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Form 990  Department of the Treasury Internal Revenue Service	<h1>Return of Organization Exempt From Income Tax</h1> <p>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)</p> <p>▶ 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.</p> <p>▶ Information about Form 990 and its instructions is at www.irs.gov/form990</p>	OMB No 1545-0047 <h1>2013</h1> <p>Open to Public Inspection</p>
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A For the 2013 calendar year, or tax year beginning 10-01-2013 , 2013, and ending 09-30-2014



B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization The Hospital of Central Connecticut		D Employer identification number 06-0646768
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 100 Grand Street	Room/suite	E Telephone number (860) 224-5900
	City or town, state or province, country, and ZIP or foreign postal code New Britain, CT 06050		G Gross receipts \$ 387,107,627
	F Name and address of principal officer Lucille Janatka 100 Grand Street New Britain, CT 06050		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () <input type="checkbox"/> (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(c) Group exemption number <input type="checkbox"/>	
J Website: <input checked="" type="checkbox"/> www.thocc.org			

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities The Hospital of Central Connecticut (HOCC), located in New Britain and Southington provides medical, surgical and other specialties. Centers of excellence include the Center for Cardiovascular Medicine, Center for Joint Care, Ferdinand Sauer, MD Family BirthPlace, Joslin Diabetes Affiliate, Sleep Disorders Center, and George Bray Cancer Center. The Hospital also operates medical, surgical, pediatric and ob/gyn outpatient clinics, outpatient diagnostic and laboratory services in New Britain and surrounding towns, and runs various community events and programs. The Hospital of Central Connecticut at Bradley Memorial, founded in 1938, is an acute care hospital located at 81 Meriden Avenue, Southington, Connecticut. It provides a wide range of inpatient and outpatient services to a geographic area centered on the town of Southington. The Bradley Memorial Campus is licensed for 84 beds. Both campuses provide a wide array of medical services operating under a single license.		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	13
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	3,250
	6 Total number of volunteers (estimate if necessary)	6	414
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,908,893
b Net unrelated business taxable income from Form 990-T, line 34	7b	-892,688	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	6,660,267	4,733,130
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	382,336,238	368,172,882
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	12,029,403	11,085,482
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,098,337	1,158,948
		403,124,245	385,150,442
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	220,435,365	193,538,562
	16a Professional fundraising fees (Part IX, column (A), line 11e)	81,135	36,934
	b Total fundraising expenses (Part IX, column (D), line 25) <u>704,082</u>		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	155,752,814	164,311,775
	18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	376,269,314	357,887,271
	19 Revenue less expenses. Subtract line 18 from line 12	26,854,931	27,263,171
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	431,395,303	501,255,592
	21 Total liabilities (Part X, line 26)	189,213,621	273,140,311
	22 Net assets or fund balances. Subtract line 21 from line 20	242,181,682	228,115,281

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		2015-08-13
	 Carolyn Freiheit VP Finance Type or print name and title	Date

Paid Preparer Use Only	Print/Type preparer's name Beth A Thurz	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P00346435
	Firm's name ▶ Crowe Horwath LLP			Firm's EIN ▶ 35-0921680	
	Firm's address ▶ 175 Powder Forest Drive Simsbury, CT 06089			Phone no (860) 678-9200	

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

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

☐

1

Briefly describe the organization's mission

The Hospital of Central Connecticut is dedicated to fostering, sustaining and improving the health status of the people in the communities we serve

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 \$ 23,420,832 including grants of \$) (Revenue \$ 33,187,034)

Laboratory Department Our Laboratory/Drawing Stations serve the greater New Britain area and its surrounding neighboring towns such as Bristol, Kensington, and Plainville, among other towns The Laboratory/Drawing Stations performed 1,497,293 tests Of those tests, 94,125 were from drawing stations (which saw an increase of 4% over prior year) Our Laboratory tested 349,201 units for our inpatients and 1,016,551 for Outpatients (the Outpatients tested were approximately 68% of total units) As a partner in the community, HOCC has positioned itself throughout the greater New Britain area to be convenient to our patients and family members Our organization continues to review sites that we currently operate and potential new sites to address patient and family experience, satisfaction and convenience

4b

(Code) (Expenses \$ 26,434,933 including grants of \$) (Revenue \$ 44,955,598)

Emergency Department For Fiscal Year 2014 (FY14), there were approximately 145 full-time employees (FTEs) in the Emergency Department for both Southington and New Britain campuses Our ER team is committed to delivering quality medical care with high patient safety in a timely, efficient and professional manner while also exceeding the needs of our patients and private physicians Trends in Emergency Department Volumes This year our total patient visits for both campuses combined was over 105,304 This was a decrease of 1,760 patients or 1 6% from the previous year The volumes were approximately 87,000 and 18,000 at the New Britain and Southington campuses respectively The Department continues to manage staffing levels based upon census levels and trends to meet the demands of our patient volumes

4c

(Code) (Expenses \$ 23,777,118 including grants of \$) (Revenue \$ 47,488,074)

Radiology Department Radiology derived information is an inextricable component of our patients'continuum of care From screening exams to acute interventional imaging, radiographic technology continued to evolve in 2014 Over 157,000 imaging exams were performed at the New Britain and Southington campuses Of these, more than 80% were performed on our Outpatient population There was a 1 9% overall decline in imaging exams in FY14 versus the prior year's due to the combined economic influences and judicious application of imaging and radiation exposure Management continues to review and monitor satellite offices' volume and staffing levels in a continuous form to stay financially responsible to the organization and community

(Code) (Expenses \$ 242,912,815 including grants of \$) (Revenue \$ 240,829,826)

Other routine services such as inpatient and outpatient medical and surgical, maternity, newborn, psychiatric and pediatric and ancillary services provided to patients

4d

Other program services (Describe in Schedule O)

(Expenses \$ 242,912,815 including grants of \$) (Revenue \$ 240,829,826)






4e

Total program service expenses

316,545,698

Form 990 (2013)

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response 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	273			
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	3,250			
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? <i>If "No" to line 3b, provide an explanation in Schedule O.</i>	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 See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a				No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b				
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10	Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11	Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a				
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13	Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? <i>If "No," provide an explanation in Schedule O.</i>	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	13	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	11	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶CT
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 ▶Carolyn Freiheit 389 John Downey Drive New Britain, CT 06051 (860) 224-5900

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

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

Form **990** (2013)

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	11,226,367	3,846,968	2,622,476

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 ▶277

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
New England Mechanical Services Inc 166 Tunnel Road Vernon CT 06066	Mechanical Services	3,532,101
Downes Construction Company LLC 200 Stanley Street New Britain CT 06051	Construction	2,900,611
Bey Sell Construction Co of CT 387 East Main Street Wallingford CT 06492	Construction	2,672,718
Clinical Lab Partners LLC 129 Patricia M Genova Drive Newington CT 06111	Lab Services	1,133,720
Sleep Consultants of CT LLC 35 Pearl Street New Britain CT 06051	Medical Services	914,295

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 153

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations 1d				
	e	Government grants (contributions) 1e	1,392,645			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	3,340,485			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f	4,733,130			
Program Service Revenue	2a	Patient Service Revenue				
		Business Code				
		622110	328,485,583	328,485,583		
	b	Laboratory Services	33,187,034	31,317,491	1,869,543	
	c	Other Patient Services	6,500,265	6,500,265		
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f	368,172,882			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	4,541,495			4,541,495
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents				
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss)	-1,103,015			-1,103,015
	7a	Gross amount from sales of assets other than inventory				
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)				
	d	Net gain or (loss)	6,543,987			6,543,987
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18				
	b	Less direct expenses				
	c	Net income or (loss) from fundraising events				
	9a	Gross income from gaming activities See Part IV, line 19				
	b	Less direct expenses				
	c	Net income or (loss) from gaming activities				
	10a	Gross sales of inventory, less returns and allowances				
	b	Less cost of goods sold				
	c	Net income or (loss) from sales of inventory				
		Miscellaneous Revenue				
	11a	Dietary/Cafeteria	1,591,448			1,591,448
	b	Child Care Income	479,528		5,556	473,972
	c	Outside Services	190,987	157,193	33,794	
	d	All other revenue				
	e	Total. Add lines 11a-11d	2,261,963			
	12	Total revenue. See Instructions	385,150,442	366,460,532	1,908,893	12,047,887

Part IX

Statement of Functional Expenses

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

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	4,003,817	2,555,882	1,447,935	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	1,985,960		1,985,960	
7	Other salaries and wages.	142,426,442	130,496,851	11,559,578	370,013
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	10,579,103	9,483,995	1,068,734	26,374
9	Other employee benefits.	23,959,370	21,479,187	2,420,451	59,732
10	Payroll taxes.	10,583,870	9,488,268	1,069,216	26,386
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	196,194		196,194	
c	Accounting.	522,680		522,680	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.	36,934			36,934
f	Investment management fees.	560,072	540,369	19,703	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	33,631,603	27,944,885	5,686,718	
12	Advertising and promotion.	2,047,607	1,357,403	690,204	
13	Office expenses.	16,292,976	10,657,340	5,480,237	155,399
14	Information technology.	11,412,787	11,283,333	129,454	
15	Royalties.				
16	Occupancy.	6,577,626	6,150,449	427,177	
17	Travel.	333,519	159,980	172,272	1,267
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	764,908	261,905	503,003	
20	Interest.	1,418,199	1,394,090	24,109	
21	Payments to affiliates.	14,506,497	9,358,683	5,147,814	
22	Depreciation, depletion, and amortization.	18,225,335	16,770,666	1,429,920	24,749
23	Insurance.	4,381,706	3,791,242	590,464	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	Medical Supplies	46,905,053	46,905,053		
b	Strat Initiatives	3,381,522	3,381,522		
c	Dietary	1,979,645	1,913,977	65,668	
d	Dues, Subs & Licenses	729,276	726,048		3,228
e	All other expenses	444,570	444,570		
25	Total functional expenses. Add lines 1 through 24e.	357,887,271	316,545,698	40,637,491	704,082
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 <input type="checkbox"/> 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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		24,345,392	1	44,302,297
	2	Savings and temporary cash investments			2	6,142,964
	3	Pledges and grants receivable, net		2,183,659	3	3,517,458
	4	Accounts receivable, net		45,274,226	4	40,490,596
	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		23,335	7	
	8	Inventories for sale or use		5,478,899	8	5,624,397
	9	Prepaid expenses and deferred charges		2,919,904	9	2,168,888
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a422,211,703			
	b	Less accumulated depreciation	10b248,041,258	163,810,216	10c	174,170,445
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		157,774,881	12	17,539,370
	13	Investments—program-related See Part IV, line 11		7,610,869	13	2,749,826
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		21,973,922	15	204,549,351
	16	Total assets. Add lines 1 through 15 (must equal line 34)		431,395,303	16	501,255,592
Liabilities	17	Accounts payable and accrued expenses		47,802,206	17	24,758,070
	18	Grants payable			18	
	19	Deferred revenue		5,596,339	19	5,441,998
	20	Tax-exempt bond liabilities			20	
	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		5,348,928	23	1,574,774
	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		130,466,148	25	241,365,469
	26	Total liabilities. Add lines 17 through 25		189,213,621	26	273,140,311
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		195,038,001	27	178,222,406
	28	Temporarily restricted net assets		24,361,771	28	26,776,206
	29	Permanently restricted net assets		22,781,910	29	23,116,669
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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		242,181,682	33	228,115,281
	34	Total liabilities and net assets/fund balances		431,395,303	34	501,255,592

Part XI Reconciliation 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	385,150,442
2	Total expenses (must equal Part IX, column (A), line 25)	2	357,887,271
3	Revenue less expenses Subtract line 2 from line 1	3	27,263,171
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	242,181,682
5	Net unrealized gains (losses) on investments	5	2,500,328
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	-43,829,900
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	228,115,281

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

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 The Hospital of Central Connecticut	Employer identification number 06-0646768
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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	<input type="checkbox"/>	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	<input type="checkbox"/>	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	<input type="checkbox"/>	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	<input type="checkbox"/>	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	<input type="checkbox"/>	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	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	<input type="checkbox"/>	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 <input type="checkbox"/> Type I b <input type="checkbox"/> Type II c <input type="checkbox"/> Type III - Functionally integrated d <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? (ii) A family member of a person described in (i) above? (iii) A 35% controlled entity of a person described in (i) or (ii) above?
h	<input type="checkbox"/>	Provide the following information about the supported organization(s)

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

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

Part II

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

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 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 The Hospital of Central Connecticut	Employer identification number 06-0646768
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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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2013

Part III

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

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4
- Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5
- During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?
- ☐ Yes

☐ No

Part IV

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

- 1a
- Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?
- ☐ Yes

☐ No
- b
- If "Yes," explain the arrangement in Part XIII and complete the following table
- | | |
|----|--------|
| | Amount |
| 1c | |
| 1d | |
| 1e | |
| 1f | |

