734,000	10,200	416	972,599	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
NORTHEAST HOSPITAL CORPORATION

Employer identification number
04-2121317

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	MASS DEV FIN AGENCY SERIES H	04-3431814	57586EC41	10-30-2012	23,000,000	CONSTRUCT AMBULATORY FACILITY		X		X		X
B	MASS HEALTH & EDU FAC AUTH SERIES G	04-2456011	57586CDV4	10-27-2004	55,000,000	CONST/RENO BH ER/GARAGE		X		X		X
C	MASS HEALTH & EDU FAC AUTH SERIES M	04-2456011	57585KA57	05-30-2003	13,410,000	RENOV BH ENDOSCOPY/ PACU		X		X	X	
D	MASS DEV FIN AGENCY SERIES J	04-3431814	57586EC41	11-30-2012	15,065,000	REFIN SERIES F-2, F-3		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired		9,900,000	2,756,821	3,930,000
2	Amount of bonds legally defeased				
3	Total proceeds of issue	23,987,136	57,026,606	13,591,158	15,065,000
4	Gross proceeds in reserve funds		4,061,637	93,394	
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows	22,852,308	9,375,639		14,808,680
7	Issuance costs from proceeds	147,692	814,582	67,050	256,320
8	Credit enhancement from proceeds		2,375,606		
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds		38,370,020	12,001,950	
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2007	2007	2004	2012

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		X
b	Exception to rebate?		X		X		X		X
c	No rebate due?	X		X		X		X	
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X		X		X			X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X		X			X		X
b	Name of provider	BANK OF AMERICA		MERRILL LYNCH					
c	Term of hedge	30 000000000000		29 800000000000					
d	Was the hedge superintegrated?		X		X				
e	Was the hedge terminated?		X		X				

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

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

Return Reference	Explanation
SCHEDULE K - DATE REBATE COMUTATION PERFORMED	MASS DEV FIN AGENCY SERIES H 9/06/13 REMARKETED MASS HLTH & EDU FAC AUTH SERIES G 11/14/14 MASS HLTH & EDU FAC AUTH SERIES M-2 DONE AT POOL LEVEL ANNUALLY MASS DEV FIN AGENCY SERIES J 01/23/15

Return Reference	Explanation
SCHEDULE K - ADDITIONAL INFORMATION	MASSHEALTH & EDU FAC'S AUTH SRS M-2 SERIES M-2 REBATE COMPUTATIONS ARE DONE AT THE POOL LEVEL ANNUALLY

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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
NORTHEAST HOSPITAL CORPORATION

Employer identification number
04-2121317

Return Reference	Explanation
FORM 990, PART I, LINE 6	VOLUNTEERS SUPPORT THE SERVICES OF THE HOSPITAL'S STAFF THEY ARE TRAINED AND SUPERVISED BY EMPLOYEES OF THE DEPARTMENT TO WHICH THEY ARE ASSIGNED INDIVIDUAL VOLUNTEER SCHEDULES MAY VARY DEPENDING ON DEPARTMENT NEEDS AND MAY INCLUDE EVENING AND WEEKEND HOURS VOLUNTEERS RECEIVE TRAINING SPECIFIC TO THEIR DUTIES PRIOR TO PERFORMING THEIR JOB AND ARE OFTEN PAIRED WITH A VETERAN VOLUNTEER OR STAFF MEMBER UNTIL THEY ARE COMFORTABLE WORKING ON THEIR OWN VOLUNTEERS ATTEND HOSPITAL ORIENTATIONS TO LEARN SAFETY, INFECTION CONTROL, AND PATIENT CONFIDENTIALITY INCLUDING HIPPA REQUIREMENTS PRIOR TO BEING PLACED THEY ARE ALSO GIVEN HEALTH SCREENINGS AND RECEIVE YEARLY SAFETY UPDATES

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2	DAVID SPACKMAN NHC/NMP/NHS/PRN/NSH/SCST/NPC SECR/CLERK OFFICER FOR ALL CORPORATIONS TIM O'CONNOR NHC/NMP/NHS/PRN/NSH/SCST/NPC TRSR/DIR OFFICER FOR ALL CORPORATIONS HOWARD GRANT NHC/NMP/NHS/NSH/SCST/NPC PRESIDENT OFFICER FOR ALL CORPORATIONS MARY ELLEN LEAR NHC/NMP/NHS/NSH/SCST/NPC ASST CLERK OFFICER FOR ALL CORPORATIONS GARY MARLOW NHC/NHS/NSH/SCST/NPC ASST TRSR OFFICER FOR ALL CORPORATIONS STEVEN DEFOSSER, MD AUGUSTINE O'KEEFE, MD TRUSTEE TRUSTEE BOTH MD'S FOR BEVERLY RAD ASC

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	EFFECTIVE MAY 1, 2012, LAHEY CLINIC FOUNDATION, INC AND NORTHEAST HEALTH SYSTEM, INC COMPLETED AN AFFILIATION WITH EACH OTHER AND ESTABLISHED A NEW ORGANIZATION, LAHEY HEALTH SYSTEMS, INC ("LHS"), TO SERVE AS THE PARENT OF THE COMBINED HEALTH SYSTEM LHS IS NOW THE SOLE CORPORATE MEMBER OF LAHEY CLINIC FOUNDATION, INC AND NORTHEAST HEALTH SYSTEM, INC THE SOLE CORPORATION MEMBER OF THE REPORTING ORGANIZATION IS NORTHEAST HEALTH SYSTEM, INC THE REPORTING ORGANIZATION'S MEMBER HAS, WITH RESPECT TO THE REPORTING ORGANIZATION, THE RIGHT TO EXERCISE ALL POWERS CONFERRED ON MEMBERS OF NON-PROFIT CORPORATIONS UNDER MASSACHUSETTS GENERAL LAWS CHAPTER 180, INCLUDING, WITHOUT LIMITATION, POWERS WITH RESPECT TO THE FOLLOWING (A) APPOINTMENT AND REMOVAL OF MEMBERS OF THE BOARD OF TRUSTEES (SUBJECT TO CERTAIN TRANSITION RULES IN PLACE THROUGH MAY 1, 2016), (B) AMENDMENT OF THE ARTICLES OF ORGANIZATION, (C) AMENDMENTS OF THE BY-LAWS, (D) THE SALE, LEASE, EXCHANGE OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE CORPORATION'S ASSETS AND, (E) THE MERGER OR CONSOLIDATION OF THE CORPORATION WITH ANOTHER CORPORATION ADDITIONALLY, THE RIGHT OF THE REPORTING ORGANIZATION'S MEMBER, NORTHEAST HEALTH SYSTEM, INC , TO EXERCISE ITS AUTHORITY AS A MEMBER OF THE REPORTING ORGANIZATION IS SUBJECT TO THE APPROVAL OF ([LCF/NHS]'S CORPORATE MEMBER, LHS, WHICH MAY ALSO EXERCISE SUCH POWERS DIRECTLY

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	SEE LINE 6

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	SEE LINE 6

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	MANAGEMENT PREPARED THE IRS FORM 990, ALONG WITH INDEPENDENT TAX CONSULTANTS WHO SIGN THE RETURN AS PAID PREPARER EXECUTIVE MANAGEMENT REVIEWED AND PRESENTED A DRAFT OF THE IRS FORM 990 TO THE AUDIT AND COMPLIANCE COMMITTEE OF THE LAHEY HEALTH SYSTEM, INC BOARD OF TRUSTEES PRIOR TO THE FILING DATE, A DRAFT OF THE IRS FORM 990 AND THE FINAL IRS FORM 990 WERE BOTH PROVIDED TO THE ENTIRE BOARD OF TRUSTEES BEFORE THE FILING DATE VIA A SECURED WEBSITE.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	LAHEY HEALTH HAS A CODE OF CONDUCT THE CODE WAS ADOPTED SO THAT ALL LAHEY HEALTH OFFICERS, EMPLOYEES AND CERTAIN OTHER PERSONS HAVE A PRIMARY GUIDE -- AND THE SAME GUIDE -- FOR CONDUCTING THEIR DAILY WORK LIVES THE CODE SETS OUT BASIC PRINCIPLES THAT ALL LAHEY HEALTH COLLEAGUES MUST FOLLOW, INCLUDING PRINCIPLES THAT RELATE TO ACTUAL OR POTENTIAL CONFLICTS OF INTEREST IN ADDITION, LAHEY HEALTH HAS A CONFLICT OF INTEREST POLICY THE POLICY TREATS THE SUBJECT OF CONFLICTS OF INTEREST IN MORE DETAIL BOTH THE CODE AND THE POLICY WERE DESIGNED TO SATISFY THE EXPECTATIONS OF OUR PATIENTS AND THEIR FAMILIES THAT LAHEY HEALTH WILL IDENTIFY AND APPROPRIATELY MANAGE CONFLICTS OF INTEREST ALL LAHEY HEALTH COLLEAGUES ARE SUBJECT IN GENERAL TO THE PROVISIONS OF BOTH THE CODE AND THE POLICY UNDER THE POLICY ALL LAHEY HEALTH COLLEAGUES MUST PROACTIVELY DISCLOSE ANY ACTUAL OR POTENTIAL CONFLICT OF INTEREST THAT THEY THINK MAY EXIST AND INQUIRE ABOUT THE APPLICATION OF THE POLICY WHENEVER THEY HAVE A QUESTION UNDER IT IN ADDITION, BECAUSE OF THE LEVEL OF THEIR RESPONSIBILITIES, CERTAIN COLLEAGUES ARE REQUIRED TO COMPLETE AND SUBMIT AN ANNUAL ONLINE CONFLICT OF INTEREST QUESTIONNAIRE AND TO UPDATE IT DURING THE YEAR AS CIRCUMSTANCES WARRANT