1c

Beginning balance

1d

Additions during the year

1e

Distributions during the year

1f

Ending balance
- 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	121,211,981	141,278,334	126,491,629	128,449,477	115,483,988
b Contributions	250,703	1,199,865	1,007,071	2,086,374	2,672,254
c Net investment earnings, gains, and losses	9,453,701	12,890,385	15,195,409	-2,356,272	11,693,366
d Grants or scholarships					
e Other expenditures for facilities and programs	767,345	215,484	1,415,775	1,687,950	1,400,131
f Administrative expenses					
g End of year balance	130,149,040	155,153,100	141,278,334	126,491,629	128,449,477

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

Board designated or quasi-endowment

91 000 %

b

Permanent endowment

5 000 %

c

Temporarily restricted endowment

4 000 %
- 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
- (i) unrelated organizations

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

☐
- b
- If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?
- 3b

☐ Yes

☐
- 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	953,194	5,111,813		6,065,007
b Buildings	7,066,214	238,082,566	139,708,937	105,439,843
c Leasehold improvements	200,978	4,012,468	3,460,280	753,166
d Equipment	875,378	124,789,862	99,783,292	25,881,948
e Other		41,119,230	5,088,749	36,030,481
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				174,170,445

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	383,649,983
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	2,204,812
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	3,308,781
e	Add lines 2a through 2d	2e	5,513,593
3	Subtract line 2e from line 1	3	378,136,390
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	7,014,051
c	Add lines 4a and 4b	4c	7,014,051
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	385,150,441

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	359,304,084
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	1,957,185
e	Add lines 2a through 2d	2e	1,957,185
3	Subtract line 2e from line 1	3	357,346,899
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	540,372
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	540,372
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	357,887,271

Part XIII

Supplemental Information

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

Return Reference	Explanation
Part V, Line 4	The temporary and permanently restricted endowments are restricted according to the donor's requests. The other board designated endowments are intended to support the hospital's future needs in providing health care services to the community.
Part XI, Line 2d - Other Adjustments	Net Assets Released From Restrictions 1,351,596 Income/Expense Reclass (rental expense) 1,957,185
Part XI, Line 4b - Other Adjustments	Interest & Dividends 3,311,244 Restricted Contribution 3,093,738 Investment Income 663,693 Loss from Endowment LLC -54,624
Part XII, Line 2d - Other Adjustments	Income/Expense Reclass (rental expense) 1,957,185

[illegible]

Additional Data

Software ID:

Software Version:

EIN: 06-0646768

Name: The Hospital of Central Connecticut

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

(a) Description	(b) Book value
(1) Other Receivable	22,047,042
(2) Due from Health Insurance Trust	434,867
(3) Due from Affiliates	754,970
(4) SERP Plan Asset	6,101,199
(5) Long Term Malpractice Rec	10,848,256
(6) Bond - Intercompany	974,448
(7) Interest In Investments Held By Endowment	147,085,079
(8) Funds Designed For Debt Service	16,303,490

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

1 (a) Description of Liability	(b) Book Value
Due to Third Parties	19,389,673
Pension Plan and Self Insurance Liability	133,917,262
Due to (From) Affiliates	5,524,921
Malpractice Liability	15,015,927
Inter Company Bond Debt - A	30,435,535
Inter Company Bond Debt - C	4,544,163
Inter Company Bond Debt - E	25,643,279
Inter Company Debt Equipment	1,756,248
Asset Retirement Obligation	1,339,725
Worker's Compensation	3,798,736

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
The Hospital of Central Connecticut

Employer identification number
06-0646768

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) Central America & The Caribbean	0	0	Program Services/Captive Insurance	Insurance Premiums	1,050,457
(2) Central America & The Caribbean	0	0	Investment		246,688
(3)					
(4)					
(5)					
3a Sub-total	0	0			1,297,145
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	0			1,297,145

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

Additional Data

Software ID:

Software Version:

EIN: 06-0646768

Name: The Hospital of Central Connecticut

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).

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 The Hospital of Central Connecticut	Employer identification number 06-0646768
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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 <input type="checkbox"/> Mail solicitations	e <input type="checkbox"/> Solicitation of non-government grants
b <input type="checkbox"/> Internet and email solicitations	f <input type="checkbox"/> Solicitation of government grants
c <input type="checkbox"/> Phone solicitations	g <input type="checkbox"/> Special fundraising events
d <input type="checkbox"/> In-person solicitations	

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?		(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
		Yes	No			
1 The Giving Collaborative LLC 53 Morgan Avenue East Haven, CT 06512	Campaign for the new Cancer Center		No	0	36,934	-36,934
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total ▶					36,934	-36,934

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	(b) Event #2	(c) Other events	(d) Total events (add col (a) through col (c))
		(event type)	(event type)	(total number)	
Revenue	1	Gross receipts			
	2	Less Contributions . . .			
	3	Gross income (line 1 minus line 2)			
Direct Expenses	4	Cash prizes			
	5	Noncash prizes . . .			
	6	Rent/facility costs . . .			
	7	Food and beverages .			
	8	Entertainment			
	9	Other direct expenses .			
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Subtract line 10 from line 3, column (d) ▶			

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			
	2	Cash prizes			
Direct Expenses	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses . . .			
	6	Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> 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 _____

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
------------------	-------------

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
The Hospital of Central Connecticut

Employer identification number
06-0646768

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 <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>25000 0000000000 %</u> b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4 Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b Yes	
b	If "Yes," did the organization make it available to the public?	5c	No
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a Yes	
		6b Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			6,284,959		6,284,959	1 760 %
b Medicaid (from Worksheet 3, column a)			91,976,352	75,805,175	16,171,177	4 520 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			98,261,311	75,805,175	22,456,136	6 280 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,916,703	5,736	1,910,967	0 530 %
f Health professions education (from Worksheet 5)			17,507,297	4,288,823	13,218,474	3 690 %
g Subsidized health services (from Worksheet 6)			1,057,008		1,057,008	0 300 %
h Research (from Worksheet 7)			320,573		320,573	0 090 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			3,705		3,705	0 %
j Total Other Benefits			20,805,286	4,294,559	16,510,727	4 610 %
k Total. Add lines 7d and 7j			119,066,597	80,099,734	38,966,863	10 890 %

Part III

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Healthcare 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

5,458,239

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

0

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

5

92,710,755

6

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

6

91,232,415

7

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

7

1,478,340

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

9b

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 1 Central CT Endoscopy Center LLC	Endoscopy Services	6 500 %		50 000 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Schedule H (Form 990) 2013

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)

The Hospital of Central Connecticut

Name of hospital facility or facility reporting group

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 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4 Yes	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>www.thocc.org</u>		
b <input type="checkbox"/> Other website (list url) _____		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> 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? If "Yes," indicate the FPG family income limit for eligibility for free care 250 000000000000% If "No," explain in Part VI the criteria the hospital facility used	10	Yes
11	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used	11	Yes
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes
a	<input checked="" type="checkbox"/> Income level		
b	<input type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	13	Yes
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	Yes
a	<input type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input checked="" type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available upon request		
g	<input type="checkbox"/> 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	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> 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? If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> 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? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input checked="" type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> 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? If "Yes," explain in Part VI		No
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? If "Yes," explain in Part VI		No

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.

[illegible]

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? 2

Name and address		Type of Facility (describe)
1	New Britain MRI Limited Partnership 100 Grand Street New Britain, CT 06050	Magnetic Resonance Imaging Services
2	Central Connecticut Endoscopy Center 440 New Britain Avenue Plainville, CT 06062	Endoscopy Services
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 of Central Connecticut uses Federal Poverty Guidelines to determine eligibility

Form and Line Reference	Explanation
Part I, Line 6a	The Organization's community benefit results were included in Hartford Hospital's (a related organization) Community Benefit Report

Form and Line Reference	Explanation
Part I, Line 7	The organization utilized an overall cost to charge ratio, (RCC), developed from the Medicare Cost Report. Total expense was adjusted for medicaid provider taxes, directly identified community benefit expense and community building expenses. This cost to charge ratio was used to calculate costs for Part I lines 7a, b, & g. The costs associated with the activities reported on Part I, Line 7e were captured using actual time multiplied by an average salary rate. The costs associated with Line 7h, were the actual costs reported in the organization's general ledger less any industry funded studies. These costs were removed from the calculations above to avoid duplication. Costs reported in Part III, Section B6, were calculated from the Medicare cost report and reduced for Medicare costs previously reported on Part I Lines 7f and g.

Form and Line Reference	Explanation
Part I, Line 7g	Physician clinic costs were included in the Subsidized Health Services cost calculations

Form and Line Reference	Explanation
Part III, Line 4	Please see the text of the footnote that describes bad debt expense beginning on page 17 of the Audited Financial Statement This note also relates to Part III, Line 2 Part III, Line 3 In 2012 a pre-bad debt financial assistance screening was put in place to identify patients that may be eligible for financial assistance Pre-bad debt accounts that are identified as meeting the requirements are adjusted prior to being sent to bad debt Therefore, any bad debt expense that could have been attributable to charity care at the end of FY 2014 would be immaterial

Form and Line Reference	Explanation
Part III, Line 8	The Organization's Medicare Cost Report was used to accumulate actual costs related to Part III, Section B, Line 6

Form and Line Reference	Explanation
Part VI, Line 2	The Hospital of Central Connecticut assesses the health care needs of the communities it serves in several manners. HOCC has recently conducted a community needs assessment of the population within its service area in order to ascertain the prevalent health care needs. The assessment identified chronic diseases, defined the population cohorts most at risk and segregated needs based on socioeconomic and mental status. Within these stratifications, HOCC looked to identify the barriers to receiving appropriate care such as lack of transportation, program capacity, mobility issues, mental status, age, and language. The Hospital will be partnering with other community organizations to address some of the most prevalent needs identified. HOCC also analyzed claims based data to understand what medical diagnoses and surgical procedures are attributed to its local population in order to plan for program growth and/or capacity. Another method HOCC employs is through continuous contact and collaboration with local community groups. These groups often identify medical services that are needed in the community that HOCC ought to address.

Form and Line Reference	Explanation
Part VI, Line 3	The patients are educated about Financial Assistance by the signage and Financial Assistance summary hand out available in the following departments at the hospital, Admitting, Patient Accounts, Emergency Department, Behavioral Health, and Social Services. Financial Assistance education is also provided on the back of the hospital's monthly statement, by our outside vendors, and collection agencies.

Form and Line Reference	Explanation
Part VI, Line 4	The Hospital of Central Connecticut (HOCC) serves primarily the communities located in greater New Britain and the surrounding towns including Berlin, Plainville and Southington, with some coverage of Bristol, Burlington, Cheshire, Cromwell, Farmington, Meriden, Newington and West Hartford. The total population in HOCC's service area is 441,300 as defined by CERC town profiles for 2010. The most prominent race is Caucasian at about 84% of the total population which has been declining as the Hispanic population has grown to approximately 12% of the total. 12 town primary and sub-service areas. Within HOCC's primary service area of Berlin, Plainville, New Britain and Southington, the Hispanic population counts for 16%. The population in HOCC's service area is older than the US and CT as a whole with approximately 16% in the over 65 category in some of the primary towns. The median household income in HOCC's communities varies significantly averaging \$72,000 with 18.7% of NB's population living beneath the federal poverty level compared to 1.1% of Burlington's population.

Form and Line Reference	Explanation
Part VI, Line 5	<p>The Hospital of Central Connecticut (HOCC) is responsive to the community by having a completely open medical staff and a board of trustees with diverse membership that reflects the community at large. HOCC is a Disproportionate Share Hospital with one of the highest rates of Medicaid patients in the state. The organization provides space for the Medicare Choices program to help community members select the Medicare programs that are best for them. The organization has a full graduate medical education program for physician training with UCONN, and also provides training for nursing and allied health students, including a specialty echosonographer program. HOCC is a major sponsor of the New Britain Health Academy, a program that exposes local high school students to careers in the healthcare field. Presented in partnership with other community organizations, the Academy offers students an opportunity to learn about the types of jobs available, and facilitates contact with healthcare professionals who can guide program participants. In FY 2014, HOCC continues to support a community service organization fair where area not-for-profit organizations are invited to the hospital to share with HOCC's community about their mission and purpose. In addition, various hospital staff members and departments support community events on an ongoing basis, as well as frequent monetary and in-kind donations to area organizations in need. HOCC also participates in the Medical Legal Partnership Program. This program recognizes that there are many issues that may affect children and families seeking health care, that are not specifically healthcare related. These include landlord/tenant and housing issues. The program helps healthcare providers direct families to resources that can assist with these issues. Among our outreach services is our Mothers Offering Mothers Support (M O M S) program, a weekly support program for mothers 21 years old and under. Program leaders are women who were also young mothers and are now helping others. In addition, The Hospital of Central Connecticut has a program in which indigent patients who are being discharged from the hospital and who do not have prescription drug coverage, receive dosages of their prescribed medications to help them recover and comply with treatment guidelines as well as reduce readmission rates.</p>

Form and Line Reference	Explanation
Part VI, Line 6	<p>Hartford Healthcare Corporation (HHC) is organized as a supporting organization to govern, manage and provide support services to its affiliates. HHC, through its affiliates including The Hospital of Central Connecticut, strives to improve health using the "Triple Aim" model: improving quality and experience of care, improving health of the population (population health) and reducing costs. The Strategic Planning and Community Benefit Committee of the HHC Board of Directors ensures the oversight for these services by each hospital community. HHC and its affiliates including all supporting organizations, develop and implement programs to improve the future of health care in our Southern New England region. This includes initiatives to improve the quality and accessibility of health care, create efficiency on both our internal operations and the utilization of health care, and provide patients with the most technically advanced and compassionate coordinated care. In addition, HHC continues to take important steps toward achieving its vision of being "nationally respected for excellence in patient care and most trusted for personalized, coordinated care." HHC affiliation creates a strong, integrated health care delivery system with a full continuum of care across a broader geographic area. This allows the small communities easy and expedient access to the more extensive and specialized services the larger hospitals are able to offer. This includes continuing education of health care professionals at all the affiliated institutions through the Center of Education, Simulation and Innovation located at Hartford Hospital, the largest of the system hospitals. The affiliation further enhances the affiliates' abilities to support their missions, identity, and respective community roles. This is achieved through integrated planning and communication to meet the changing needs of the region. This includes responsible decision making and appropriate sharing of services, resources and technologies, as well as containment strategies. Additionally, the hospital is affiliated with several other non-hospital charitable organizations. These organizations provide significant benefits to the community. These benefits are not reported in the Community Benefit data provided by the hospital.</p>

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

Additional Data

Software ID:
Software Version:
EIN: 06-0646768
Name: The Hospital of Central Connecticut

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
The Hospital of Central Connecticut	
The Hospital of Central Connecticut	Part V, Section B, Line 4 The Hospital for Special Care
The Hospital of Central Connecticut	Part V, Section B, Line 20d The Hospital of Central Connecticut is in the process of adopting Final 501R Regulations

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
The Hospital of Central Connecticut

Employer identification number

06-0646768

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate 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. <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	2 Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div>		
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? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.	4c	No
	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? If "Yes," to line 5a or 5b, describe in Part III.	5b	No
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 Yes	
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III.	6b	No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.	7	No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
Part I, Line 1a	"Gross-ups" are paid on the portion of the split dollar annually reported on the CEO'S W-2. Also, a number of "above and beyond" recognition awards were grossed up for employees.
Part I, Line 1b	In 2013, the Organization implemented a new Tax Gross-Up policy which restricts the use of gross-up.
Part I, Line 3	The Independent Executive Compensation Committee (Committee) of the Board of Directors of Hartford HealthCare Corporation, on behalf of The Hospital of Central Connecticut, hires an outside consultant, Integrated Healthcare Strategies, to determine best practices in governing executive compensation. Please refer to schedule O for more details.
Part I, Lines 4a-b	Denise Peterson (former Officer) received severance payments of \$226,660 in 2013. Mr. Clarence Silvia was paid a lump sum amount of \$2,196,398 to close out his participation in the Supplemental Employee Retirement Plan (SERP), upon reaching Normal Retirement Age, as required under the SERP. Total compensation to Mr. Silvia including the SERP payment was \$3,225,335. Denise Peterson was paid an annual lump sum amount of \$36,541.61 to close out her participation in the Supplemental Employee Retirement Plan (SERP), upon reaching Normal Retirement Age, as required under the SERP. Total compensation to Denise Peterson including the SERP payment was \$551,280. Dr. Steven A. Godfrey was paid an annual lump sum amount of \$45,474.31 to close out his participation in the Supplemental Employee Retirement Plan (SERP), upon his reaching Normal Retirement Age, as required under the SERP. Total compensation to Dr. Godfrey including the SERP payment was \$408,049. Nonqualified Retirement Plans (SERP) have been established for certain employees, which are maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of section 201(2), 301(A)(3) and 401(A)(1) of ERISA. Payments from such plans during the year are as follows: Ms. Freiheit \$17,500; Dr. Hanks \$103,896; Ms. Morgan \$17,500; Mr. Silva \$213,717; Mr. Balkunas \$50,585; Dr. Finkelstein \$59,876; Dr. Godfrey \$21,693; Ms. Peterson \$17,500; Dr. Singh \$17,500; Mr. T. Vaccarelli \$17,500; Dr. Flaherty \$100,000; Mr. Marchozzi \$71,294; Mr. Joseph \$248,953; Ms. Janatka \$89,495.
Part I, Line 6	The Management Incentive Plan's trigger for payment eligibility is the organization's operating margin. From there, the payout is determined by assessing both organizational and individual performance relative to attainment of goals determined at the beginning of the plan year. The maximum opportunity is up to 12% of base salary. The officers are also eligible for a similar incentive plan for which the trigger is the organization's operating margin, followed by the necessary attainment of organizational goals. This plan has a target payout of 12.5% for Vice Presidents and Physician Chiefs and a 15% target payout for the Chief Medical Officer.

Additional Data

Software ID:
Software Version:
EIN: 06-0646768
Name: The Hospital of Central Connecticut

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				
Elliot T Joseph Director (Thru March 2014)	(i)	0	0	0	0	0	0	0
	(ii)	1,133,866	365,065	348,604	307,338	40,448	2,195,321	0
Thomas Marchozzi Director (Thru March 2014)	(i)	0	0	0	0	0	0	0
	(ii)	573,345	200,716	4,369	129,591	27,978	935,999	0
Lucille Janatka President/Director	(i)	0	0	0	0	0	0	0
	(ii)	536,357	103,773	30,296	99,695	25,791	795,912	0
Steven D Hanks MD VP, Medical Affairs	(i)	498,515	37,935	93,197	137,676	24,036	791,359	0
	(ii)	0	0	0	0	0	0	0
Carolyn M Freiheit VP, Finance	(i)	194,962	13,750	3,300	47,365	8,650	268,027	0
	(ii)	0	0	0	0	0	0	0
Catherine Stevens VP, Patient Care	(i)	0	0	0	0	0	0	0
	(ii)	199,355	17,383	0	8,873	34,084	259,695	0
Mary J Morgan VP, Human Resources	(i)	168,920	12,500	0	42,198	23,568	247,186	0
	(ii)	0	0	0	0	0	0	0
Justin B Lundbye MD Chief of Cardiology	(i)	393,339	21,667	0	5,210	22,123	442,339	0
	(ii)	0	0	0	0	0	0	0
Rekhinder K Singh MD Chief of Surgery	(i)	343,637	21,656	0	27,700	23,568	416,561	0
	(ii)	0	0	0	0	0	0	0
Nancy Kroeber VP, Clinical Operations	(i)	192,082	12,188	3,461	132,408	16,850	356,989	0
	(ii)	0	0	0	0	0	0	0
Thomas Vaccarelli VP, Facilities	(i)	180,897	11,563	3,557	45,928	22,123	264,068	0
	(ii)	0	0	0	0	0	0	0
Michael Balkunas Chief of Psychiatry	(i)	330,897	20,937	0	87,292	22,123	461,249	0
	(ii)	0	0	0	0	0	0	0
Joseph G Garner Chief of Medicine	(i)	220,539	6,000	4,328	67,145	23,759	321,771	0
	(ii)	0	0	0	0	0	0	0
Jeffrey A Finkelstein MD Chief of ER	(i)	500,166	21,346	0	92,471	24,036	638,019	0
	(ii)	0	0	0	0	0	0	0
Joseph Vaccarelli Director, Lab	(i)	185,501	8,386	14,334	8,028	1,641	217,890	0
	(ii)	0	0	0	0	0	0	0
Robert Flade Director, Emergency Nursing	(i)	135,508	6,408	6,598	24,384	8,650	181,548	0
	(ii)	0	0	0	0	0	0	0
Donna Sassi Director, Surgery	(i)	142,068	7,532	1,148	6,290	26,533	183,571	0
	(ii)	0	0	0	0	0	0	0
Elizabeth Schlaff Risk Manager/General Counsel	(i)	203,510	0	0	47,902	14,319	265,731	0
	(ii)	0	0	0	0	0	0	0
Denise Peterson VP, Patient Care (Thru Oct 2013)	(i)	177,471	42,156	293,035	24,793	13,825	551,280	36,542
	(ii)	0	0	0	0	0	0	0
Michael Grey Chief of Medicine (Thru April 2014)	(i)	354,532	59,812	23,048	10,200	395	447,987	0
	(ii)	0	0	0	0	0	0	0

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				
Nagwa Khadr MD Chief of Pediatrics (Thru Oct 2014)	(i) (ii)	284,319 0	17,813 0	0 0	8,123 0	8,650 0	318,905 0	0 0
Steven A Godfrey MD VP, Analytics Support (Thru Dec 2013)	(i) (ii)	213,637 0	0 0	65,181 0	105,195 0	24,036 0	408,049 0	45,474 0
Francis H Pinto Chief Info Officer (Thru Nov 2013)	(i) (ii)	187,848 0	8,464 0	8,439 0	33,849 0	20,279 0	258,879 0	0 0
Craig S Sterns Chief Info Officer (Thru Dec 2013)	(i) (ii)	149,547 0	6,210 0	0 0	5,880 0	22,123 0	183,760 0	0 0
David Buono MD Medical Director NBG ED	(i) (ii)	316,678 0	47,195 0	26,563 0	44,410 0	24,036 0	458,882 0	0 0
James F Flaherty MD Director, Surgical Oncology	(i) (ii)	416,190 0	123,281 0	0 0	110,200 0	16,191 0	665,862 0	0 0
Eric H Hobert MD Medical Director BMH ED	(i) (ii)	301,517 0	58,533 0	30,273 0	10,200 0	24,035 0	424,558 0	0 0
Hussein I Alahmadi MD Neurosurgeon	(i) (ii)	387,270 0	25,000 0	44,959 0	0 0	6,413 0	463,642 0	0 0
Haklai P Lau MD Hospitalist	(i) (ii)	199,748 0	297,202 0	85,031 0	10,200 0	24,035 0	616,216 0	0 0
Clarence Silvia Former - President & CEO	(i) (ii)	629,751 0	96,927 0	2,226,405 0	270,888 0	1,364 0	3,225,335 0	2,196,398 0
Ralph W Becker Former - CFO	(i) (ii)	0 259,817	0 63,725	0 10,297	0 61,837	0 33,545	0 429,221	0 0

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
The Hospital of Central Connecticut

Employer identification number
06-0646768

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications	X		645	FMV
5 Clothing and household goods	X		5,928	FMV
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	1	14,948	FMV
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (Auction Items)	X	69	15,568	FMV
26 Other ▶ (Gift Cards)	X	51	5,946	Face Value
27 Other ▶ (Tickets to Ev)	X	16	1,548	Face Value
28 Other ▶ ()				

29

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

0

30a

During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

30a

No

b

If "Yes," describe the arrangement in Part II

31

Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

31

No

32a

Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

32a

No

b

If "Yes," describe in Part II

33

If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

Part III

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

Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization
The Hospital of Central Connecticut

Employer identification number
06-0646768

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	The Hospital of Central Connecticut is organized as a non-stock not-for-profit entity Hartford HealthCare Corporation is the sole member
Form 990, Part VI, Section A, line 7a	The sole member of the organization has the authority to approve/deny members of the governing body
Form 990, Part VI, Section A, line 7b	The sole member of the organization has the right to review , approve, disapprove and deny significant transactions such as mergers, acquisitions, dissolutions etc
Form 990, Part VI, Section B, line 11	The Form 990 was prepared by Hartford HealthCare's Tax Department It was then reviewed by an independent accounting firm It was then forwarded to the organization's top management including the VP of Finance for review The completed form was forwarded to the entire Board for review Once the entire review process was completed, the form was signed by the VP of Finance and then filed with the Internal Revenue Service
Form 990, Part VI, Section B, line 12c	The hospital's board has adopted the policy of the member, Hartford HealthCare Corporation (HHC) HHC's Conflict of Interest Policy (Policy) requires all covered individuals, including board members and officers, to provide a disclosure of relationships that create or have the appearance of creating a conflict of interest or commitment The Policy requires updates if changes in circumstances arise during the year that either (a) create a new potential conflict of interest or commitment or (b) change or eliminate a conflict of interest or commitment previously disclosed Conflict of Interest disclosure statements are maintained by the HHC Office of Compliance, Audit & Privacy (OCAP) All employee disclosures are reviewed by OCAP to determine if there is a potential conflict Legal counsel will review all cases where the individual has a significant financial interest and these cases are forwarded to the System Executive Compliance Steering Committee The System Executive Compliance Steering Committee will assess and may recommend whether 1) the conflict be eliminated, 2) the proposed activity be prohibited, or 3) a Conflict of Interest management plan be implemented Results of the survey of board members are reported to the HHC Nominating and Governance Committee for determinations of conflicts and the management of them, where applicable Form 990, Part VI, Sch B, Lines 13 & 14 The organization does have a written Document Retention and Destruction policy as well as a written Whistleblower policy Although the policies were not formally approved by the Board, they were in effect for the entire tax year
Form 990, Part VI, Section B, line 15	The Independent Executive Compensation Committee (Committee) of the Board of Directors of Hartford HealthCare on behalf of The Hospital of Central Connecticut, hires an outside consultant, Integrated Healthcare Strategies, to determine best practices in governing executive compensation The following steps were taken * Use of an Independent Executive Compensation Committee (Committee) of the Board of Directors of Hartford HealthCare, on behalf of Hartford Hospital, established and regularly reviews Executive Compensation Philosophy * The Committee regularly reviews scope and depth of positions taking into account complexity and the financial impact and accountability of all "disqualified persons" * National peer groups are selected for comparative purposes based on organizational size, operating revenue, geography and other relevant factors * Analysis of current total compensation versus market is performed by an independent third party compensation consulting firm, and is then reviewed by the Committee * Recommendations are made based on data analysis to ensure appropriate competitive positioning within parameters of the compensation philosophy * The CEO compensation is determined by the Committee based on comparative market information and organizational performance * All changes are reviewed and approved by the Executive Compensation Committee The CEO compensation determination process is reviewed on an annual basis All other executive compensation is regularly reviewed for scope and depth of positions taking into account complexity and the financial impact and accountability
Form 990, Part VI, Section C, line 18	The Hospital's Form 990, 990T and form 1023 and its attachments are available upon request
Form 990, Part VI, Section C, line 19	The Hospital's Financial Statements, Governing Documents and the Conflict of Interest Policy are available for inspection upon request at the Hospital's address
Form 990, Part XI, line 9	Change In Pension Funding Obligation -53,361,191 Net Assets Transfer From GIC to HOCC 14, 478,570 Transfer to Affiliate -4,477,163 Auxiliary -470,120 Rounding 4

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
The Hospital of Central Connecticut

Employer identification number

06-0646768

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	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) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
See Additional Data Table												

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	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.