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION COMMITTEE, COMPRISED OF INDEPENDENT TRUSTEES, MEETS ANNUALLY TO REVIEW EXECUTIVE GOALS, SALARIES, INCENTIVES, PAYMENT PROGRAMS AND BENEFITS FOR THE CEO AND EXECUTIVE MANAGEMENT THE COMMITTEE USES COMPARATIVE DATA FROM SULLIVAN & COTTER & LAWRENCE ASSOCIATES (EXTERNAL COMPENSATION CONSULTANTS) TO ENSURE EXECUTIVE COMPENSATION AND BENEFITS ARE IN LINE WITH THE REST OF THE INDUSTRY OUTSIDE LEGAL COUNSEL ADVISES THE COMMITTEE AND RECORDS MINUTES FROM THE MEETINGS THE HOSPITAL'S VP OF HUMAN RESOURCES PROVIDES THE COMMITTEE WITH REQUESTED INFORMATION THE COMPENSATION COMMITTEE, COMPRISED OF INDEPENDENT TRUSTEES, MEETS ANNUALLY TO REVIEW EXECUTIVE GOALS, SALARIES, INCENTIVES, PAYMENT PROGRAMS AND BENEFITS FOR THE CEO, EXECUTIVE MANAGEMENT (KEY EMPLOYEES) THE COMMITTEE USES COMPARATIVE DATA FROM SULLIVAN & COTTER & LAWRENCE ASSOCIATES (EXTERNAL COMPENSATION CONSULTANTS) TO ENSURE EXECUTIVE COMPENSATION AND BENEFITS ARE IN LINE WITH THE REST OF THE INDUSTRY OUTSIDE LEGAL COUNSEL ADVISES THE COMMITTEE AND RECORDS MINUTES FROM THE MEETINGS THE HOSPITAL'S VP OF HUMAN RESOURCES PROVIDES THE COMMITTEE WITH REQUESTED INFORMATION

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE ARTICLES OF ORGANIZATION IS A PUBLIC DOCUMENT FILED WITH THE SECRETARY OF STATE OF THE COMMONWEALTH OF MASSACHUSETTS THE ARTICLES OF ORGANIZATION, BY-LAWS AND CONFLICT OF INTEREST POLICY ARE AVAILABLE TO THE PUBLIC UPON REQUEST THE ORGANIZATION PUBLISHES AND ANNUAL REPORT, WHICH CONTAINS AUDITED FINANCIAL STATEMENTS AND LISTINGS OF BOARD MEMBERS THE IRS FORM 990 AND MASSACHUSETTS FORM PC ARE AVAILABLE UPON REQUEST IN ADDITION, THE ORGANIZATION PRESENTS FINANCIAL STATEMENTS TO THE PUBLIC AS AN ATTACHMENT TO ITS FORM PC

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	MISC PROGRAM SERVICE EXPENSES 31,665,192 MANAGEMENT AND GENERAL EXPENSES 5,018,758 FUNDRAISING EXPENSES 188,927 TOTAL EXPENSES 36,872,877

Return Reference	Explanation
FORM 990, PART XI, LINE 9	OTHER CHANGES IN NET ASSETS -11,273,997

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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
NORTHEAST HOSPITAL CORPORATION

Employer identification number
04-2121317

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

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
See Additional Data Table							

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) RADIATION THERAPY OF WINCHESTER 700 CONGRESS STREET SUITE 204 WINCHESTER, MA 01890	CANCER CENTER	MA	WINCHESTER HOSPTIAL	RELATED				No			No	50 000 %
(2) STONEHAM MEDICAL GROUP LLC 88 MONTVALE AVE STONEHAM, MA 02180 04-3447765	HEALTHCARE	MA	WPA	RELATED				No			No	50 000 %

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
See Additional Data Table									

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	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e		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		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
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	Yes	
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s	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

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
SCHEDULE R - PART IV, ADDTIONAL INFORMATION	PERPETUAL TRUSTS (8) LAHEY CLINIC FOUNDATION, NORTHEAST HOSPITAL CORPORATION AND WINCHESTER HOSPITAL, RESPECTIVELY, HAVE FOUR, THREE AND ONE PERPETUAL TRUSTS THE PERPETUAL TRUSTS ARE DOMICILED IN MASSACHUSETTS, PENNSYLVANIA AND FLORIDA REMAINDER TRUSTS (17) LAHEY CLINIC FOUNDATION HAS SEVENTEEN REMAINDER TRUSTS THE REMAINDER TRUSTS ARE DOMICILED IN MASSACHUSETTS,NEW HAMPSHIRE AND WISCONSIN POOLED INCOME FUNDS (3) LAHEY CLINIC FOUNDATION HAS THREE POOLED INCOME FUNDS, DOMICILED IN MASSACHUSETTS
SCHEDULE R - PART II, PUBLIC CHARITY STATUS	NORTHEAST HEALTH SYSTEM, INC 11C III-FI LAHEY HEALTH SYSTEM, INC 11C III-FI
SCHEDULE R - PART V,	IN ADDITION TO CONDUCTING FUNDRAISING AND SOLICITATION EFFORTS ON ITS OWN BEHALF, LAHEY CLINIC FOUNDATION, INC PHILANTHROPY DEPARTMENT ALSO CONDUCTS FUNDRAISING AND SOLICITATION EFFORTS ON BEHALF OF ALL ENTITIES WITHIN THE LAHEY HEALTH SYSTEM, INC FAMILY OF ORGANIZATIONS, AS DETAILED IN THE ACCOMPANYING IRS FORM 990, SCHEDULE R, PART II LAHEY HEALTH SYSTEM, INC AND ITS RELATED ORGANIZATIONS, AND WINCHESTER HEALTHCARE MANAGEMENT, INC AND ITS RELATED ORGANIZATIONS (AS DETAILED IN THE ACCOMPANYING IRS FORM 990, SCHEDULE R, PROVIDE VARIOUS CORPORATE AND OTHER SERVICES TO EACH OTHER THESE ORGANIZATIONS REIMBURSE ONE ANOTHER FOR EXPENSES INCURRED SUCH AS EMPLOYEE SALARIES, MATERIALS, SUPPLIES, UTILITIES, ETC CASH IS ALSO TRANSFERRED BETWEEN THE CORPORATIONS FOR WORKING CAPITAL PURPOSES ON AN AS-NEEDED BASIS

Additional Data

Software ID:
Software Version:
EIN: 04-2121317
Name: NORTHEAST HOSPITAL CORPORATION

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) LAHEY CLINIC INC 41 MALL RD BURLINGTON, MA 01805 04-2704683	HEALTHCARE	MA	501C3	9	LCF INC		No
(1) LAHEY CLINIC FOUNDATION INC 41 MALL RD BURLINGTON, MA 01805 04-2323457	SUPPORT	MA	501C3	7	LHS INC		No
(2) LAHEY HEALTH SHARED SERVICES 41 MALL RD BURLINGTON, MA 01805 04-3178972	ADM SUPPORT	MA	501C3	9	LHS INC		No
(3) NORTHEAST HEALTH SYSTEM INC 85 HERRICK ST BEVERLY, MA 01915 04-3240453	SUPPORT	MA	501C3	11C	LHS INC		No
(4) NORTHEAST BEHAVIORAL HEALTH 131 RANTOUL ST BEVERLY, MA 01915 04-2777145	BEHAVIORAL HEALTHCARE	MA	501C3	7	LHS INC		No
(5) NORTHEAST MEDICAL PRACTICE 85 HERRICK ST BEVERLY, MA 01915 04-3201853	HEALTHCARE	MA	501C3	9	LHS INC		No
(6) NE PROFESSIONAL REG OF NURSES 800 CUMMINGS CENTER BEVERLY, MA 01915 20-1287349	HEALTHCARE	MA	501C3	9	NESH		No
(7) NORTHEAST SENIOR HEALTH CORPORATION 85 HERRICK ST BEVERLY, MA 01915 04-2731137	HEALTHCARE	MA	501C3	9	LHS INC		No
(8) SEACOAST NURSING AND REHABILITATION CENTER 300 WASHINGTON ST GLOUCESTER, MA 01930 04-1305001	REHABILITATION SERVICES	MA	501C3	9	LHS INC		No
(9) CAB HEALTH AND RECOVERY 111 MIDDLETON RD DANVERS, MA 01923 04-2400270	SUBS ABUSE	MA	501C3	9	NEBH		No
(10) HES HOUSING SERVICES 0 CENTENNIAL DRIVE PEABODY, MA 01960 22-3232914	HUD HOUSING	MA	501C3	9	NEBH		No
(11) LAHEY HEALTH SYSTEM INC 41 MALL RD BURLINGTON, MA 01805 61-1665701	SUPPORT	MA	501C3	11C	N/A		No
(12) LAHEY CLINIC HOSPITAL INC 41 MALL RD BURLINGTON, MA 01805 04-2704686	HEALTHCARE	MA	501C3	3	LCF INC		No
(13) WINCHESTER HOSPITAL 41 HIGHLAND AVE WINCHESTER, MA 01890 04-2104434	HEALTHCARE	MA	501C3	3	WHM INC		No
(14) WINCHESTER HOSPITAL FOUNDATION INC 41 HIGHLAND AVE WINCHESTER, MA 01890 04-3399570	FUNDRAISING	MA	501C3	7	WHM INC		No
(15) WINCHESTER HEALTHCARE INVESTMENTS INC 41 HIGHLAND AVE WINCHESTER, MA 01890 22-2701819	INVESTMENTS	MA	501C3	9	WHM INC		No
(16) WINCHESTER COMM ACCOUNTABLE CARE ORGANIZATION 41 HIGHLAND AVE WINCHESTER, MA 01890 22-3137856	SURGERY CENTER	MA	501C3	11A	WHM INC		No
(17) WINCHESTER HEALTHCARE MANAGEMENT 41 HIGHLAND AVENUE WINCHESTER, MA 01890 22-2701817	MANAGEMENT SERVICE	MA	501C3	11A	LHS INC		No
(18) ADDISON GILBERT SOCIETY INC 41 MALL RD BURLINGTON, MA 01805 46-4371382	SUPPORT	MA	501C3	11A	LHS INC		No

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
LAHEY CLINIC INSURANCE CO LTD PO BOX HM2450 BD	INSURANCE	BD	LHS INC	C					No
PERPETUAL TRUSTS (8) 41 MALL RD BURLINGTON, MA 01805	SUPPORT	MA	SEE VII	T					No
REMAINDER TRUST (17) 41 MALL RD BURLINGTON, MA 01805	SUPPORT	MA	SEE VII	T					No
POOLED INCOME FUNDS (3) 41 MALL RD BURLINGTON, MA 01805	SUPPORT	MA	SEE VII	T					No
NORTHEAST PROPRIETARY CORPORATION 85 HERRICK ST BEVERLY, MA 01915 04-2855191	MED SERVICES	MA	LHS INC	C					No
WINCHESTER PHYSICIAN HOSPITAL ORGANIZATION 41 HIGHLAND AVE WINCHESTER, MA 01890 47-2646454	PHYSICIAN SERVICE	MA	WHM	C					No
WINCHESTER HEALTHCARE ENTERPRISES INC 41 HIGHLAND AVE WINCHESTER, MA 01890 04-2932059	HC VENTURES	MA	WHM	C				Yes	
WINCHESTER PHYSICIAN ASSOCIATES INC 41 HIGHLAND AVE WINCHESTER, MA 01890 04-3262963	PHYSICIAN PRACTICE	MA	WHM	C				Yes	
WINCHESTER HEALTHCARE INDEMNIFICATION 41 HIGHLAND AVE WINCHESTER, MA 01890 98-0589732	INVESTMENT CO	MA	WHM	C				Yes	