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

No

1b

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

Yes

1n

No

1o

Yes

1p

Yes

1q

No

1r

No

1s

No

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Hartford Hospital	M	3,317,593	FMV
(2) Hartford Hospital	O	496,166	FMV
(3) HHC Indemnity Services Limited	P	1,050,457	FMV

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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Additional Data

Software ID:

Software Version:

EIN: 06-0646768

Name: The Hospital of Central Connecticut

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) Hartford Hospital 80 Seymour Street Hartford, CT 06102 06-0646668	Healthcare Services	CT	501(C)(3)	3	Hartford HealthCare Corporation	Yes	
(1) Windham Community Memorial Hospital 112 Mansfield Avenue Willimantic, CT 06226 06-0646966	Healthcare Services	CT	501(C)(3)	3	Hartford HealthCare Corporation	Yes	
(2) Midstate Medical Center 435 Lewis Avenue Meriden, CT 06451 06-0646715	Healthcare Services	CT	501(C)(3)	3	Hartford HealthCare Corporation	Yes	
(3) Windham Hospital Foundation Inc 112 Mansfield Avenue Willimantic, CT 06226 56-2546632	Supporting Organization	CT	501(C)(3)	11(a)	Windham Community Memorial Hospital	Yes	
(4) Hartford Hospital Auxiliary Co Hartford Hospital 80 Seymour Street Hartford, CT 06102 06-6040747	Fundraising	CT	501(C)(3)	11(c)	Hartford Hospital	Yes	
(5) Connecticut Health System Inc 80 Seymour St Hartford, CT 06102 22-2779421	Coordination of Health Delivery	CT	501(C)(3)	11(c)	Hartford HealthCare Corporation	Yes	
(6) Institute of Living 200 Retreat Avenue Hartford, CT 06102 06-0646683	Supporting Organization to Hartford Hospital	CT	501(C)(3)	11(c)	Hartford Hospital	Yes	
(7) Natchaug Hospital Inc 189 Storrs Road Mansfield Center, CT 06226 06-0966963	Behavioral Health	CT	501(C)(3)	3	Hartford HealthCare Corporation	Yes	
(8) Hartford HealthCare At Home Inc 1290 Silas Deane Hwy Suite 4B Wethersfield, CT 06109 06-0646938	Home Healthcare	CT	501(C)(3)	7	Hartford HealthCare Corporation	Yes	
(9) VNA Health Resources Inc 1290 Silas Deane Hwy Suite 4B Wethersfield, CT 06109 06-1161422	Home Healthcare	CT	501(C)(3)	9	Hartford HealthCare At Home Inc	Yes	
(10) Hartford HealthCare Corporation One State Street Suite 19 Hartford, CT 06103 22-2672834	Support & Management Services to Hartford Hospital and Affiliates	CT	501(C)(3)	11(c)		Yes	
(11) Rushford Center Inc 883 Paddock Avenue Meriden, CT 06450 06-0932875	Substance Abuse Healthcare Services	CT	501(C)(3)	7	Hartford HealthCare Corporation	Yes	
(12) Rushford Foundation Inc 883 Paddock Avenue Meriden, CT 06450 06-1432692	Support Organization	CT	501(C)(3)	11(a)	Rushford Center Inc	Yes	
(13) The Hatch Hospital Corp 112 Mansfield Avenue Willimantic, CT 06226 06-6076412	Healthcare Services	CT	501(C)(3)	3	Windham Community Memorial Hospital	Yes	
(14) WCMH Women's Auxiliary Inc 112 Mansfield Avenue Willimantic, CT 06226 06-0677728	Fundraising	CT	501(C)(3)	11(a)	Windham Community Memorial Hospital	Yes	
(15) Central CT Senior Health Services dba Southington Care Ctr 45 Meriden Avenue Southington, CT 06489 22-2635676	Sub-Acute & Long Term Healthcare	CT	501(C)(3)	9	Hartford HealthCare Corporation	Yes	
(16) Bradley Health Services 100 Grand St New Britain, CT 06050 06-1367014	Healthcare Services	CT	501(C)(3)	9	Hartford HealthCare Corporation	Yes	
(17) Central CT Health Alliance 100 Grand St New Britain, CT 06050 22-2785033	Support & Management Services to THOCC and Affiliates - Shell	CT	501(C)(3)	11(b)	Hartford HealthCare Corporation	Yes	
(18) The Orchards of Southington 34 Hobart Street Southington, CT 06489 06-1490803	Residential Services for Senior Citizens	CT	501(C)(3)	9	Central CT Senior Health Services	Yes	
(19) Mulberry Gardens of Southington LLC 58 Mulberry St Plantsville, CT 06479 82-0586577	Assisted Living & Adult Day Care Facility	CT	501(C)(3)	9	Central CT Senior Health Services	Yes	

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
(21) Midstate Medical Center Auxiliary 435 Lewis Avenue Meriden, CT 06451 06-6063082	Fundraising	CT	501(C)(3)	11(a)	Midstate Medical Center	Yes	
(1) HHC PhysiciansCare Inc 80 Seymour St Hartford, CT 06106 45-4456939	Practice Medicine and Provide Health Care Services to the Public	CT	501(C)(3)	9	Hartford HealthCare Corporation	Yes	
(2) Hartford HealthCare Accountable Care Org Inc 200 Retreat Avenue Fl 9 Hartford, CT 06102 46-0886367	To Manage and Coordinate Care for Medicare Beneficiaries	CT	501(C)(3)	7	Hartford HealthCare Corporation	Yes	
(3) Hartford HealthCare Corp Emp Benefits Plan Trust (VEBA) 777 Main St Hartford, CT 06102 26-6671355	To Provide Medical Dental, Life Disability and Other Benefits to Employees	CT	501(C)(9)	N/A	Hartford HealthCare Corporation	Yes	
(4) Backus Corporation 326 Washington Steet Norwich, CT 06360 22-2757608	Support	CT	501(C)(3)	11(b)	Hartford HealthCare Corporation	Yes	
(5) The William W Backus Hospital 326 Washington Steet Norwich, CT 06360 06-0250773	Hospital	CT	501(C)(3)	3	Hartford HealthCare Corporation	Yes	
(6) Backus HealthCare Inc 326 Washington Steet Norwich, CT 06360 22-2481794	Support	CT	501(C)(3)	11(a)	Hartford HealthCare Corporation	Yes	
(7) Caring for Colleagues Employee Crisis Fund 100 Grand Street New Britain, CT 06489 26-4469178	Employee Fund	CT	501(C)(3)	7	Hartford HealthCare Corporation	Yes	
(8) Eva Stearns Faulkner Foundation 435 Lewis Avenue Meriden, CT 06451 06-6065398	Support Services	CT	501(C)(3)	3	Midstate Medical Center	Yes	

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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) Dispropportionate allocations?		(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
New Britain MRI Limited Partnership 100 Grand St New Britain, CT 06050 06-1271349	Magnetic Resonance Imaging	CT	CenConn Services Inc	Related	750,807	2,473,610		No			No	43.430 %
Hartford HealthCare Endowment LLC 80 Seymour St Hartford, CT 06102 45-4181103	Endowment Management	CT	Hartford Hospital	Investment	9,302,334	147,219,166		No			No	17.830 %
Ambulance Service of Manchester LLC PO Box 300 Manchester, CT 06450 06-1557358	Ambulatory Services	CT	N/A									
Connecticut Imaging Partners LLC 111 Founders Plaza East Hartford, CT 06108 13-4298940	Imaging Services	CT	N/A									
Glastonbury Endoscopy Center LLC 300 Western Blvd Suite B Glastonbury, CT 06033 26-1721234	Endoscopy Services	CT	N/A									
Glastonbury Surgery Center LLC 195 Eastern Blvd Glastonbury, CT 06033 26-2600828	Surgery Services	CT	N/A									
Hartford-Middlesex Clinical System LLC 80 Seymour Street Hartford, CT 06102 06-1543605	Affiliate Support Services	CT	N/A									
Med East Assoc LLC 1703 West Main Street Willimantic, CT 06226 06-1469575	Outpatient Care Clinic	CT	N/A									
Omni Home Health Services E CT LLC 12 Case Street 317 Norwich, CT 06360 06-1458837	Home Care Services	CT	N/A									
HHC Southington Surgery Center LLC 81 Meriden Avenue Southington, CT 06489 46-5500829	Surgery Services	CT	HOCC	Related		322,000		No			No	26.000 %

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
HHMOB Corporation & Subsidiary 80 Seymour Street Hartford, CT 06102 06-1140244	Real Estate & Parking	CT	N/A	C				Yes	
Hartford HealthCare Indemnity Services Ltd FB Perry Blvd 40 Church Street Hamilton BD	Captive Insurance	BD	N/A	C				Yes	
Windham Health Services Inc 112 Mansfield Avenue Willimantic, CT 06226 06-1461101	Home Healthcare	CT	N/A	C				Yes	
Windham Physician Hospital Organization 112 Mansfield Avenue Willimantic, CT 06226 06-1441614	Medical Services	CT	N/A	C				Yes	
Windham Family Medical Services PC 112 Mansfield Avenue Willimantic, CT 06226 06-1491649	Medical Services	CT	N/A	C				Yes	
CenConn Services Inc 100 Grand Street New Britain, CT 06050 22-2836001	Holding Company	CT	N/A	C				Yes	
Hartford Physician Services PC 80 Seymour Street Hartford, CT 06102 06-1254082	Medical Services	CT	N/A	C				Yes	
Meriden Imaging Center 101 N Plains Industrial Road Meriden, CT 06429 06-1541468	Imaging	CT	N/A	S				Yes	
Hartford Physician Hospital Organization Inc 80 Seymour Steet Hartford, CT 06102 22-2785918	Physician & Hospital Support	CT	N/A	C				Yes	
Aetna Ambulance Services Inc PO Box 1150 Manchester, CT 06045 06-0795431	Ambulance Services	CT	N/A	C				Yes	
Metro Wheelchair Services Inc PO Box 300 Manchester, CT 06045 06-0878432	Wheelchair Services	CT	N/A	C				Yes	
WWB Corporation 326 Washington Street Norwich, CT 06360 06-1094836	Holding Company	CT	N/A	C				Yes	
ConnCare Inc 326 Washington Street Norwich, CT 06360 06-1387598	Health Care Services	CT	N/A	C				Yes	
Backus Medical Center Condo Assoc Inc 330 Washington Street Norwich, CT 06360 06-1542647	Condo Association	CT	N/A	C				Yes	
Windham Professional Office Condominium Association Inc 112 Mansfield Avenue Willimantic, CT 06226 06-1090041	Condo Association	CT	N/A	C				Yes	

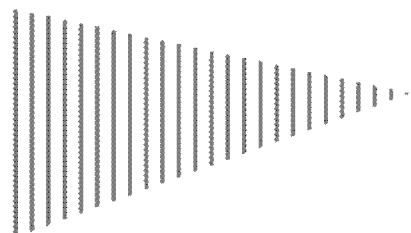
Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
Select Physicians Network 112 Mansfield Avenue Willimantic, CT 06226 06-1426901	Managing offices of physicians and surgeons	CT	N/A	C				Yes	
Midstate Medical Group PC 435 Lewis Avenue Meriden, CT 06450 20-4327968	Medical Services	CT	N/A	C				Yes	

CONSOLIDATED FINANCIAL STATEMENTS

The Hospital of Central Connecticut
Years Ended September 30, 2014 and 2013
With Report of Independent Auditors

Ernst & Young LLP



Building a better
working world

The Hospital of Central Connecticut
Consolidated Financial Statements
Years Ended September 30, 2014 and 2013

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Report of Independent Auditors

The Board of Directors
Hartford HealthCare Corporation and Subsidiaries

We have audited the accompanying consolidated financial statements of The Hospital of Central Connecticut (the Hospital), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Grand Indemnity Company, Ltd., a wholly-owned subsidiary, which statements reflect total assets of \$28,004,120 in 2013, and total revenues of \$795,380 in 2013. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Grand Indemnity Company, Ltd., is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Hospital of Central Connecticut at September 30, 2014 and 2013, and the consolidated results of its operations and changes in net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

January 28, 2015

The Hospital of Central Connecticut

Consolidated Balance Sheets

	September 30	
	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 50,445,261	\$ 39,433,385
Accounts receivable, less allowance for doubtful accounts of approximately \$16,574,000 in 2014 and \$18,330,000 in 2013	40,490,596	45,274,226
Premiums receivable	—	75,002
Reinsurance recoverable	—	3,675,000
Other receivables	22,122,989	7,955,738
Due from affiliates, net	1,189,837	5,024,941
Inventories of supplies	5,624,397	5,420,384
Prepaid expenses and other assets	2,168,888	3,466,789
Total current assets	122,041,968	110,325,465
Assets whose use is limited:		
Investments related to GIC	—	8,549,662
Board-designated interest in investments held by Endowment LLC	118,173,085	109,829,752
Donor-restricted interest in investments held by Endowment LLC	28,911,994	28,172,961
Donor-restricted investments	1,230,252	1,383,135
Funds designated for debt service	16,303,490	2,532,172
	164,618,821	150,467,682
Funds held in trust by others	16,309,118	15,974,359
Other assets	24,115,241	13,023,091
Property, plant, and equipment, net	174,170,445	163,810,215
Total assets	\$ 501,255,593	\$ 453,600,812
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 3,874,962	\$ 12,557,820
Salaries, wages, payroll taxes, and amounts withheld from employees	11,492,908	14,042,968
Accrued expenses	9,390,201	11,653,287
Estimated third-party payor settlements	19,389,673	11,976,659
Due to affiliates, net	5,524,919	1,174,351
Current portion of long-term debt and capital leases	872,430	2,329,243
Current portion of accrued pension liability	341,981	2,677,440
Current portion of other liabilities	2,715,558	1,505,835
Total current liabilities	53,602,632	57,917,603
Reserve for losses and loss adjustment expenses	—	8,103,682
Long-term debt and capital leases	63,081,570	38,405,050
Accrued pension liability	133,575,280	79,249,647
Self-insurance and other long-term liabilities	22,880,829	13,734,696
Total liabilities	273,140,311	197,410,678
Net assets:		
Unrestricted	178,222,407	209,046,453
Temporarily restricted	26,776,206	24,361,771
Permanently restricted	23,116,669	22,781,910
Total net assets	228,115,282	256,190,134
Total liabilities and net assets	\$ 501,255,593	\$ 453,600,812

See accompanying notes

The Hospital of Central Connecticut
Consolidated Statements of Operations and Changes in Net Assets

	Year Ended September 30	
	2014	2013
Unrestricted revenues, gains and other support		
Net patient service revenue	\$ 367,170,206	\$ 381,649,799
Provision for bad debts	5,458,239	9,742,308
Net patient service revenue less provision for bad debts	361,711,967	371,907,491
Other operating revenues	11,024,317	12,233,898
Net premiums earned	—	35,380
Net assets released from restrictions for operations	1,351,596	1,885,094
	374,087,880	386,061,863
Operating expenses:		
Salaries and wages	148,416,218	168,706,840
Employee benefits	45,122,344	51,728,525
Supplies and other	49,864,651	52,640,973
Purchased services	96,257,337	81,019,311
Depreciation and amortization	18,225,335	19,479,333
Losses and loss adjustment expenses	—	(868,854)
Interest	1,418,199	1,563,598
	359,304,084	374,269,726
Income from operations	14,783,796	11,792,137
Non-operating income		
Income from investments, gifts and bequests, net	9,562,104	11,638,482
Excess of revenues over expenses	24,345,900	23,430,619

Continued on next page

The Hospital of Central Connecticut

Consolidated Statements of Operations and Changes in Net Assets (continued)

	Year End September 30	
	2014	2013
Unrestricted net assets:		
Excess of revenues over expenses (continued)	\$ 24,345,900	\$ 23,430,619
Change in pension funding obligation	(53,361,191)	76,581,478
Transfer to affiliates	(4,477,163)	(2,056,097)
Other	—	325,544
Change in net unrealized loss on investments	(537,514)	(926,615)
Net assets released from restrictions for the purchase of capital	3,205,922	1,296,085
(Decrease) increase in unrestricted net assets	(30,824,046)	98,651,014
Temporarily restricted net assets		
Net realized and unrealized gain on investments	55,162	1,805,832
Income from investments	663,693	106,093
Return on interest in investments held by Endowment LLC	3,159,360	2,387,951
Restricted contributions	3,093,738	3,227,949
Net assets released from restrictions for operations	(1,351,596)	(1,885,094)
Net assets released from restrictions for the purchase of capital	(3,205,922)	(1,296,085)
Increase in temporarily restricted net assets	2,414,435	4,346,646
Permanently restricted net assets		
Change in unrealized gains and losses on funds held in trust by others	334,759	989,162
Increase in permanently restricted net assets	334,759	989,162
(Decrease) increase in net assets	(28,074,852)	103,986,822
Net assets at beginning of year	256,190,134	152,203,312
Net assets at end of year	<u>\$ 228,115,282</u>	<u>\$ 256,190,134</u>

See accompanying notes.

The Hospital of Central Connecticut
Consolidated Statements of Cash Flows

	Year Ended September 30	
	2014	2013
Cash flows from operating activities		
(Decrease) increase in net assets	\$ (28,074,852)	\$ 103,986,822
Adjustments to reconcile change in net assets to net cash provided by operating activities and other income:		
Noncash items		
Depreciation and amortization	18,225,335	19,479,333
Provision for patient bad debts	5,458,239	9,742,308
Change in pension funding obligation	53,361,191	(76,581,478)
Net realized and unrealized gains on investments and assets whose use is limited	(945,561)	(9,850,503)
Change in investment return in Endowment LLC	(11,628,310)	(6,044,309)
Other changes in net assets:		
Restricted contributions and investment income	(3,757,431)	(3,334,042)
Changes in operating assets and liabilities, net (Note 14)	(31,520,442)	(21,383,165)
Net cash provided by operating activities	1,118,169	16,014,966
Cash flows from investing activities		
Purchases of property, plant and equipment	(28,585,565)	(32,859,254)
Net decrease in assets whose use is limited	11,859,291	19,582,021
Net increase in investments in affiliates	(357,157)	(79,336)
Net cash used in investing activities	(17,083,431)	(13,356,569)
Cash flows from financing activities		
Payments on long-term debt, capital leases and line of credit	(9,690,234)	(2,235,150)
Proceeds from borrowings of long-term debt	32,909,941	3,103,389
Restricted contributions and investment income	3,757,431	3,334,042
Net cash provided by financing activities	26,977,138	4,202,281
Increase in cash and cash equivalents	11,011,876	6,860,678
Cash and cash equivalents at beginning of year	39,433,385	32,572,707
Cash and cash equivalents at end of year	\$ 50,445,261	\$ 39,433,385

See accompanying notes.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements

For the Years Ended September 30, 2014 and 2013

1. Significant Accounting Policies

The accounting policies that affect significant elements of The Hospital of Central Connecticut (the Hospital) consolidated financial statements are summarized below and in Note 2.

Organization

The Hospital, a voluntary, tax-exempt association incorporated under the General Statutes of the State of Connecticut, is a wholly owned subsidiary of Central Connecticut Health Alliance (CCHA or the Alliance) and is a subsidiary of Hartford HealthCare Corporation (HHC). The Board of Directors is appointed by CCHA and oversees the operations of the Hospital. Prior to October 1, 2013, the Hospital had a wholly owned subsidiary, Grand Indemnity Company, Ltd (GIC), which was incorporated under the laws of Bermuda, as a Class 2 insurer, on January 6, 2009. Effective October 1, 2013, GIC merged with Hartford HealthCare Indemnity Services, Ltd. (HHCISL) (previously known as CHS Insurance Limited or CHS), an insurance company incorporated in Bermuda and a wholly owned subsidiary of HHC. Prior to October 1, 2013, GIC underwrote claims-made hospital medical professional liability and general liability insurance on behalf of the Hospital. GIC also underwrote provider medical insurance for the individual physicians in private practice who support the Hospital.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

Regulatory Matters

The Hospital is required to file annual operating information with the State of Connecticut Office of Health Care Access.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying value of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of the Hospital's financial instruments are disclosed in Note 5.

Cash and Cash Equivalents

Cash and cash equivalents include cash and money market funds, which are available to be converted to liquid assets within three months. Cash and cash equivalents are maintained with domestic financial institutions with deposits that exceed federally insured limits. It is the Hospital's policy to monitor the financial strength of those institutions.

Patient Accounts Receivable

Patient accounts receivable result from the health care services provided by the Hospital. Additions to the allowance for doubtful accounts result from the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts.

The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators. See Note 2 for additional information relative to third party payor programs.

The Hospital's primary concentration of credit risk is patient accounts receivable, which consist of amounts owed by various governmental agencies, insurance companies, and private patients. The Hospital manages the receivables by regularly reviewing its patient accounts and contracts, and by providing appropriate allowances for uncollectible amounts. Significant concentrations of patient accounts receivable include 35% and 19% and, 39% and 17% for Medicare and Medicaid, respectively, for the fiscal years ending September 30, 2014 and 2013, respectively.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Interest in Investments Held by Hartford Healthcare Endowment LLC

Effective August 29, 2011, Hartford HealthCare Endowment LLC (Endowment LLC) was created to maintain and manage, on a pooled basis, the endowment funds of the Hospital; Windham Community Memorial Hospital, Inc.; Hartford Hospital; MidState Medical Center; HHC, and Hartford HealthCare at Home, Inc. Endowment LLC, a wholly owned subsidiary of HHC, acts as manager, and is named fiduciary for HHC within established investment guidelines. As of April 1, 2013, \$131,830,710 of the Hospital's investments were sold to Endowment LLC, at which time all previously unrealized gains and losses on the sold investments were realized. As of September 30, 2014 and 2013, the Hospital has an interest in investments held by Endowment LLC, which is reflected in the accompanying consolidated balance sheets and represents the Hospital's pro rata share of Endowment LLC

The Hospital reports its share of the increase or decrease in Endowment LLC as income or loss from investments in the excess of revenues over expenses, unless the income or loss is restricted by donor or law. Investments held by Endowment LLC in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value using quoted market prices or model-driven valuations at the consolidated balance sheet date. Alternative investments (non-traditional, not-readily-marketable assets), some of which are structured such that Endowment LLC holds limited partnership interests, are reported based upon net asset value (NAV) and derived from the application of the equity method of accounting. Individual investment holdings within the alternative investments may, in turn, include investments in both nonmarketable and market-traded securities. Valuations of these investments and, therefore, Endowment LLC's holdings may be determined by the investment manager or general partner and for "fund of funds" investments are primarily based on financial data supplied by the underlying investee funds. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Endowment LLC accounts for these investments using the equity method of accounting and reports its share of the increase or decrease in the funds' value as investment gain or loss. The financial statements of the investees are audited annually by independent auditors, although the timing for reporting the results of such audits does not coincide with Endowment LLC's annual consolidated financial statement reporting.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Investments

The Hospital's investment portfolio is classified as trading, excluding the interest in Endowment LLC, with unrealized gains and losses included in the excess of revenues over expenses. At September 30, 2013, GIC's investments were classified as available for sale with unrealized gains and losses excluded from excess of revenues over expenses. Unrealized gains and losses were included in unrestricted net assets within the accompanying statements of operations and changes in net assets.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value using quoted market prices or model-driven valuations at the balance sheet date. Alternative investments, those assets whose market value is not readily determinable, are stated at fair value as estimated in an unquoted market. Valuations of those investments, and therefore the Hospital's holdings, may be determined by the investment manager and are primarily based on the underlying securities. Assets temporarily and permanently restricted (by donor) are recorded at fair value at the date of donation, which is then considered cost. Investment income (including realized gains and losses on investments, interest and dividends, and the change in unrealized gains and losses) is included in nonoperating income unless the income or loss is restricted by the donor or law. The cost of securities sold is based on the specific identification method.

The Hospital has invested in a joint venture, which is accounted for under the equity method of accounting. As of September 30, 2014 and 2013, the Hospital owned 43% of the New Britain MRI Limited Partnership.

Inventories of Supplies

Inventories, used in general operations of the Hospital, are stated using the average cost method.

Property, Plant, and Equipment

Property, plant, and equipment is stated on the basis of cost. The Hospital provides for depreciation of property, plant and equipment and assets under capital leases using the straight-line method in amounts sufficient to depreciate the cost of the assets over their estimated useful lives, which range from 3 to 40 years, or the lease term.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Conditional asset retirement obligations recorded under the provisions of Accounting Standards Codification (ASC) 410-20, *Asset Retirement Obligations*, amounted to \$1,339,725 and \$1,370,379 as of September 30, 2014 and 2013, respectively. These obligations are recorded in self-insurance and other long-term liabilities in the accompanying consolidated balance sheets. There are no assets that are legally restricted for purposes of settling asset retirement obligations. During 2014 and 2013, asset retirement obligations incurred and settled were not significant. In addition, accretion expense was immaterial for the years ended September 30, 2014 and 2013.