Northeast Hospital Corporation and Affiliate

Consolidated Financial Statements and Supplemental Information
September 30, 2014 and 2013

Northeast Hospital Corporation and Affiliate
Index
September 30, 2014 and 2013

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Independent Auditor's Report

To the Board of Trustees of
Lahey Health System, Inc

We have audited the accompanying consolidated financial statements of Northeast Hospital Corporation and Affiliate (the "Hospital"), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In making those risk assessments, we consider internal control relevant to the Hospital'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 Hospital's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northeast Hospital Corporation and Affiliate at September 30, 2014 and 2013, and the results of operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

pwc

Other Matter

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

PricewaterhouseCoopers LLP

February 25, 2015

Northeast Hospital Corporation and Affiliate
Consolidated Balance Sheets
September 30, 2014 and 2013

	2014	2013
Assets		
Current		
Cash and cash equivalents	$ 43,390	$ 21,113
Patient accounts receivables, less allowance for uncollectible accounts of $9,925 in 2014 and $11,181 in 2013	40,350	35,928
Inventories of supplies	6,224	5,765
Prepaid expenses and deposits	2,463	4,006
Current portion of assets whose use is limited or restricted	539	486
Deposit insurance receivable	793	-
Other receivables	1,583	1,253
Due from affiliates	5,838	6,699
Total current assets	101,180	75,250
Assets whose use is limited or restricted by board designation for		
Assets held by trustee under bond indenture agreements	4,155	4,087
Investments, other	912	955
Donor-restricted assets for specific purposes	9,819	9,214
Donor-restricted assets for permanent endowment	6,597	6,596
Total assets whose use is limited or restricted	21,483	20,852
Property, plant and equipment, net	132,990	138,769
Deferred debt issue costs	2,849	3,014
Professional insurance receivable	9,161	10,266
Other assets	4,834	3,445
Beneficial interest in perpetual and lead trusts	4,041	3,915
Long-term investments	129,877	118,296
Due from affiliates	-	479
Total assets	$ 406,415	$ 374,286
Liabilities and Net Assets		
Current		
Accounts payable and accrued expenses	$ 6,467	$ 13,796
Accrued payroll and employee benefits	21,437	17,977
Accrued interest payable	105	107
Current portion of long-term debt	3,105	3,130
Accrued postretirement benefits	203	226
Estimated third-party settlements, net	10,485	8,684
Due to affiliates	16,961	5,598
Total current liabilities	58,763	49,518
Long term debt, less current portion	95,296	98,405
Accrued pension benefits	28,998	19,693
Accrued postretirement benefits	1,514	1,634
Professional liability reserves	11,524	11,776
Other noncurrent liabilities	12,724	11,847
Total long term liabilities	150,056	143,355
Total liabilities	208,819	192,873
Commitments and contingencies (Note 16)		
Net Assets		
Unrestricted	175,854	161,688
Temporarily restricted	10,854	9,214
Permanently restricted	10,888	10,511
Total net assets	197,596	181,413
Total liabilities and net assets	$ 406,415	$ 374,286

The accompanying notes are an integral part of these consolidated financial statements

Northeast Hospital Corporation and Affiliate
Consolidated Statements of Operations
Years Ended September 30, 2014 and 2013

	2014	2013
Unrestricted net assets		
Revenues		
Net patient service revenue	$ 348,357	$ 333,521
Provision for bad debts	(9,526)	(10,038)
Net patient service revenue after provision for bad debts	338,831	323,483
Other revenues	6,561	9,603
Net assets released from restrictions	1,152	874
Total revenues	346,544	333,960
Expenses		
Salaries and wages, nonphysicians	152,979	147,286
Salaries and wages, physicians	10,922	8,441
Employee benefits	31,670	32,254
Supplies and other	117,596	118,206
Depreciation and amortization	17,423	17,732
Interest	1,288	1,558
Health Safety Net assessment	2,375	2,201
Total expenses	334,253	327,678
Income from operations	12,291	6,282
Nonoperating gains (losses), net		
Investment income	4,654	4,643
Unrestricted contributions	653	694
Fundraising costs	(700)	(1,249)
Other (expense) income	(1,149)	5,685
Total nonoperating gains	3,458	9,773
Excess of revenues over expenses	15,749	16,055
Change in net unrealized gains and losses on investments	7,932	7,517
Net assets released from restrictions used for purchase of property, plant and equipment	1,282	643
	24,963	24,215
Pension and postretirement related changes other than net periodic benefit cost	(10,797)	26,631
Increase in unrestricted net assets	$ 14,166	$ 50,846

The accompanying notes are an integral part of these consolidated financial statements

Northeast Hospital Corporation and Affiliate
Consolidated Statements of Changes in Net Assets
Years Ended September 30, 2014 and 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balances at September 30, 2012	$ 110,842	$ 7,949	$ 10,331	$ 129,122
Excess of revenues over expenses	16,055			16,055
Restricted contributions	-	1,516	-	1,516
Restricted investment income and gains	-	180	-	180
Contributions and changes in the value beneficial interest in perpetual and lead trusts	-	-	180	180
Net assets released from restrictions				
Used for operations	-	(874)	-	(874)
Used for property, plant and equipment	643	(643)	-	-
Change in net unrealized gains and losses on investments	7,517	1,086	-	8,603
Pension and postretirement related changes other than net periodic benefit cost	26,631	-	-	26,631
Change in net assets	50,846	1,265	180	52,291
Balances at September 30, 2013	161,688	9,214	10,511	181,413
Excess of revenues over expenses	15,749			15,749
Restricted contributions		2,869	251	3,120
Restricted investment income and gains		275		275
Contributions and changes in the value beneficial interest in perpetual and lead trusts			126	126
Net assets released from restrictions				
Used for operations		(1,152)		(1,152)
Used for property, plant and equipment	1,282	(1,282)		-
Change in net unrealized gains and losses on investments	7,932	930		8,862
Pension and postretirement related changes other than net periodic benefit cost	(10,797)			(10,797)
Change in net assets	14,166	1,640	377	16,183
Balances at September 30, 2014	$ 175,854	$ 10,854	$ 10,888	$ 197,596

The accompanying notes are an integral part of these consolidated financial statements

Northeast Hospital Corporation and Affiliate
Consolidated Statements of Cash Flows
Years Ended September 30, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	$ 16,183	$ 52,291
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized (gains) losses on investments	(11,075)	(9,695)
Change in beneficial interest in perpetual and lead trusts	(126)	(180)
Change in value of investments accounted for under the equity method of accounting	(1,500)	(2,394)
Change in value of interest rate swaps	835	(5,605)
Depreciation and amortization	17,677	17,871
Provision for bad debts	9,526	10,038
Pension and postretirement related changes other than net periodic benefit cost	10,797	(26,631)
Loss (gain) on sale of property, plant and equipment	127	(220)
Loss on restructuring of debt	-	197
Net gain on equity investment in joint venture	(37)	(49)
Distributions from affiliated organizations	-	100
Restricted contributions	(3,374)	(1,423)
Donated securities received	(19)	(123)
Proceeds from sale of donated securities	14	26
(Decrease) increase in cash resulting from changes in		
Patient accounts receivables	(13,947)	(10,320)
Other assets	(1,390)	1,016
Professional insurance receivable	1,105	(287)
Due from affiliates	12,703	931
Accounts payable, accrued expenses, and other liabilities	(4,881)	2,466
Accrued postretirement benefits and pension costs	-	(5,410)
Estimated third-party settlements	1,801	1,302
Net cash provided by operating activities	34,419	23,901
Cash flows from investing activities		
Additions to property, plant, and equipment	(12,927)	(16,924)
Proceeds from sale of property, plant and equipment	230	874
Purchase of assets whose use is limited or restricted and long-term investments	(15,906)	(8,971)
Proceeds from sale of assets whose use is limited or restricted and long-term investments	16,216	9,305
Net cash used in investing activities	(12,387)	(15,716)
Cash flows from financing activities		
Repayment of long-term debt	(3,134)	(4,695)
Donated securities received	5	97
Proceeds from restricted contributions	3,374	1,423
Net cash provided by (used in) financing activities	245	(3,175)
Increase in cash and cash equivalents	22,277	5,010
Cash and cash equivalents		
Beginning of year	21,113	16,103
End of year	$ 43,390	$ 21,113
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 1,125	$ 1,462
Fixed asset additions included in accounts payable and accrued expenses	91	928
Noncash financing activities (executed by a third party trustee)		
Issuance of Series J debt	$ -	$ 15,065
Payment of Series F debt		14,600
Debt issuance costs		465

The accompanying notes are an integral part of these consolidated financial statements

(in thousands of dollars)

1. Organization

Lahey Health System, Inc ("Parent") was organized to act as the parent of an integrated health care system The Parent is the sole corporate member of Lahey Clinic Foundation, Inc and the Lahey Affiliates ("Lahey") and Northeast Health System, Inc and the Northeast Affiliates ("Northeast") and as of July 1, 2014, Winchester Healthcare Management, Inc and the Winchester Affiliates ("Winchester")

Until July 1, 2014 Northeast was the sole member of Northeast Hospital Corporation ("NHC") and functioned as the parent holding company for NHC and other affiliated organizations Effective July 1, 2014, the Parent is the sole corporate member of NHC

NHC is the sole member of Northeast Medical Practice, Inc ("NMP"), a corporation organized to manage and operate physician practices NHC, known as Beverly Hospital, has acute care facilities in northeastern Massachusetts and provides inpatient, outpatient, and emergency care services Admitting physicians are primarily practitioners in the local area

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of NHC and NMP (collectively, the "Hospital") NHC accounts for its interest in its controlled affiliate using the cost method of accounting Intercompany balances and transactions are eliminated in consolidation The assets of a member of the consolidated group may not be available to meet the obligations of another member of the group

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period The more significant areas requiring the use of management estimates relate to third-party payor settlements, allowances for contractual adjustments and uncollectible receivables, actuarial assumptions associated with pension and postretirement benefits, incurred but not reported (IBNR) liabilities for healthcare insurance, workers' compensation insurance, medical malpractice insurance, and investments without readily determinable market values Actual results could differ from those estimates