Assets Whose Use is Limited

Assets whose use is limited includes assets that are set aside internally by management or by the Board of Directors for future capital improvements, research, donor-restricted assets, education, escrow funds and debt service funds for existing obligations on outstanding long-term debt. Amounts that are restricted by the Board of Directors are not available for use without the approval of the Board of Directors. Restricted investment income in excess of a predetermined spending limit has also been set aside as long-term investments.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the Hospital has been limited by donors to a specific time frame or purpose. Permanently restricted net assets have been restricted by donors and are maintained by the Hospital in perpetuity. The Hospital is a partial beneficiary to various perpetual trust agreements. Assets recorded under these agreements are recognized at fair value. The investment income generated from these trusts is expendable to support healthcare services, and the assets are classified as permanently restricted.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Unrestricted contributions are recorded, net of expenses, within other operating revenue.

Pledges receivable to be received after one year are recorded as temporarily restricted net assets, discounted to present value and an allowance for uncollectible pledges is recorded. Amortization of the discount is recognized as revenue and is reflected in accordance with donor-imposed restrictions, if any, on the contributions.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Donor-Restricted Gifts

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

Bond Issuance Costs

Bond issuance costs associated with long-term debt for capital projects are amortized over the term of the debt using a method that approximates the effective interest method. Bond issuance costs of \$974,448 and \$513,282 are recorded in other assets in the consolidated balance sheets as of September 30, 2014 and 2013, respectively. During 2014, the Hospital paid \$485,276 in additional bond issuance costs.

Other Operating Revenues

Other operating revenues include services to other institutions, electronic health record incentive program revenue, rental income, grant income, research income, cafeteria income and income from investments accounted for under the equity method

Nonoperating Income

Nonoperating income includes income on investments including the return on Endowment LLC, realized and unrealized gains and losses on trading investments, and income on unrestricted gifts and bequests.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Excess of Revenues Over Expenses

The consolidated statements of operations and changes in net assets include excess of revenues over expenses as the performance indicator. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, include the changes in pension funding obligation, net assets released from restrictions for the purchase of property and equipment, unrealized gains and losses on other than trading investments, and permanent transfers of assets to and from affiliates.

Professional Liability Insurance

Coverage for medical malpractice insurance is provided on a claims-made basis. As of January 1, 2013, the primary coverage is with HHCISL. See also Note 9.

Unpaid Losses and Loss Adjustment Expenses

Prior to October 1, 2013, the reserve for losses and loss adjustment expenses and related reinsurance recoverable includes case basis estimates of reported losses, plus supplemental amounts calculated based upon loss projections utilizing actuarial studies, the Hospital's own historical data and industry data. In establishing this reserve and the related reinsurance recoverable, GIC utilized the findings of an independent consulting actuary.

Management believes that its aggregate reserve for losses and loss adjustment expenses and related reinsurance recoverable at September 30, 2013 represents its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses and the amount of such losses that will be recovered under reinsurance programs, however, because of the nature of the insured risks and limited historical experience, actual loss experience may not conform to the amounts used in determining the estimated amounts for such asset and liability at the consolidated balance sheet dates. Accordingly, the ultimate asset and liability could be significantly in excess of or less than the amount indicated in these consolidated financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Recognition of Premium Revenues

Prior to October 1, 2013, premiums written for GIC were earned on a pro-rata basis over the related policy period. The portion of premiums that will be earned in the future was deferred and reported as unearned premiums.

Reinsurance

Prior to October 1, 2013, in the normal course of business, GIC sought to reduce its loss exposure by reinsuring certain levels of risk with reinsurers. Premiums ceded were expensed over the term of their related policies.

Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. At times, the Hospital is involved with activities that subject minor amounts of unrelated business income to federal income tax, which are paid as they come due in accordance with the Code and the regulations thereunder. Such amounts are not material to the Hospital's consolidated financial statements. Certain net operating loss carry forwards of \$2,471,000 and \$1,099,000 from unrelated business activities, at September 30, 2014 and 2013, respectively, generate a potential deferred tax asset of approximately \$922,000 and \$439,600 at September 30, 2014 and 2013, respectively. No deferred tax asset has been recorded as this amount is offset by a valuation allowance of the same amount.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

Electronic Health Record Incentive Program

The Centers for Medicare & Medicaid Services (CMS) have implemented provisions of the American Recovery and Reinvestment Act of 2009 that provide incentive payments for the meaningful use of certified electronic health record (EHR) technology. CMS has defined meaningful use as meeting certain objectives and clinical quality measures based on current and updated technology capabilities over predetermined reporting periods as established by CMS. The Medicare EHR incentive program provides annual incentive payments to eligible professionals, hospitals, and critical access hospitals, as defined, that are meaningful users of certified EHR technology. The Medicaid EHR incentive program provides annual incentive payments to eligible professionals and hospitals for efforts to adopt, implement, and meaningfully use certified EHR technology. The Hospital uses a grant accounting model to recognize EHR incentive revenues. EHR incentive revenues are recognized ratably over the relevant cost report period to determine the amount of reimbursement. The Hospital recognized \$2,011,703 and \$3,173,235 of EHR revenues during the fiscal years ended September 30, 2014 and 2013, respectively. Correspondingly, the Medicare and Medicaid components, respectively, of EHR revenues are \$1,485,132 and \$526,571, and \$2,383,378 and \$789,857 for 2014 and 2013, respectively. EHR incentive revenues are included in other operating revenues in the accompanying consolidated statements of operations and changes in net assets.

The Hospital's attestation of compliance with the meaningful use criteria is subject to audit by the federal government or its designee. Additionally, Medicare EHR incentive payments received are subject to retrospective adjustment upon final settlement of the applicable cost report from which payments were calculated.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

1. Significant Accounting Policies (continued)

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 is required on October 1, 2017, and management is currently evaluating the effect of this guidance on its consolidated financial statements.

Reclassifications

Certain reclassifications, including change in unrealized gains and losses on investments, have been made to the year ended September 30, 2013, balances previously reported in the consolidated balance sheet and statement of operations and changes in net assets in order to conform with the fiscal year ended September 30, 2014, presentation.

2. Net Patient Service Revenue and Charity Care

Revenues from the Medicare and Medicaid programs, respectively, accounted for approximately 36% and 16% of the Hospital's net patient service revenue for the fiscal years ended September 30, 2014 and 2013. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term.

The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

2. Net Patient Service Revenue and Charity Care (continued)

The following table summarizes net patient service revenue.

	Year Ended September 30	
	2014	2013
Gross revenue from patients:		
Inpatients	\$ 370,675,621	\$ 410,328,218
Outpatients	493,933,756	484,233,051
	<u>864,609,377</u>	<u>894,561,269</u>
Deductions:		
Allowances and discounts	480,182,282	496,600,768
Charity Care	17,256,889	16,310,702
Net patient service revenue	<u>367,170,206</u>	<u>381,649,799</u>
Provision for bad debts	5,458,239	9,742,308
Net patient service revenue less provision for bad debts	<u>\$ 361,711,967</u>	<u>\$ 371,907,491</u>

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. The difference is accounted for as allowances. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, fee-for-service, discounted charges, and per diem payments. Net patient service revenue is affected by the State of Connecticut Disproportionate Share program and is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Estimates of revenue are recorded in the period the related services are rendered and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. During 2014 and 2013, the Hospital recorded net changes in estimates of approximately \$3,530,000 and \$7,100,000, respectively, which primarily related to better than previously estimated third-party payor settlements.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

2. Net Patient Service Revenue and Charity Care (continued)

The Hospital has established estimates based on information presently available of amounts due to or from Medicare, Medicaid, and third-party payors for adjustments to current and prior year payment rates, based on industry-wide and Hospital-specific data. Such amounts are included in the accompanying consolidated balance sheets. Additionally, certain payors' payment rates for various years have been appealed by the Hospital. If the appeals are successful, additional income applicable to those years might be realized.

The Hospital has agreements with various health maintenance organizations (HMOs) to provide medical services to subscribing participants. Under those agreements, the HMOs make fee-for-service payments to the Hospital for certain covered services based upon discounted fee schedules.

The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of the Hospital. Essentially, these policies define charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the Hospital utilizes the generally recognized poverty income levels for the State of Connecticut but also includes certain cases where incurred charges are significant when compared to incomes.

The Hospital's policy is to reserve a portion of all self-pay receivables, including amounts due from the uninsured and amounts related to co-payments and deductibles, as these charges are recorded. The Hospital's allowance for doubtful accounts for self-pay patients increased to 48% of self-pay accounts receivable at September 30, 2014 from 39% of self-pay accounts receivable at September 30, 2013. On a monthly basis, the Hospital reviews its accounts receivable balances, the effectiveness of the Hospital's reserve policies, and various analytics to support the basis for its estimates. These efforts primarily consist of reviewing the following:

- Revenue and volume trends by payor, particularly the self-pay components.
- Changes in the aging and payor mix of accounts receivable, including increased focus on accounts due from the uninsured and accounts that represent co-payments and deductibles due from patients.
- Various allowance coverage statistics.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

2. Net Patient Service Revenue and Charity Care (continued)

The Hospital regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the year to help determine the reasonableness of its process for estimating the allowance for doubtful accounts.

The Hospital provides services without charge or at amounts less than its established rates, to patients who meet the criteria of its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such services are not reported as revenue. For patients who were determined by the Hospital to have the ability to pay but did not, the uncollected amounts are recorded as part of the provision for bad debts. In distinguishing charity care from the provision for bad debts, a number of factors are considered, certain of which require a high degree of judgment. In fiscal 2014, the Hospital changed its financial assistance policy to process self-pay patients as charity care prior to collections being pursued. This resulted in additional patients qualifying for charity care in the current fiscal year.

Patient service revenue, net of contractual allowances and discounts and before the provision for bad debts, recognized in the period from major payor sources for the fiscal years ended September 30, 2014 and 2013, is as follows:

	2014	2013
Medicare	36%	36%
Medicaid	16	16
Self-pay	6	5
All other	42	43
	100%	100%

The estimated cost of charity care provided was \$7,562,400 and \$6,965,012 for the years ended September 30, 2014 and 2013, respectively. The estimated cost of charity care is based on the ratio of cost to charges, as determined by hospital-specific data.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

3. Net Assets

Temporarily restricted net assets at September 30 are available for the following purposes:

	2014	2013
Free beds	\$ 1,104,952	\$ 1,039,438
Research	308,488	282,914
Education	1,177,588	1,065,889
Capital replacement	10,538,654	10,621,866
Other health care services	13,646,524	11,351,664
	<u>\$ 26,776,206</u>	<u>\$ 24,361,771</u>

Permanently restricted net assets at September 30 are restricted for.

	2014	2013
Investments to be held in perpetuity, the income from which is expendable to support health care services	\$ 6,807,551	\$ 6,807,551
Restricted funds held in trust by others, the income from which is expendable to support health care services	16,309,118	15,974,359
	<u>\$ 23,116,669</u>	<u>\$ 22,781,910</u>

The Hospital's endowment consists of various individual funds established for a variety of purposes. Those funds include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Hospital has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

3. Net Assets (continued)

restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Hospital and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Hospital
- 7) The investment policies of the Hospital

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Hospital must hold in perpetuity or for a donor-specific period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment and management costs, of at least 4% over the long-term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

3. Net Assets (continued)

Endowment net asset composition by type (excluding funds held in trust by others) of fund as of September 30, 2014, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ –	\$ 5,168,404	\$ 6,807,551	\$ 11,975,955
Board-designated endowment funds	118,173,085	–	–	118,173,085
	<u>\$ 118,173,085</u>	<u>\$ 5,168,404</u>	<u>\$ 6,807,551</u>	<u>\$ 130,149,040</u>

Changes in endowment funds for the fiscal year ended September 30, 2014, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 109,829,752	\$ 4,574,678	\$ 6,807,551	\$ 121,211,981
Investment income				
Investment income	2,394,760	196,983	–	2,591,743
Net appreciation (realized and unrealized)	6,083,562	778,396	–	6,861,958
Total investment return	<u>8,478,322</u>	<u>975,379</u>	<u>–</u>	<u>9,453,701</u>
Contributions	246,426	4,277	–	250,703
Appropriation of endowment assets for expenditure	<u>(381,415)</u>	<u>(385,930)</u>	<u>–</u>	<u>(767,345)</u>
Endowment net assets, end of year	<u>\$ 118,173,085</u>	<u>\$ 5,168,404</u>	<u>\$ 6,807,551</u>	<u>\$ 130,149,040</u>

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

3. Net Assets (continued)

Endowment net asset composition by type (excluding funds held in trust by others) of fund as of September 30, 2013, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ —	\$ 4,574,678	\$ 6,807,551	\$ 11,382,229
Board-designated endowment funds	109,829,752	—	—	109,829,752
	<u>\$ 109,829,752</u>	<u>\$ 4,574,678</u>	<u>\$ 6,807,551</u>	<u>\$ 121,211,981</u>