Classification of Net Assets

Unrestricted net assets represent net assets which have no external donor imposed restrictions as to use or purpose as well as assets whose use is limited through board designation or under the terms of the revenue bond agreements Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose, or by law Permanently restricted net assets consist of endowment fund assets and trusts to be held in perpetuity

(in thousands of dollars)

Statement of Operations
For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of health care and related services are reported as operating revenue and expenses Other activity and transactions that are not considered to be involved with the direct delivery of healthcare and related services are reported as nonoperating gains and losses

The consolidated statements of operations include excess of revenue over expenses Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, consistent with industry practice, include changes in net unrealized gains and losses on investments, contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets), and certain pension and postretirement-related adjustments

Revenue Recognition
The Hospital has entered into payment agreements with Medicare, BlueCross BlueShield, Medicaid, and various commercial insurance carriers, managed care organizations, and preferred provider organizations The basis for payment under these agreements includes prospectively determined rates per discharge or per visit, discounts from established charges, cost (subject to limits), fee schedules, prospectively determined per diem rates, capitation fees earned on a per-member, per-month basis, and pay-per-performance incentives Certain pay for performance contracts also provide for payments that are contingent upon meeting certain agreed upon quality and efficiency measures

Net Patient Service Revenue
The Hospital has agreements with third-party payors that provide for payments at amounts different from established rates Payment arrangements include prospectively determined rates per discharge, reimbursable costs, discounted charges, per diem payments, fee for service and fixed capitation

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 Under the terms of various agreements, regulations, and statutes, certain elements of third-party reimbursement are subject to negotiation, audit, and/or final determination by the third-party payors As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Variances between preliminary estimates of net patient service revenue and final third-party settlements are included in the year in which the settlement or change in estimate occurs Net favorable adjustments of approximately $5,204 and $3,057 were recorded in 2014 and 2013, respectively In addition, $5 of net unfavorable adjustments and $610 of net favorable adjustments were recorded as a reduction to the Health Safety Net assessment in 2014 and 2013, respectively These changes in estimates resulted from settlements of net liabilities at an amount different than previously estimated receivables and liabilities

(in thousands of dollars)

Contributions and Gifts
Unconditional promises to give cash and other assets that are expected to be collected within one year are recorded at net realizable value Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows Unconditional promises to give are discounted at an appropriate market rate in accordance with fair value standards Amortization of the discounts are included in contribution revenue Conditional promises to give and indications of intentions to give are reported at fair value when the conditions are substantially met

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that either temporarily or permanently limit the use of the donated assets When a stipulated time restriction ends or purpose restrictions are accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions

Gifts, grants and pledges restricted by donors for additions to property, plant and equipment are recorded as temporarily restricted net assets until the stipulation is fulfilled and the assets are placed in service, at which time they are recorded as net assets released from restrictions in the statement of operations Gifts of property are recorded as unrestricted support at the fair market value on the date received, unless explicit donor stipulations specify how the donated assets must be used

The Hospital is the beneficiary of several trust funds administered by trustees or other third parties Trusts wherein the Hospital 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 The assets held in trust consist primarily of cash equivalents and marketable securities The fair values of perpetual trusts are measured using the fair value of the assets contributed to the trusts Income distributions from the trusts are reported as investment income that increase unrestricted net assets, unless restricted by the donor Changes in the fair value of the trusts are recorded as increases or decreases to permanently restricted net assets

Cash and Cash Equivalents
Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less at time of purchase Cash and cash equivalents held in the investment portfolio are included in assets whose use is limited and long term investments

The Hospital invests its cash and cash equivalents in money market funds at financial institutions in excess of insured limits

Inventories
Inventories consist of medical supplies and pharmaceuticals and are recorded at the lower of cost or market on a first-in-first-out method

Investments and Investment Income
Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet primarily based on quoted market prices Additionally, realized and unrealized gains/losses and investment income are recorded in the statement of operations as changes in unrestricted net assets, unless their use is restricted by explicit donor-imposed stipulations or law, in which case they are reported in the appropriate restricted class of net assets

(in thousands of dollars)

At September 30, 2014, the Hospital held interests in limited liability corporations, limited partnerships and common/collective trusts, also known as alternative investments Interests in limited liability corporations, limited partnerships or common/collective trusts are generally recorded at fair market value based on the Hospital's ownership share and rights of the investment, unless certain criteria require the investment to be recorded at cost Securities, for which no such quotations or valuations are readily available, are carried at fair value as estimated by management using values provided by external investment managers The Hospital believes that these valuations are a reasonable estimate of fair value as of September 30, 2014, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed

Investments in hedge funds, for which the Hospital owns less than 5% of the overall investment, are recorded under the equity method of accounting, which represents the Hospital's share of the underlying fair value of the funds The change in unrealized appreciation on equity method investments is included in excess of revenues over expenses Since many of these investments are not readily marketable, the estimates of the fair value necessarily involve assumptions and estimation methods which are uncertain, and therefore the estimates could differ materially from actual results if a ready market for the investments existed All other investments not recorded at fair value or under the equity method are recorded at cost

The Hospital periodically reviews its investments to identify those for which fair value is below cost The Hospital then makes a determination as to whether the investment should be considered other-than-temporarily impaired There were no other-than-temporary impairment charges recorded for the years ended September 30, 2014 and 2013

At September 30, 2014, the Hospital held investments and common collective trusts that had a fair value of approximately $198 less than cost There were no investments where the cost exceeded the fair value for in excess of one year Since the Hospital has the intent and ability to hold these investments until a recovery of fair value, the Hospital does not consider these investments to be other-than-temporary impaired at September 30, 2014

Investment income on borrowed funds held by a trustee is included in other revenue in the consolidated statement of operations Investment income and gains or losses on unrestricted, nonborrowed funds, are recognized as nonoperating gains or losses Investment income, including realized and unrealized gains and losses related to temporarily or permanently restricted net assets is reported as unrestricted unless the income, gain or loss is restricted by donor or by law

Assets Whose Use is Limited or Restricted
Assets whose use is limited or restricted consist of assets held by trustees under indenture agreements and donor-restricted assets

Property, Plant, and Equipment
Property, plant, and equipment are recorded at cost less accumulated depreciation Depreciation is determined on the straight-line method over the following estimated useful lives

Land improvements	3 to 25 years
Buildings and building improvements	5 to 40 years
Fixed equipment	5 to 20 years
Moveable equipment	3 to 20 years

(in thousands of dollars)

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the consolidated statement of operations

Maintenance, repairs and minor renewals are charged to expense as incurred Buildings and equipment under capital leases are amortized on the straight-line method over the shorter of the lease term or the asset's estimated useful life Such amortization is included in depreciation and amortization expense in the consolidated statement of operations

Construction in progress represents amounts expended towards property and equipment projects which have not been completed No provision for depreciation has been recorded for these items

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

Capitalized Interest
Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets There was no capitalized interest for the years ended September 30, 2014 and 2013

Asset Retirement and Environmental Obligations
The Hospital recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred When the liability is initially recognized, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset The liability is accreted to its present value each period and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of operations Substantially all of the asset retirement obligations relate to estimated costs to remove asbestos that is contained within the Hospital's facilities The adjustments to the carrying amount of the asset retirement obligation in 2014 and 2013 were primarily attributable to accretion expense

Assessment of Long-Lived Assets
The Hospital periodically reviews the carrying value of its long-lived assets (primarily property, plant and equipment and intangible assets) to assess the recoverability of these assets Any impairment is recognized in operating results if the reduction in value is considered not to be recoverable

Original Issue Premium/Discount and Deferred Debt Issue Costs
Original issue premiums/discounts and deferred debt issue costs are amortized over the period the debt is outstanding using the effective interest method

(in thousands of dollars)

Other Assets
Other noncurrent assets include the Hospital's investments in affiliated organizations Certain investments in affiliated organizations are accounted for using the equity method Also included in other noncurrent assets is the cash surrender value of life insurance and goodwill Goodwill is assessed for impairment on an annual basis

Income Tax Status
NHC and its affiliate NMP have been recognized as tax-exempt nonprofit organizations pursuant to Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements

Accounting for Defined Benefit Pension and Other Postretirement Plans
The Hospital recognizes the overfunded or underfunded status of its defined benefit and postretirement plans as an asset or liability in its consolidated balance sheet Changes in the funded status of the plans are reported as a change in unrestricted net assets presented below the excess of revenues over expenses in its consolidated statements of operations and changes in net assets in the year in which the changes occur

Fair Value of Financial Instruments
The fair value of financial instruments approximates the carrying amount reported in the consolidated balance sheet for cash, accounts receivable, and accounts payable The fair value of investments, excluding those that are accounted for under the cost or equity method, is disclosed in Note 7 The fair value of long-term debt is also disclosed in Note 7

Reclassifications
Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation

Recent Accounting Pronouncements

Donated Securities
In October 2012, the FASB issued *Not-for-Profit Entities Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows* (ASU 2012-05) This standard defines the appropriate financial reporting for the receipt of donated securities in the Statement of Cash Flows Donated securities with no donor-imposed restrictions are to be included in the Operating section of the statement, while donated securities with donor imposed long-term restrictions should be included in the financing section The Hospital adopted ASU 2012-05 and retroactively applied this guidance to fiscal year 2013

(in thousands of dollars)

3. Third-Party Reimbursement

Health Safety Net Fund

The Commonwealth of Massachusetts (the "Commonwealth") operates the Health Safety Net Fund (HSN) HSN allocates the cost of uncompensated care among the hospitals in the Commonwealth The hospitals have been assessed a uniform allowance based on estimates of the statewide cost of uncompensated care and have been reimbursed for a portion of the cost of uncompensated care, subject to certain limitations Reimbursable uncompensated care includes net charity care and certain bad debts related to emergency services The hospitals' recoveries from the HSN are based on a payment method that is claims-based and uses Medicare principles Reimbursement from the HSN for uncompensated care is recorded in net patient service revenue in the consolidated statements of operations

Medicare

Reimbursement for services provided to patients covered by the federal government's Medicare program who have elected not to enter a Medicare health maintenance organization (HMO) is determined under the Medicare prospective payment system (PPS) Reimbursement for services varies according to a patient classification system that is based on clinical, diagnostic, and other factors Medicare reimbursement received is subject to retroactive adjustment based on audits of an annual cost report As of September 30, 2014, settlements have been reached with the Medicare program for Medicare cost reports through 2011