Changes in endowment funds for the fiscal year ended September 30, 2013, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 99,205,579	\$ 3,639,981	\$ 6,600,444	\$ 109,446,004
Investment income:				
Investment income	1,166,241	159,556	—	1,325,797
Net appreciation (realized and unrealized)	9,454,688	992,678	—	10,447,366
Total investment return	<u>10,620,929</u>	<u>1,152,234</u>	<u>—</u>	<u>11,773,163</u>
Contributions	37,730	4,198	—	41,928
Transfer of funds held in trust by others to donor-restricted investments	—	—	207,107	207,107
Appropriation of endowment assets for expenditure	<u>(34,486)</u>	<u>(221,735)</u>	<u>—</u>	<u>(256,221)</u>
Endowment net assets, end of year	<u>\$ 109,829,752</u>	<u>\$ 4,574,678</u>	<u>\$ 6,807,551</u>	<u>\$ 121,211,981</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor, as stipulated by UPMIFA, requires the Hospital to retain as a fund of perpetual duration. These deficiencies periodically result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions, in which case the Board of Directors may deem imprudent the continuation of appropriation for a limited period. There were no material deficiencies as of September 30, 2014 and 2013.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

4. Assets Whose Use is Limited

Included in assets whose use is limited are the following amounts:

	September 30	
	2014	2013
Cash and cash equivalents	\$ 107,499	\$ 306,029
Money market funds	16,303,490	2,532,172
Interest in investments held by Endowment LLC	147,085,079	138,002,713
Equity securities:		
U S.	425,288	450,342
International	203,819	197,780
Fixed income bonds:		
U S.	197,158	126,207
International	42,918	41,439
Alternative investments and other	253,570	8,811,000
	<u>\$ 164,618,821</u>	<u>\$ 150,467,682</u>

On October 1, 2013, a significant portion of the alternative investments and other assets relating to GIC were transferred to HHCISL as part of the merger, as discussed in Note 1. During 2013, a significant portion of the Hospital's assets whose use is limited were transferred to Endowment LLC, as discussed in Note 1.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

4. Assets Whose Use is Limited (continued)

The composition and presentation of income from investments, gifts and bequests, net, which are included in nonoperating income in the consolidated statements of operations and changes in net assets, are as follows:

	Year Ended September 30	
	2014	2013
Interest and dividend income	\$ 246,747	\$ 1,076,638
Realized gain on investments, net	735,598	4,554,612
Return on interest in investments held by Endowment LLC	8,468,950	3,003,140
Change in unrealized gains and losses on investments	–	2,962,485
Other	110,809	41,607
	<u>\$ 9,562,104</u>	<u>\$ 11,638,482</u>

5. Fair Values of Financial Instruments

As defined in ASC 820, *Fair Value Measurement*, fair value is based on 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. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs are based on inputs not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

5. Fair Values of Financial Instruments (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Hospital uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers nonperformance risk in its assessment of fair value.

Financial assets carried at fair value in the accompanying consolidated balance sheets, excluding assets invested in the Hospital's pension plan and Endowment LLC, are classified in the following tables below in one of the three categories described above:

	September 30, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 50,445,261	\$ –	\$ –	\$ 50,445,261
Assets whose use is limited:				
Cash and cash equivalents	107,499	–	–	107,499
Funds designated for debt service	16,303,490	–	–	16,303,490
Equity securities:				
U.S.	425,288	–	–	425,288
International	203,819	–	–	203,819
Fixed income bonds:				
U.S.	–	197,158	–	197,158
International	–	42,918	–	42,918
Alternative investments:				
U.S.	–	253,570	–	253,570
Other assets				
Mutual funds				
U.S.	3,518,554	602,560	–	4,121,114
International	1,980,085	–	–	1,980,085
Funds held in trust by others	–	16,309,118	–	16,309,118
Total	\$ 72,983,996	\$ 17,405,324	\$ –	\$ 90,389,320

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

5. Fair Values of Financial Instruments (continued)

	September 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 39,433,385	\$ —	\$ —	\$ 39,433,385
Assets whose use is limited				
Cash and cash equivalents	306,029	—	—	306,029
Funds designated for debt services	2,532,172	—	—	2,532,172
Equity securities				
U S	450,342	—	—	450,342
International	197,780	—	—	197,780
Fixed income bonds:				
U S	—	126,207	—	126,207
International	—	41,439	—	41,439
Alternative investments				
U S	—	261,339	—	261,339
International	—	2,789,942	5,759,720	8,549,662
Other assets				
Mutual funds.				
U S	2,752,496	515,005	—	3,267,501
International	1,850,594	—	—	1,850,594
Funds held in trust by others	—	15,974,359	—	15,974,359
Total	\$ 47,522,798	\$ 19,708,291	\$ 5,759,720	\$ 72,990,809

The Hospital has \$147,085,079 and \$138,002,713 of financial assets as of September 30, 2014 and 2013, respectively, that are held by Endowment LLC (refer to Note 1). Financial assets classified within the trust are 54.3% Level 1, 20.9% Level 2, and 24.8% in alternative investments accounted for under the equity method as of September 30, 2014 and 56.3% Level 1, 22.0% Level 2, and 21.7% in alternative investments accounted for under the equity method as of September 30, 2013.

Financial assets carried at fair value included in the cash balance retirement plan are held in an HHC master trust. The Hospital owns participant units in the trust. Financial assets classified within the trust are 52.3% Level 1, 37.1% Level 2, and 10.6% Level 3 as of September 30, 2014, and 53.3% Level 1, 34.4% Level 2, and 12.3% Level 3 as of September 30, 2013.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

5. Fair Values of Financial Instruments (continued)

Fair value for Level 1 assets is based upon quoted market prices. Fair value for Level 2 assets is based upon model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Assets that are valued using significant unobservable inputs, such as extrapolated data, proprietary models or indicative quotes that cannot be corroborated with market data are classified in Level 3 within the fair value hierarchy. Level 3 assets are valued based on the Hospital's ownership interest in the NAV of the fund. As the NAV reported by each fund is used as a practical expedient to estimate the fair value of the Hospital's interest therein. The Hospital routinely monitors and assesses methodologies and assumptions used in valuing these interests. The Level 3 assets include certain liquidity restrictions that may require 90 days advance notice for redemptions.

The changes in the fair value of assets measured using significant unobservable inputs (Level 3) were comprised of the following for the years ended September 30:

	2014	2013
Beginning balance at October 1	\$ 5,759,720	\$ 27,493,156
Change in unrealized gains and losses	–	457,473
Transfer of assets to Endowment LLC	–	(22,190,909)
Transfer to HHCISL	(5,759,720)	–
Ending balance at September 30	<u>\$ –</u>	<u>\$ 5,759,720</u>

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

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

6. Property, Plant, and Equipment

Property, plant, and equipment consist of the following as of September 30:

	2014	2013
Land and land improvements	\$ 6,065,007	\$ 6,065,007
Buildings and building improvements	256,359,967	245,286,683
Equipment	125,887,736	123,388,103
	388,312,710	374,739,793
Less accumulated depreciation	(248,041,258)	(230,869,746)
	140,271,452	143,870,047
Construction in progress (estimated cost to complete – \$19,800,000)	33,898,993	19,940,168
	\$ 174,170,445	\$ 163,810,215

The Hospital capitalized interest expense of \$1,265,666 and \$445,536 for the year ended September 30, 2014 and 2013, respectively.

7. Pensions and Other Postretirement Benefits

The Hospital has two noncontributory, defined benefit pension plans (New Britain and Bradley campuses) covering substantially all of its employees hired prior to January 1, 2006 (collectively, the pension plans). The benefits are based on years of service and the employees' compensation during the last five years of employment. Employees hired after January 1, 2006, are eligible to participate in a defined contribution plan, as the defined benefit plans are closed to employees hired after January 1, 2006.

Contributions to the pension plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to the plan participants. The assets of the pension plans are available to pay the benefits of eligible employees for participating entities based on their allocated share of assets. The service cost component of net periodic pension cost and all other components are actuarially determined as defined by each plan.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

7. Pensions and Other Postretirement Benefits (continued)

The Hospital makes contributions in amounts sufficient to fund the pension plans' current service cost, and the funding policy is to contribute amounts to these plans sufficient to meet the minimum funding requirements set forth by federal government regulations.

The Hospital has a defined contribution benefit plan, which became effective January 1, 2006. Substantially all full-time employees hired after January 1, 2006, are eligible to participate in the new plan. Employees may contribute a percentage of their annual contribution subject to IRS limitations and the Hospital contributes up to 4% of annual compensation for employees that work greater than 20 hours a week and 3% of annual compensation for employees that work less than 20 hours a week. The Hospital has made employer contributions to this plan totaling \$2,166,567 and \$2,210,871 for 2014 and 2013, respectively. Employees become vested in the Hospital's contributions over three years. The portion of the employer contributions unvested upon termination of an employee are forfeited and used to reduce future contributions made by the Hospital on a dollar-for-dollar basis.

In addition, the Hospital has a Supplementary Executive Retirement Plan (SERP) under Section 457(b) and 457(f) of the Internal Revenue Code of 1986, as amended. The SERP has been established to supplement the retirement benefits of eligible employees designated by the Hospital's Board of Directors. The fair value of the assets relating to the SERP are \$6,101,199 and \$5,118,094 as of September 30, 2014 and 2013, respectively, and are recorded in other assets in the accompanying consolidated balance sheets. The accrued liability relating to the SERP, amounted to \$6,443,181 and \$7,813,034 as of September 30, 2014 and 2013, respectively. The expenses incurred related to the SERP amounted to \$1,006,664 and \$1,150,059 for 2014 and 2013, respectively.

Included in unrestricted net assets at September 30, 2014 and 2013, is \$93,640,688 and \$40,958,262, respectively, of unamortized actuarial loss that has not yet been recognized in net periodic benefit cost. The actuarial loss in 2014 primarily relates to changes in the discount rate and mortality table used to measure the benefit obligation, and the actuarial gain in 2013 primarily relates to changes in the discount rate used to measure the benefit obligation. The amortization of these items expected to be recognized in net periodic benefit costs for the fiscal year ending September 30, 2015, is \$6,435,788.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

7. Pensions and Other Postretirement Benefits (continued)

The following table sets forth the pension plans' funded status and amount recognized in the consolidated balance sheets:

	2014	2013
Change in benefit obligation		
Benefit obligation at beginning of year	\$ (366,036,733)	\$ (401,999,473)
Service cost	(8,724,346)	(10,283,701)
Interest cost	(18,751,185)	(16,874,732)
Benefits paid	12,716,911	10,372,864
Actuarial (loss) gain	(59,031,556)	52,748,309
Benefit obligation at end of year	(439,826,909)	(366,036,733)
Change in plan assets		
Fair value of plan assets at beginning of year	291,922,682	251,847,745
Actual return on plan assets	25,739,056	36,297,801
Employer contribution	7,408,000	14,150,000
Benefits paid	(12,716,911)	(10,372,864)
Fair value of plan assets at end of year	312,352,827	291,922,682
Underfunded status of the plans	\$ (127,474,082)	\$ (74,114,051)

	2014	2013
Components of net periodic benefit cost		
Service cost	\$ 8,724,346	\$ 10,283,701
Interest cost	18,751,185	16,874,732
Expected return on plan assets	(21,062,758)	(19,971,366)
Net amortization and deferral	994,067	6,793,736
Net periodic benefit cost	\$ 7,406,840	\$ 13,980,803

The accumulated benefit obligation for the pension plans was \$394,738,120 and \$325,434,897 as of September 30, 2014 and 2013, respectively.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

7. Pensions and Other Postretirement Benefits (continued)

The weighted-average assumptions used to develop net periodic benefit cost and the projected benefit obligation were as follows:

	2014	2013
Discount rate for determining benefit obligation at year-end	4.40-4.45%	5.00-5.10%
Rate of compensation increase	3.50%	3.50%
Discount rate for net periodic benefit cost	5.00-5.10%	4.10-4.15%
Expected rate of return on plan assets	7.50%	7.50%
Rate of compensation increase	3.50%	3.50%

The expected rate of return on assets was determined by the expected return on each asset class based on a model that considers historical and expected future performance.

Plan Assets

The Hospital's pension plans weighted average asset allocations as of September 30, by asset category, are as follows

	Target	2014	2013
Equity securities	57%	59%	60%
Fixed income/debt securities	25	22	24
Commodities/inflation/real assets	8	6	6
Other	10	13	10
Total	100%	100%	100%

The goals of the plans are to provide a secure retirement benefit for plan participants and to manage pension plan assets for the exclusive benefit of the participants. The Investment Committee of the Board of Directors is responsible for developing, reviewing, and monitoring the investment policy. The plans' assets are invested in accordance with the policy.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

7. Pensions and Other Postretirement Benefits (continued)

Contributions

The Hospital expects to make contributions of approximately \$6,840,000 and \$350,000 in fiscal year 2015, related to its pension plans and its SERP, respectively.