4. Net Patient Service Revenue and Accounts Receivable

The Hospital 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 that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates (subject to discounts) for services provided On the basis of historical experience, a significant portion of the Hospital's uninsured patients are unable or fail to pay for the services provided Consequently, the Hospital records a provision for bad debts related to uninsured patients in the period the services are provided

For the years ended September 30, 2014 and 2013, patient service, revenue net of contractual allowances and discounts (before the provision for bad debts) was as follows

	2014	2013
Net patient service revenue		
Third-party payors	$ 340,111	$ 321,347
Self-pay payors	8,246	12,174
	$ 348,357	$ 333,521

(in thousands of dollars)

Accounts receivable are reduced by an allowance for uncollectible accounts In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major categories of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts Management regularly reviews data about these major categories of revenue in evaluating the sufficiency of the allowance for uncollectible accounts Throughout the year, after all reasonable collection efforts have been exhausted, the Hospital will write off the difference between the standard rates (or discounted rates if negotiated) and the amounts actually collected against the allowance for uncollectible accounts In addition to the review of the categories of revenue, management monitors the write offs against established allowances as of a point in time to determine the appropriateness of the underlying assumptions used in estimating the allowance for uncollectible accounts

Accounts receivable, prior to adjustment for doubtful accounts, is summarized as follows at September 30, 2014 and 2013

	2014	2013
Receivables		
Third-party payors	$ 45,383	$ 38,267
Self-pay payors	4,892	8,842
	$ 50,275	$ 47,109

The allowance for uncollectible accounts is summarized as follows at September 30, 2014 and 2013

	2014	2013
Allowance for doubtful accounts		
Third-party payors	$ 5,831	$ 4,190
Self-pay payors	4,094	6,991
	$ 9,925	$ 11,181

Patient related bad debt is reflected as a reduction in patient service revenues on the statements of operations

5. Charity Care and Community Benefit Programs

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue During 2014 and 2013, the Hospital provided approximately $6,181 and $7,284, respectively, in charity care The equivalent percentage of charity care to all gross patient service revenue was approximately 1% in both 2014 and 2013 Such amounts and percentages are determined using charges foregone based on established rates

(in thousands of dollars)

Community Benefit Programs
The Community Benefits Program at the Hospital is a program established to partner with community leaders and organizations to assess and meet the healthcare needs of the community The Community Benefits Program incorporates the Community Health concepts of wellness, adaptation, self-care and health promotion Strategies used in Community Benefits health activities include prevention, early detection, early intervention, long-term management and collaborative efforts with the affiliate organizations Health issues addressed encompass safety, chronic disease, infectious disease, substance abuse and behavioral health

The importance of the community health needs assessment and the collective efforts to address the healthcare needs of the North Shore have never been greater The economic downturn has had an impact on thousands of individuals and families throughout the region The Hospital will to work in partnership with the communities it serves and with health-related organizations throughout the North Shore to meet the area's healthcare needs and improve the overall health status of the community

The Hospital, with the help of Lahey Health System affiliates, will focus its community benefits plan around the four state-wide priorities highlighted below, which have been set forth by the Attorney General's Office

- Chronic Disease Management for disadvantaged populations
- Reducing health disparities
- Promoting wellness of vulnerable populations
- Supporting healthcare reform

The Community Benefits Committee at the Hospital will ensure the organization conducts health needs assessments for its 16 town/city primary service areas as mandated by the Attorney General

The Target Population(s) are broken down into six distinct groups Health Issues, Types of Programs, Sex, Race/Ethnicity, Age and Insured Status

Programs in Place
Screenings, clinics and seminars were developed in the following areas skin cancer, oral cancer, Pap smear, depression, diabetes, bone density, blood pressure, flu and CPR In addition, risk assessments were developed for cardiovascular, osteoporosis, diabetes, body mass index and breast cancer

A number of disease management initiatives have been instituted, including cardiac rehabilitation, heart failure management, pulmonary rehabilitation, osteoporosis management, vascular health and women's health screenings In 2003, the Hospital created the Lifestyle Management Institute (LMI) The LMI provides programs and education on how to live a healthy lifestyle, and proactively identifies populations with, or at risk of, certain medical conditions The LMI offers a full range of services to the community, including risk assessment, prevention education, diagnostic testing, coordinated medical treatment and continuous monitoring Effective disease management, particularly when using appropriate medical protocols, reduces the number of hospital admissions and emergency room visits, shortens the length of hospital stays and improves the overall health and quality of life for people with chronic illness

(in thousands of dollars)

6. Related Party Transactions

At September 30, 2014 and 2013, due from (to) affiliates consisted of the following

	2014	2013
Due from affiliates - total		
Due from Northeast Physician Practice, Inc	$ -	$ 451
Due from Northeast Behavioral Health	-	297
Due from Lahey Clinic Foundation	-	1,636
Due from Northeast Health System, Inc	2,823	-
Due from other affiliates	3,015	4,794
Total due from affiliates	5,838	7,178
Less Current portion	5,838	6,699
Accounts receivable - affiliates	$ -	$ 479
Due to affiliates - total		
Due to Northeast Health System, Inc	$ 2,400	$ 2,670
Due to Northeast Behavioral Health	245	299
Due to Lahey Health Shared Services	9,634	-
Due to Lahey Health System	1,045	937
Due to Lahey Clinic Foundation	1,002	1,599
Due to other affiliates	2,635	93
Total due to affiliates	$ 16,961	$ 5,598

Certain salaries and supplies are incurred by Northeast Behavioral Health (an affiliate) in connection with providing behavioral health services to the Hospital Such amounts aggregated $17,210 in 2014 and $17,496 in 2013 and are reflected as expenses in the accompanying consolidated statements of operations

7. Fair Value of Measurements

Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (also referred to as "exit price") Therefore, a fair value measurement should be determined based on the assumption that market participants would use in pricing the asset or liability In determining fair value, the use of various valuation approaches, including market, income and cost approaches, is permitted

(in thousands of dollars)

Fair Value Hierarchy
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 independent sources, while unobservable inputs reflect the reporting entity's assumptions about the inputs market participants would use The fair value hierarchy requires the reporting entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value

The hierarchy is described below

Level 1 Valuations using quoted prices in active markets for identical assets or liabilities Valuations of these products do not require a significant degree of judgment Level 1 assets include mutual funds that are traded in an active exchange market

Level 2 Valuations using observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, broker or dealer quotations, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities Level 2 assets primarily include debt securities and commingled and collective investment funds with quoted prices that are traded less frequently than exchange-traded instruments

Level 3 Valuations using unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities Level 3 includes assets whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques

Management has established internal controls and procedures related to the valuation of the Hospital's investments, including initial and ongoing diligence of third party valuations by the investment advisor Management reviews fund financial statements, performs comparisons of returns to industry benchmarks and prior periods, and maintains regular communication with fund managers Management discusses the overall performance of the portfolio with the Investment Committee on a quarterly basis

(in thousands of dollars)

The following tables present information as of September 30, 2014 and 2013, about the Hospital's instruments that are measured at fair value

	Fair Value Measurements Using			
2014	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets				
Cash investments	$ 6,345	$ -	$ -	$ 6,345
Debt Securities				-
Federal agency bonds		1,206		1,206
Mutual funds				
Fixed income	21,786			21,786
International equity	35,811			35,811
Domestic equity	10,998			10,998
Common collective trusts				-
U S equity		36,261		36,261
Global equity		6,313		6,313
Diversified		9,045		9,045
Other			52	52
Total investments	74,940	52,825	52	127,817
Beneficial interest in perpetual and lead trusts			4,041	4,041
Total assets at fair value	74,940	52,825	4,093	131,858
Interest rate swaps		(11,461)		(11,461)
Total assets and liabilities at fair value	$ 74,940	$ 41,364	$ 4,093	$ 120,397

	Fair Value Measurements Using			
2013	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets				
Cash investments	$ 2,882	$ -	$ -	$ 2,882
Debt securities				-
Federal agency bonds		3,644		3,644
Mutual funds				
Fixed income	19,799	-	-	19,799
International equity	32,635	-	-	32,635
Domestic equity	18,282	-	-	18,282
Common collective trusts				
U S equity	-	23,815	-	23,815
Global equity	-	5,389	-	5,389
Diversified	-	8,783	-	8,783
Other			1,852	1,852
Total investments	73,598	41,631	1,852	117,081
Beneficial interest in perpetual and lead trusts			3,915	3,915
Total assets at fair value	73,598	41,631	5,767	120,996
Interest rate swaps		(10,626)		(10,626)
Total assets and liabilities at fair value	$ 73,598	$ 31,005	$ 5,767	$ 110,370

(in thousands of dollars)

The above tables do not include certain investments accounted for under the equity method, totaling $24,082 and $22,553 at September 30, 2014 and 2013, respectively There were no transfers between Level 1 and 2 or Level 3 for the years ended September 30, 2014 and 2013

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3)

	Beneficial Interests in Perpetual and Lead Trusts	Other	Total
Fair Value at September 30, 2012	$ 3,735	$ 1,852	$ 5,587
Sales of investments	-	-	-
Purchase of investments	-	-	-
Change in net unrealized gain	180	-	180
Fair Value at September 30, 2013	3,915	1,852	5,767
Sales of investments			-
Purchase of investments	87		87
Change in net unrealized gain	39		39
Other		(1,800)	
Fair Value at September 30, 2014	$ 4,041	$ 52	$ 5,893

In the 2014 financial statements, $1,800 was transferred from investments to other assets

Net Asset Value (NAV) Per Share
In accordance with ASU No 2009-12, the Hospital expanded its disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share as of September 30, 2014 There were no lock-up redemption restrictions or unfunded commitments as of September 30, 2014 and 2013

The following table sets forth a summary of the Hospital's investments with a reported NAV at September 30, 2014 and 2013 (excludes certain investments accounted for under the equity method)

2014	Fair Value	Number of Funds	Redemption Terms
Common collective trusts	$ 51,619	3	Ranges from daily with 3 days notice to monthly with notice due by 22nd of prior month

(in thousands of dollars)

2013		Fair Value	Number of Funds	Redemption Terms
Common collective trusts	$	37,987	4	Ranges from daily with 3 days notice to monthly with notice due by 22nd of prior month

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value

Cash and Money Market Funds
The carrying value of cash investments and money market funds approximates fair value as maturities are less than three months and are based on quoted prices and actively traded

Debt Securities
The estimated fair values of debt securities are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices The marketable debt securities classified as Level 2 were classified as such due to the usage of observable market prices for similar securities that are traded in less active markets or when observable market prices for identical securities are not available, marketable debt instruments are priced using nonbinding market consensus prices that are corroborated with observable market data, quoted market prices for similar instruments, or pricing models, such as a discounted cash flow model, with all significant inputs derived from or corroborated with observable market data These Level 2 debt securities primarily include government bonds

Mutual Funds
The fair values of mutual funds are based on quoted market prices

Common Collective Trust Funds
The estimated fair values of common collective trust funds are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices The common collective trust funds classified as Level 2 were classified as such due to the usage of observable market prices for similar securities that are traded in less active markets or when observable market prices for identical securities are not available and are determined based upon information provided by the fund managers Such information is generally based on the net asset value of the underlying investments which approximates fair value The Hospital's investments in common collective trusts may be redeemed at net asset value on a daily or monthly basis with no lock-up redemption restrictions

Interest Rate Swaps
The Hospital uses inputs other than quoted prices that are observable to value the interest rate swaps The Hospital considers these inputs to be Level 2 inputs in the context of the fair value hierarchy These values represent the estimated amounts the Hospital would receive or pay to terminate the agreements, taking into consideration current interest rates and the current creditworthiness of the counterparty

(in thousands of dollars)

Long-Term Debt

The estimated fair values of the Hospital's long-term debt is based on current traded values or a discounted cash flows analysis based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements The fair value of long-term debt totaled $98,401 as of September 30, 2014 The Hospital considers this to be a Level 2 measurement The estimated fair values approximate the carrying amounts of the Hospital's long-term debt at September 30, 2014 and 2013

8. Investments

The following table presents the classification and carrying value of investments at September 30, 2014 and 2013

	2014		2013	
	Market	Cost	Market	Cost
Current portion of assets whose use is limited or restricted				
Cash or cash equivalents	$ 539	$ 539	$ 486	$ 486
Assets whose use is limited or restricted				
Cash or cash equivalents	5,806	5,806	2,396	2,396
Fixed income-US Government	1,206	1,248	3,644	3,744
Fixed income-Corporate			-	-
Mutual funds	6,613	5,189	8,154	6,408
Commingled and collective investment funds	5,358	3,738	4,178	3,174
Hedge funds	2,500	1,713	2,480	1,815
	21,483	17,694	20,852	17,537
Long term investments				
Mutual funds	61,982	48,638	62,562	51,848
Commingled and collective investment funds	46,261	32,278	33,809	25,677
Hedge funds	21,582	14,788	20,073	14,686
Other	52	52	1,852	1,852
	129,877	95,756	118,296	94,063
	$ 151,899	$ 113,989	$ 139,634	$ 112,086

(in thousands of dollars)

The composition of investment return for the years ended September 30, 2014 and 2013 was as follows

	2014	2013
Unrestricted investment income		
Interest and dividend income, net	$ 1,191	$ 1,307
Realized gains on sales of securities, net	1,963	942
Change in value of investments accounted for under the equity method of accounting	1,500	2,394
Change in unrealized appreciation (depreciation), net	7,932	7,517
	$ 12,586	$ 12,160
Temporarily restricted investment income		
Interest and dividend income	$ 25	$ 30
Realized gains on sales of securities, net	250	150
Change in unrealized appreciation (depreciation), net	930	1,086
	$ 1,205	$ 1,266
Permanently restricted investment income		
Change in fair value of irrevocable trusts	$ 126	$ 180
	$ 126	$ 180

9. Endowment Funds

The Hospital's endowment consists of approximately 123 funds established for a variety of purposes As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

Interpretation of Relevant Law
The Hospital has interpreted Massachusetts law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Board and expended Massachusetts law allows the Board to appropriate so much of the net appreciation of permanently restricted net assets as is prudent considering the Hospital's long- and short-term needs, present and anticipated financial requirements, and expected total return on its investments, price level trends, and general economic conditions In 2014 and 2013, approximately $472 and $413, respectively, was appropriated

As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present, and (b) the original value of the subsequent gifts to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present The remaining portion of the donor-restricted endowment funds are composed of accumulated gains not required to be maintained in perpetuity and are classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the donor's stipulations The Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds duration and preservation of the fund, purposes

(in thousands of dollars)

of the donor-restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Hospital, and the investment policies of the Hospital

Endowment Net Asset Composition and Changes in Endowment Net Assets
The Hospital currently has only donor-restricted endowment funds and does not have Board-designated endowment funds The following is a summary of the changes for the years ended September 30, 2014 and 2013

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at September 30, 2012	$ 6,913	$ 6,596	$ 13,509
Investment return	1,233		1,233
Appropriations of endowment assets for expenditure	(413)	-	(413)
Contributions			-
Endowment net assets at September 30, 2013	7,733	6,596	14,329
Investment return	1,176	-	1,176
Appropriations of endowment assets for expenditure	(472)	-	(472)
Contributions	-	251	251
Endowment net assets at September 30, 2014	$ 8,437	$ 6,847	$ 15,284

Funds With Deficiencies
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 Hospital to retain as a fund of perpetual duration There were no such deficiencies at September 30, 2014 or 2013

Investment Return Objectives and Spending Policy
The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets Under this policy, the endowment assets are invested in a manner to generate returns at least equal to and preferably greater than the consumer price index plus 5% To satisfy its long-term rate-of-return objectives, the Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments within prudent risk constraints

(in thousands of dollars)

10. Property, Plant, and Equipment

At September 30, 2014 and 2013, property, plant, and equipment consisted of the following

	2014	2013
Land and land improvements	$ 16,618	$ 19,980
Buildings and building improvements	178,285	177,789
Fixed and major moveable equipment	99,060	171,910
Total property, plant, and equipment	293,963	369,679
Less Accumulated depreciation	165,161	235,027
	128,802	134,652
Construction in progress	4,188	4,117
Property, plant, and equipment, net	$ 132,990	$ 138,769

During the year ended September 30, 2014, approximately $84,565 of fully depreciated assets that were no longer being used were written off An adjustment was made to remove the cost and accumulated depreciated of these fully depreciated assets

11. Other Noncurrent Assets

At September 30, 2014 and 2013, other noncurrent assets consisted of the following

	2014	2013
Investment in North Shore PET Imaging Center, LLC	$ 209	$ 172
Notes receivable (interest rate 4 25%) with maturities through 2016	110	364
Goodwill	1,225	1,225
Other	3,290	1,684
	$ 4,834	$ 3,445

(in thousands of dollars)

12. Long-Term Debt

At September 30, 2014 and 2013, long-term debt consisted of the following

	2014	2013
Massachusetts Development Finance Agency, (formerly known as Massachusetts Health and Educational Facilities Authority ("MHEFA" or the "Authority") Revenue Bonds)		
Northeast Hospital Issue, Series J, payable through 2020 (interest rate of 1 71%)	$ 11,135	$ 13,130
Northeast Hospital Issue, Series H, payable through 2036 (variable interest rate, 1 16% and 1 18% at September 30, 2014 and 2013, respectively)	23,000	23,000
Northeast Hospital Issue, Series I (taxable), payable through 2036 (variable interest rate, 1 61% and 1 63% at September 30, 2014 and 2013, respectively)	9,500	9,500
Northeast Hospital Issue, Series G, payable through 2034 (variable interest rate, 09% and 12% at September 30, 2014 and 2013, respectively, letter of credit through JP Morgan Chase expires in December 2015)	45,100	45,800
Northeast Hospital Issue, Pool M, payable through 2029 (varying rates, 11% and 12%, at September 30, 2014 and 2013, respectively letter of credit through Bank of America expires in May 2016)	9,434	9,816
Mortgage note payable through 2018 (interest rate of 3 55%)	232	289
	98,401	101,535
Less Current portion	3,105	3,130
	$ 95,296	$ 98,405

In November 2012 the Hospital refinanced Series H and Series I with private placement issues whereupon no letter of credit existed In November 2012, the Hospital also retired Series F and entered into a new $15,065 Series J issue, which was a private placement issue Although Series H, I and J are private placement issues they are still under the authority of the Massachusetts Development Finance Agency "MDFA" The cost of refinancing was approximately $148 for Series H and $61 for Series I The cost of issuing Series J was approximately $256

(in thousands of dollars)

The Hospital entered into an agreement with the MDFA to issue tax-exempt MDFA variable rate revenue bonds, Northeast Hospital Corporation Issue, Series G (2004) (the "Series 2004 Bonds") in the aggregate amount of $55,000 due 2034 The Series 2004 Bonds were issued in the R-Float mode with rates reset weekly In June 2008, the Hospital entered into a remarketing agreement to refinance the Series 2004 Bonds The remarketing changed the mode of the bonds from an R-Float mode to a Variable Rate Demand Bond backed by a letter of credit which expires in December 2015 The interest rate on the Series 2004 Bonds is set weekly Series 2004 bondholders have the option to put the bonds back to the Hospital Such bonds would be subject to remarketing efforts by the Hospital's remarketing agent To the extent that such remarketing efforts were unsuccessful, the nonmarketable bonds would be purchased from the proceeds of the letter of credit Payments of the principal on the letter of credit advances would commence on the first calendar day of the month that commences more than one year after the advance Repayment of the letter of credit would be required by the earlier of five years from the date of the advance under the letter of credit or that stated maturity date The Series 2004 bonds have been classified in accordance with the stated maturity in the accompanying consolidated balance sheets and in the table of scheduled maturities of long-term debt

On May 1, 2003, the Hospital borrowed $12,069 to fund various specific projects including endoscopy, special care nursery and surgical expansion with Series M-2 issue, which is part of a Massachusetts Health and Educational Facilities Authority Capital Asset Program Issue Pool The loan runs through 2029 and $67 of finance costs are being amortized over that period The Series M-2 issue is backed by a letter of credit extended through May 28, 2016 for which the current annual fee is 1 75% of the outstanding principal plus 45 days accrued interest at the maximum rate of 10%

The MDFA bonds are collateralized by substantially all property, plant, and equipment of the Hospital and a lien on its gross receipts The debt agreements require the Hospital to escrow funds with a trustee for current installments and arbitrage rebate liabilities, if any Additionally, the debt agreements place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain measures of financial performance and comply with certain other covenants

In conjunction with the issuance of the Series H 2006 Bonds, Series I 2006 Bonds, and Series G 2004 Bonds, the Hospital entered into the following interest rate swap agreements to manage its interest rate risk on the variable rate debt

	Fixed Payment Rate	Variable Rate Received	Initial Notional Amount	Termination Date	Counterparty
Series H Swap	3 799 %	67% LIBOR	$ 23,000	July 1, 2036	Bank of America
Series I (taxable) Swap	5 624	100% LIBOR	7,000	July 1, 2036	Bank of America
Series G Swap	3 370	67% LIBOR	37,000	July 1, 2034	Bank of America
Series G Swap	3 030	67% LIBOR	5,000	July 1, 2014	Bank of America

(in thousands of dollars)

The fair value of the Hospital's swaps at September 30, 2014 and 2013, were liabilities of $11,461 and $10,626, respectively, which are included in other noncurrent accrued liabilities on the consolidated balance sheets The change in net unrealized losses of $835 and net unrealized gains of $5,605 in 2014 and 2013, respectively, are recorded as nonoperating gains (losses) in the accompanying consolidated statements of operations Net cash payments under the swaps were $2,246 and $2,286 for the years ended September 30, 2014 and 2013, respectively, which are included in other revenue in the accompanying consolidated financial statements

The mortgage and notes payable are collateralized by buildings, equipment, and other assets with net book values totaling approximately $331 and $367 at September 30, 2014 and 2013, respectively

The costs of issuance were approximately $597 for the Series H 2006 Bonds and Series I 2006 Bonds and $3,303 for the Series G 2004 Bonds These costs included underwriters' discount, legal, consulting, and printing fees, bond insurance premium, swap insurance premium, and other associated issuance costs related to the bonds These costs are amortized over the life of the bond issues

Scheduled principal payments on long-term debt are as follows

Years Ending September 30,		
2015	$	3,105
2016		3,256
2017		3,374
2018		3,342
2019		3,362
Thereafter		81,962
	$	98,401

Loan Covenants
Under the terms of a master indenture, the Hospital is required to meet certain covenant requirements In addition, the indenture provides for restrictions on, among other things, additional indebtedness and dispositions of property

13. Operating Leases and Other Commitments

Operating Leases
The Hospital leases certain property and equipment under non-cancelable operating leases with various terms Future minimum rental commitments under noncancelable leases are as follows

Years Ending September 30,		
2015	$	2,056
2016		1,618
2017		1,103
2018		786
2019		517
Thereafter		-
	$	6,080

(in thousands of dollars)

Rent expense was approximately $2,598 and $2,227 for the years ended September 30, 2014 and 2013, respectively

Other Commitments
At September 30, 2014, the Hospital has guaranteed the following debt

	Balance Outstanding
Northeast Senior Health (formerly Northeast Long-Term Care Corporation)	$ 4,865
Northeast Behavioral Health (formerly Health and Education Services, Inc)	3,359
Seacoast Nursing Home and Rehabilitation Center, Inc ("Seacoast")	4,891

Northeast Senior Health, Northeast Behavioral Health and Seacoast are affiliates of the Hospital

14. Employee Benefits

The Hospital has a noncontributory pension plan (the "Plan") which covers substantially all of the Hospital's employees The Plan, which may be terminated at any time by the Board, provides benefits to employees upon retirement

The benefits under the Plan are based on years of service and the participants' compensation levels The Hospital's policy is to fund the Plan in excess of the minimum required contribution in order to cover the present and future obligations of the Plan Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future

The Hospital also provides assistance with the cost of health insurance to eligible employees who retire with a hospital pension In 1991, the postretirement health plan was amended such that employees are no longer earning postretirement medical benefits

(in thousands of dollars)

The following table provides a reconciliation of benefit obligations, plan assets, and the funded status of the Hospital's benefit plans and the related amounts that are recognized in the accompanying consolidated balance sheets at September 30, 2014 and 2013

	Pension Benefits		Postretirement Benefits	
	2014	2013	2014	2013
Change in benefit obligation				
Benefit obligation at October 1	$ 154,509	$ 167,259	$ 1,860	$ 2,137
Service cost	3,942	4,432	2	3
Interest cost	7,889	6,920	71	80
Employee contributions	470	473	-	-
Actuarial loss (gain)	15,424	(19,317)	(12)	(134)
Benefits paid	(5,595)	(5,258)	(204)	(226)
Benefit obligation at September 30	$ 176,639	$ 154,509	$ 1,717	$ 1,860
Accumulated benefit obligation	$ 165,512	$ 145,682	$ -	$ -
Change in plan assets				
Fair value of plan assets at October 1	$ 134,816	$ 115,801	$ -	$ -
Actual return on plan assets	13,090	12,400	-	-
Employer contributions	4,860	11,400	204	226
Employee contributions	470	473	-	-
Benefits paid from plan assets	(5,595)	(5,258)	(204)	(226)
Fair value of plan assets at September 30	$ 147,641	$ 134,816	$ -	$ -
Funded status/accrued benefit liability	$ (28,998)	$ (19,693)	$ (1,717)	$ (1,860)

	Pension Benefits		Postretirement Benefits	
	2014	2013	2014	2013
Amounts recognized in the balance sheet consist of				
Current liability	$ -	$ -	$ (203)	$ (226)
Noncurrent liability	(28,998)	(19,693)	(1,514)	(1,634)
Net amount recognized	$ (28,998)	$ (19,693)	$ (1,717)	$ (1,860)

Unrestricted net assets at September 30, 2014 and 2013, include unrecognized actuarial losses of $50,156 and $39,645, respectively, and unrecognized prior service credits of $438 and $528, respectively, for the Plan and unrecognized losses of $859 and $943, respectively, and unrecognized prior service credits of $352 and $633, respectively, for the postretirement health plan The amount in unrestricted net assets expected to be recognized in net periodic benefit costs over the next fiscal year includes an actuarial loss of $2,421 and a net prior service credit of $90 for the Plan and an actuarial loss of $78 and a net prior service credit of $281 for the postretirement health plan

(in thousands of dollars)

The components of net periodic benefit costs were as follows for the years ended September 30, 2014 and 2013

	Pension Benefits		Postretirement Benefits	
	2014	2013	2014	2013
Service cost	$ 3,942	$ 4,432	$ 2	$ 3
Interest cost	7,889	6,920	71	80
Expected return on plan assets	(10,105)	(8,813)	-	-
Amortization of prior service cost	(90)	(90)	(281)	(281)
Recognized actuarial loss	1,929	3,877	72	88
Net periodic benefit cost	$ 3,565	$ 6,326	$ (136)	$ (110)

Other changes in plan assets and benefit obligations recognized in unrestricted net assets

	Pension Benefits		Postretirement Benefits	
	2014	2013	2014	2013
New net actuarial loss (gain)	$ 12,439	$ (22,903)	$ (13)	$ (134)
Amortization of				
Prior service cost	90	90	281	281
Actuarial gain	(1,929)	(3,877)	(71)	(88)
Total recognized	$ 10,600	$ (26,690)	$ 197	$ 59

At September 30, 2014 and 2013, the Hospital used the following assumptions in determining the preceding amounts

	2014	2013
Pension benefits		
Discount rate - benefit obligation	4 51 %	5 19 %
Discount rate - periodic benefit cost	5 19	4 20
Rate of compensation increase - benefit obligation	3 00	3 00
Rate of compensation increase - periodic benefit cost	3 00	3 00
Expected long-term rate of return on plan assets	7 50	7 50

	2014	2013
Postretirement benefits		
Discount rate - benefit obligation	3 83 %	4 33 %
Discount rate - periodic benefit cost	4 33 %	4 20 %

The discount rate was derived from an actuarial discount rate model based on yields of high quality corporate bonds at September 30, 2014 and 2013 The increase in future compensation levels was determined from current and historical economic conditions

(in thousands of dollars)

Increasing the assumed health care cost trend rates by one percentage point would increase the postretirement benefits accumulated benefit obligation as of September 30, 2014 by approximately $14 and the total service cost and interest cost for the fiscal year ending September 30, 2014 would increase by an immaterial amount Decreasing the assumed health care cost trend rate by one percentage point would decrease the postretirement benefits accumulated benefit obligation as of September 30, 2014 by approximately $15 and the total service cost and interest cost for the fiscal year ending September 30, 2014 would decrease by an immaterial amount The assumed health care cost trend rate is 5%

The following table presents information as of September 30, 2014 and 2013 about the Hospital's pension investments that are measured at fair value

	Fair Value Measurements Using			
2014	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets				
Cash investments	$ 266	$ -	$ -	$ 266
Mutual funds				-
Fixed income	25,287	-	-	25,287
International equity	37,561	-	-	37,561
Domestic equity	8,673	-	-	8,673
Common collective trusts				
U S equity	-	31,259	-	31,259
Global equity	-	6,313	-	6,313
Diversified	-	9,829	-	9,829
Hedge Funds	-	-	28,453	28,453
Total investments	$ 71,787	$ 47,401	$ 28,453	$ 147,641

(in thousands of dollars)

2013	Fair Value Measurements Using: Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Cash investments	$ 9,752	$ -	$ -	$ 9,752
Mutual funds				-
Fixed income	20,477	-	-	20,477
International equity	34,243	-	-	34,243
Domestic equity	13,351	-	-	13,351
Common collective trusts				
U S equity	-	21,033	-	21,033
Global equity	-	8,019	-	8,019
Diversified	-	7,215	-	7,215
Hedge Funds	-	-	20,726	20,726
Total investments	$ 77,823	$ 36,267	$ 20,726	$ 134,816

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3)

	Hedge Funds
Fair Value at September 30, 2012	$ 18,520
Sales of investments	-
Purchase of investments	-
Change in net unrealized gain	2,206
Fair Value at September 30, 2013	20,726
Sales of investments	-
Purchase of investments	3,000
Change in net unrealized gain	4,727
Fair Value at September 30, 2014	$ 28,453

(in thousands of dollars)

The Hospital's pension plan weighted-average asset allocations at September 30, 2014 and 2013, by asset category, are as follows

	Asset Allocation	
Asset Category	**2014**	**2013**
Equity securities	63 %	62 %
Debt securities	17	15
Hedge funds	19	16
Cash and short term	1	7
	100 %	100 %

Management of the pension plan assets is designed to maximize total return (income plus capital change) while preserving the capital values of the funds, protecting the funds from inflation, and providing liquidity as needed for plan benefits The objective is to provide a rate of return that meets inflation, plus 4 5% over a long-term time horizon The Hospital has established target asset allocation ranges of 45% to 65% equity investments, 12% to 18% debt investments, and 15% to 25% alternative investments (hedge funds)

The Hospital expects to contribute $4,300 to the Plan and $207 to the postretirement health plan in fiscal year 2015

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows

	Pension Benefits	Postretirement Benefits
2015	$ 7,818	$ 207
2016	8,264	196
2017	9,196	186
2018	9,840	172
2019	10,378	160
2020 - 2024	61,925	613

(in thousands of dollars)

15. Temporarily and Permanently Restricted Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes

	2014	2013
Accumulated gains on permanently restricted net assets available for appropriation	$ 8,437	$ 7,733
Capital improvements	972	444
Operations	1,304	894
For periods after September 30	141	143
	$ 10,854	$ 9,214

Permanently Restricted Net Assets

Permanently restricted net assets consists of income from which is expendable to support health care services and beneficial interest in perpetual and lead trusts administered by outside trustees These contributions are restricted as follows

	2014	2013
Specific purpose funds - health care services	$ 6,847	$ 6,596
Beneficial interest in perpetual and lead trusts	4,041	3,915
	$ 10,888	$ 10,511

16. Professional Liability and Other Contingencies

Professional Liability Insurance

The Hospital was previously insured for the professional and general liability through Northeast Massachusetts Indemnity Company ("NMIC") In August 2013, NMIC was amalgamated into Lahey Clinic Insurance Company, Ltd ("LCIC"), a wholly owned subsidiary of Lahey Health System, Inc , which is a captive insurance company incorporated and based in Bermuda for the purpose of providing professional and general liability insurance

Insurance coverage through LCIC is on a modified claims-made basis, which provides specific coverage for claims submitted during the policy term Premiums paid to LCIC are actuarially determined based on asserted and incurred but not reported professional liability claims Excess coverage, above the captive's retained limits, is obtained on a yearly basis from other domestic and foreign reinsurers The captive's retained limits are $2,500 per claim for professional liability claims and $26,000 annual aggregate, which is shared with other LCIC insureds and $1,000 per claim for commercial general liability claims

(in thousands of dollars)

The Hospital uses an outside actuarial consultant to determine its professional liability reserves Estimated professional liability costs consist of specific reserves calculated to cover the estimated liability resulting from medical or general liability incidents or potential claims which have been reported, as well as provision for claims incurred but not reported Estimated professional liabilities are based on claims reported, historical experience, and industry trends These liabilities include estimates of future trends in loss severity and frequency and other factors which could vary as the claims are ultimately settled Although it is not possible to measure the degree of variability inherent in such estimates, management believes the reserves for claims are adequate These estimates are periodically reviewed, and necessary adjustments are reflected in operations in the year the need for such adjustments become known Although there is at least a reasonable possibility that the recorded estimates will change by a material amount in the near term, management is unaware of any claims that would cause the final expense for medical malpractice risks to vary materially from the amounts provided

The Hospital follows the accounting policy of establishing reserves to cover the ultimate costs of medical malpractice claims, which include costs associated with litigating or settling claims The liability also includes an estimated tail liability, established to cover all malpractice claims incurred but not reported to the insurance company as of the end of the year The total malpractice liability of $11,524 and $11,776 at September 30, 2014 and 2013, respectively, is presented as professional liability reserves in the consolidated balance sheet

Management is not aware of any claims against the Hospital or factors affecting LCIC that would cause the expense for professional liability risks to vary materially from the amount provided

Workers' Compensation
The Hospital provides workers' compensation coverage on a self-insured basis The Hospital uses an outside actuarial consultant to determine its estimated liability The estimated liability is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets

Commitments and Contingencies
The Hospital is a party in various legal proceedings and potential claims arising in the ordinary course of its business In addition, the health care industry, as a whole, is subject to numerous laws and regulations of federal, state, and local governments Compliance with these laws and regulations can be subject to future governmental review and interpretation as well as regulatory actions unknown or unasserted at this time Such compliance in the health care industry has recently come under increased governmental scrutiny which could result in the imposition of significant fines and penalties as well as significant repayments of previously billed and collected revenue from patient services Management does not believe that these contingencies will have a material adverse effect on the Hospital's consolidated financial statements

(in thousands of dollars)

17. Functional Expenses

The Hospital provides general health care services to residents within its geographic location Expenses related to these services are as follows

	September 30, 2014	September 30, 2013
Health care services	$ 264,068	$ 254,824
General and administrative	70,185	72,854
Total	$ 334,253	$ 327,678

18. Concentration of Credit Risk

Financial instruments that potentially subject the Hospital to concentration of credit risk are patient and other receivables, amounts due from affiliates, investments, other noncurrent assets, and cash equivalents The Hospital invests available cash in a money market account of a local bank

The Hospital grants credit without collateral to its patients, many of whom are local residents and are insured under third-party payor agreements At September 30, 2014 and 2013, accounts receivable from patients and third-party payors, exclusive of estimated third-party settlements, are summarized as follows

	2014	2013
Medicare	41 %	34 %
Self Pay	3 %	5 %
HMO Other	6 %	10 %
HMO Blue	16 %	15 %
Blue Cross/Blue Shield	0 %	1 %
Harvard Pilgrim Health Care (HPHC)	6 %	7 %
Other	6 %	6 %
Tufts	4 %	6 %
Other Government Programs	16 %	15 %
Worker's Compensation	2 %	1 %
	100 %	100 %

Although management expects the amounts recorded as net accounts receivable on September 30, 2014 and 2013, to be collectible, this concentration of credit risk is expected to continue in the near term

19. Subsequent Events

The Hospital has assessed the impact of subsequent events through February 25, 2015, the date the audited financial statements were issued, and has concluded that there were no such events that require adjustment to the audited financial statements or disclosure in the notes to the audited financial statements

Supplemental Schedules

Northeast Hospital Corporation and Affiliate
Consolidating Balance Sheet
September 30, 2014

(in thousands of dollars)	Northeast Hospital Corporation	Northeast Medical Practice, Inc	Eliminations	Consolidated
Assets				
Current				
Cash and cash equivalents	$ 42,722	$ 668	$ -	$ 43,390
Patient receivables, less allowance for uncollectible accounts of $9,925	39,068	1,282	-	40,350
Inventories of supplies	6,224	-	-	6,224
Prepaid expenses and deposits	2,205	258	-	2,463
Current portion of assets whose use in limited or restricted	539	-	-	539
Deposit insurance receivable	793			793
Other receivables	1,414	169	-	1,583
Due from affiliates	14,946	7	(9,115)	5,838
Total current assets	107,911	2,384	(9,115)	101,180
Assets whose use is limited or restricted by board designation for				
Assets held by trustee under bond indenture agreements	4,155	-	-	4,155
Investments, other	912	-	-	912
Donor-restricted assets for specific purposes	9,819	-	-	9,819
Donor-restricted assets for permanent endowment	6,597	-	-	6,597
Total assets whose use is limited or restricted	21,483	-	-	21,483
Property, plant and equipment, net	132,771	219	-	132,990
Deferred debt issue costs	2,849	-	-	2,849
Professional insurance receivable	5,185	3,976	-	9,161
Other assets	3,543	1,291	-	4,834
Beneficial interest in perpetual and lead trusts	4,041	-	-	4,041
Long-term investments	129,877	-	-	129,877
Total assets	$ 407,660	$ 7,870	$ (9,115)	$ 406,415

Northeast Hospital Corporation and Affiliate
Consolidating Balance Sheet
September 30, 2014

(in thousands of dollars)	Northeast Hospital Corporation	Northeast Medical Practice, Inc.	Eliminations	Consolidated
Liabilities and Net Assets				
Current				
Accounts payable and accrued expenses	$ 6,309	$ 158	$ -	$ 6,467
Accrued payroll and employee benefits	20,731	706	-	21,437
Accrued interest payable	105	-	-	105
Current portion of long-term debt	3,105	-	-	3,105
Accrued postretirement benefits	203	-	-	203
Estimated third-party settlements, net	10,485	-	-	10,485
Due to affiliates	12,880	13,196	(9,115)	16,961
Total current liabilities	53,818	14,060	(9,115)	58,763
Long-term debt, less current portion	95,296	-	-	95,296
Accrued pension benefits	28,398	600	-	28,998
Accrued postretirement benefits	1,514	-	-	1,514
Professional liability reserves	7,548	3,976	-	11,524
Other noncurrent liabilities	12,555	169	-	12,724
Total long-term liabilities	145,311	4,745	-	150,056
Total liabilities	199,129	18,805	(9,115)	208,819
Net assets				
Unrestricted	186,789	(10,935)	-	175,854
Temporarily restricted	10,854	-	-	10,854
Permanently restricted	10,888	-	-	10,888
Total net assets	208,531	(10,935)	-	197,596
Total liabilities and net assets	$ 407,660	$ 7,870	$ (9,115)	$ 406,415

Northeast Hospital Corporation and Affiliate
Consolidating Statement of Operations
Year Ended September 30, 2014

(in thousands of dollars)	Northeast Hospital Corporation	Northeast Medical Practice, Inc	Reclassifications and Eliminations	Consolidated
Unrestricted net assets				
Revenues				
Net patient service revenue	$ 336,335	$ 12,022	$ -	$ 348,357
Provision for bad debt	9,248	278	-	9,526
Net patient service revenue after provision for bad debts	327,087	11,744	-	338,831
Other revenues	4,792	2,726	(957)	6,561
Net assets released from restrictions	1,152	-		1,152
Total revenues	333,031	14,470	(957)	346,544
Expenses				
Salaries and wages, nonphysicians	148,336	4,643	-	152,979
Salaries and wages, physicians	4,275	6,647	-	10,922
Employee benefits	29,803	1,867	-	31,670
Supplies and other	113,861	4,692	(957)	117,596
Depreciation and amortization	17,373	50	-	17,423
Interest	1,288	-	-	1,288
Health Safety Net assessment	2,375	-	-	2,375
Total expenses	317,311	17,899	(957)	334,253
Income (loss) from operations	15,720	(3,429)	-	12,291
Nonoperating gains (losses), net				
Investment income	4,670	(16)	-	4,654
Unrestricted contributions	653		-	653
Fundraising costs	(700)		-	(700)
Other income	(1,149)		-	(1,149)
Total nonoperating gains	3,474	(16)	-	3,458
Excess (deficiency) of revenues over expenses	19,194	(3,445)	-	15,749
Change in net unrealized gains and losses on investments	7,932	-	-	7,932
Net assets released from restriction used for purchase of property, plant and equipment	1,282	-	-	1,282
	28,408	(3,445)	-	24,963
Pension and other postretirement related adjustments other than net periodic benefit cost	(10,797)	-	-	(10,797)
Increase (decrease) in unrestricted net assets	$ 17,611	$ (3,445)	$ -	$ 14,166