Estimated Future Benefit Payments

Future benefit payments are expected to be paid as follows:

Fiscal Year	Pension Benefits
2015	\$ 12,742,079
2016	13,513,253
2017	14,667,844
2018	15,935,316
2019	17,285,781
Years 2020–2024	113,529,703

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

8. Long-Term Debt

Details of long-term debt are as follows.

	September 30	
	2014	2013
Intercompany debt with HHC:		
Series A, consisting of a tax-exempt serial bond and term bonds; interest at rates ranging from 4.4% to 5.0%	\$ 32,496,036	\$ 32,866,281
Series C, taxable variable rate term bond, interest rates of 0.12% and 0.14% at September 30, 2014 and 2013, respectively	4,544,163	4,544,163
Series E, consisting of tax-exempt serial bond and term bonds; interest at rates ranging from 4.0% to 5.0%	25,005,657	—
Capital lease obligations for medical equipment, subject to liens, due in monthly installments, at varying rates of imputed interest from 2.25% to 3.84%	652,997	1,367,288
Revolving line of credit	—	1,325,511
Premium on bonds	1,255,147	631,050
	63,954,000	40,734,293
Less current portion	(872,430)	(2,329,243)
	\$ 63,081,570	\$ 38,405,050

On September 29, 2011, HHC issued approximately \$375,815,000 of CHEFA Revenue Bonds Series A, B, and C (the HHC 2011 Bonds). In conjunction with the issuance of the HHC 2011 Bonds, an obligated group was formed. The members of the obligated group are HHC, Hartford Hospital, The Hospital of Central Connecticut at New Britain General and Bradley Memorial, Windham Community Memorial Hospital, and MidState Medical Center (collectively referred to as the Obligated Group). Effective January 2014, The William W. Backus Hospital became part of the Obligated Group. On March 26, 2014, HHC issued approximately \$163,180,000 of Taxable Bonds Series D (the HHC Series D Bonds) and approximately \$83,790,000 of CHEFA Revenue Bonds Series E (the HHC Series E Bonds) concurrently (collectively referred to as the HHC 2014 Bonds). Obligated Group members are jointly and severally liable under a Master Trust Indenture (MTI) to make all payments required with respect to obligations under the MTI. HHC does have the right to name designated affiliates, although presently none exist.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

8. Long-Term Debt (continued)

Though designated affiliates are not obligated to make debt service payments on the obligations under the MTI, each designated affiliate has an independent designated affiliate agreement and promissory note with HHC with stipulated repayment terms and conditions, each subject to the governing law of the Obligated Groups' state of incorporation. In addition, HHC may cause each designated affiliate to transfer such amounts as necessary to enable the Obligated Group members to comply with the terms of the MTI, including payment of the outstanding obligations.

The HHC 2011 and 2014 Bonds were issued to refund portions of existing debt under HHC and to obtain funds for future capital needs. As such, the HHC 2011 and 2014 Bonds are reflected as intercompany debt in the preceding schedule. The Hospital is party to the HHC Series A, Series C and Series E Revenue Bonds. During 2013, the Hospital was allocated an additional \$1,756,248 of previously unallocated Series A Revenue Bonds. The HHC Series A Revenue Bonds consist of serial bonds that mature annually from July 1, 2014 through July 1, 2023, and term bonds that mature from July 1, 2024 through July 1, 2041. During 2014, the Hospital made advance payments of \$101,417 to HHC for the bonds maturing in 2015. The HHC 2011 Series C Revenue Bonds consist of term bonds that mature from July 1, 2042 through July 1, 2049. The HHC 2011 Series C Revenue Bonds are secured by an irrevocable letter of credit issued by JP Morgan Chase Bank that expires on October 1, 2016. The reimbursement terms of the letters of credit for the HHC Series C Revenue Bonds are such that in the event a letter of credit is drawn upon due to a failed remarketing, the components available shall equal the aggregate principal and interest amount of bonds outstanding. The HHC Series E Bonds consist of term bonds that mature from July 1, 2025 through July 1, 2042.

The MTI and Supplemental MTI provide for the potential establishment and maintenance of a debt service reserve fund, a pledge of gross receipts, as defined, and parity with the HHC Series A and E Revenue Bonds that remain outstanding. The MTI and loan agreements establish certain restrictive covenants, including a debt service coverage ratio and days cash on hand requirement. No violations of covenants existed as of or for the fiscal years ended September 30, 2014 or 2013.

The fair value of the HHC 2011 and 2014 Bonds was approximately \$680,006,000 at September 30, 2014 and the fair value of the HHC 2011 Bonds was approximately \$377,885,000 at September 30, 2013. The carrying value of the HHC 2011 and 2014 Bonds was \$620,015,000 at September 30, 2014 and the carrying value of the HHC 2011 Bonds was \$375,815,000 as of September 30, 2013. The fair value of the HHC 2011 and 2014 Bonds was determined by

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

8. Long-Term Debt (continued)

HHC's investment advisor using a market approach that uses prices and other relevant information generated by market transactions involving identical or comparable liabilities and categorized as Level 2 in the fair value hierarchy described in Note 5. The carrying value of the Hospital's other long-term debt approximates fair value at September 30, 2014 and 2013.

As part of the HHC 2011 Bonds, the Obligated Group entered into a line of credit for \$20,000,000. This line expires in March 2015. As of September 30, 2014 and 2013, the Hospital had not drawn on this line of credit. In 2012, the Obligated Group obtained an additional \$60,000,000 line of credit. In August 2013, the Obligated Group entered into an amendment increasing this line of credit to \$100,000,000. This line expires in April 2015. As of September 30, 2014 the Hospital had not drawn on this line of credit. As of September 30, 2013, the Hospital had drawn \$1,325,511 on this line of credit, with a variable rate of 0.88% and which is also included in the current portion of long-term debt. During 2014, the Hospital repaid this line of credit.

In February 2010, the Hospital entered into a five-year, \$1,450,000 capital lease agreement with CHEFA for MRI equipment. This lease has an interest rate of 3.84%. The bank has a lien on the MRI equipment. The outstanding balance on this lease as of September 30, 2014 and 2013, was \$131,730 and \$439,426, respectively, and the net book value of the leased equipment was \$344,379 and \$610,256, respectively.

In December 2010, the Hospital entered into a five-year, \$2,000,000 capital lease agreement with CHEFA for DaVinci Robotic equipment. This lease has an interest rate of 2.25%. The bank has a lien on the DaVinci equipment. The outstanding balance on this lease as of September 30, 2014 and 2013, was \$521,267 and \$927,863, respectively, and the net book value of the leased equipment was \$1,117,120 and \$1,436,297, respectively.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

8. Long-Term Debt (continued)

Principal payments due on long-term debt are as follows:

Fiscal year ending September 30:	
2015	\$ 872,430
2016	590,678
2017	522,776
2018	579,712
2019	613,356
Thereafter	59,519,901
	<u>\$ 62,698,853</u>

Interest paid for the fiscal years ended September 30, 2014 and 2013, was \$3,818,836 and \$2,006,550, respectively

9. Professional Liability and Worker's Compensation Insurance

Coverage for medical malpractice insurance is provided on a claims-made basis. As of January 1, 2013, the primary coverage is with Hartford Healthcare Indemnity Services, Limited (HHCISL) (previously known as CHS Insurance Limited or CHS), a captive insurance company which is a wholly-owned subsidiary of HHC.

Prior to January 1, 2013, GIC provided professional and general liability coverage on a claims-made basis to the Hospital. The Hospital did not self-insure any malpractice risks other than exposures greater than its excess coverages.

As discussed in Note 1, effective October 1, 2013, GIC merged with HHCISL and the Hospital entered into agreement with HHCISL for the claims covered under the policies issued by GIC (GIC Claims) to be assumed by and operated through HHCISL. Under this agreement, HHCISL separately accounts for the GIC Claims and the Hospital will be entitled to the payment of funds previously held by GIC in excess of amounts needed to pay for the GIC Claims. The Hospital will also be required to pay additional amounts to HHCISL should such funds be insufficient to cover the GIC Claims. In relation to this agreement, the Hospital has recorded a receivable from HHCISL of \$14,920,107 as of September 30, 2014, which is included in other receivables on the accompanying consolidated balance sheet.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

9. Professional Liability and Worker's Compensation Insurance (continued)

Effective October 1, 2013, the policy limits for the primary coverage are \$7,500,000 per claim and \$39,000,000 in the aggregate. The primary layer of the excess coverage of \$20,000,000 is shared with two insurance carriers. The secondary layer is \$20,000,000 with a single insurance carrier. The third and fourth layers are \$10,000,000 each with two other insurance carriers. The top layer is \$20,000,000 for a total excess coverage of \$80,000,000.

Activity in the reserve for losses and loss adjustment expenses is summarized as follows for the year ended September 30, 2013:

	<u>2013</u>
Net reserve, beginning of year	\$ 9,455,032
Incurred related to	
Current year	600,000
Prior years	(1,468,854)
Total incurred	<u>(868,854)</u>
Paid related to	
Current year	—
Prior years	(4,157,496)
Total paid	<u>(4,157,496)</u>
Net reserve, end of year	4,428,682
Plus reinsurance recoverable	3,675,000
Gross balance, end of the year	<u>\$ 8,103,682</u>

As a result of changes in estimates of insured events in prior years, the reserve for losses and loss adjustment expenses decreased by \$1,468,854 in 2013.

Malpractice claims are discounted at 1.72% and 2.08% for the incurred-but-not-reported liability, which was approximately \$1,989,000 and \$1,987,000 as of September 30, 2014 and 2013, respectively. In addition, medical malpractice insurance recoveries and the related claim liabilities of approximately \$2,178,000 and \$822,000 as of September 30, 2014 and 2013, respectively, are included in other current assets and other current liabilities, and medical malpractice insurance recoveries and the related claim liabilities of approximately \$10,639,000 and \$1,900,000 as of September 30, 2014 and 2013, respectively, are included in other long-term assets and other long-term current liabilities.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

9. Professional Liability and Worker's Compensation Insurance (continued)

The ultimate settlement of losses may vary significantly from the reserves recorded. In particular, ultimate settlements on medical malpractice claims depend, among other things, on the resolution of litigation, the outcome of which is difficult to predict. In addition, since the reserves have been discounted, there is the possibility that the timing of loss payments and income earned on invested assets will be significantly different than anticipated.

The Hospital self-insures workers' compensation claims with retention on the first \$500,000 per claim. The Hospital has also purchased excess liability insurance, which provides coverage for workers' compensation claims in excess of \$500,000, and up to aggregate limits of \$1,000,000 per employers' liability claim. The self-insurance plan is unfunded.

During the year, potential workers' compensation losses from asserted and unasserted claims identified by the Hospital's risk management system are accrued based upon estimates that incorporate the Hospital's past experience, as well as the nature of each claim or incident and relevant trend factors.

The Hospital's year-end workers' compensation reserve, as estimated by Hospital management in conjunction with its independent actuaries, is included in self-insurance and other long-term liabilities on the consolidated balance sheets and is discounted at 3.0% and 0.5% in 2014 and 2013, respectively. The balances as of September 30, 2014 and 2013, are \$3,798,737 and \$3,564,039, respectively.

10. Commitments and Contingencies

Various lawsuits and claims arising in the normal course of operations are pending or are in progress against the Hospital. Such lawsuits and claims are either specifically covered by insurance as explained in Note 1 or are deemed to be immaterial. While the outcomes of the lawsuits cannot be determined at this time, management believes that any loss that may arise from these actions will not have a material adverse effect on the financial position or changes in net assets of the Hospital.

The Hospital has several operating lease agreements for certain real estate, medical equipment, and computer equipment. Certain of these leases have renewal options for periods up to five years and escalation clauses. Rent is payable in equal monthly installments. Rent expense was \$3,387,378 and \$3,817,405 for the years ended September 30, 2014 and 2013, respectively.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

10. Commitments and Contingencies (continued)

The future minimum lease payments are as follows:

Year	Operating Leases
2015	\$ 2,686,068
2016	1,784,581
2017	1,111,780
2018	811,791
2019	605,036
Thereafter	1,430,494
	<u>\$ 8,429,750</u>

11. Related-Party Transactions

The Hospital obtains services from various HHC affiliates representing an allocation of shared expenditures that were provided at cost. Services provided by affiliates for the years ended September 30, 2014 and 2013, were \$35,498,888 and \$16,093,221, respectively. Other inter-company activity with subsidiaries of the Hospital include recurring transactions associated with operations which have been eliminated in consolidation.

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

11. Related-Party Transactions (continued)

Amounts due from (to) affiliates related to these services as of September 30, are as follows:

	2014	2013
Due from Midstate Medical Center	\$ 688,475	\$ —
Due from HHC	434,867	4,794,973
Due from Practice Central	—	93,907
Other	66,495	136,061
	<u>\$ 1,189,837</u>	<u>\$ 5,024,941</u>
Due to HHC	\$ (2,120,357)	\$ (597,436)
Due to Hartford Hospital	(2,910,855)	(428,618)
Due to Hartford HealthCare Medical Group	(425,040)	(112,384)
Due to Hartford Healthcare Rehabilitation Network (formerly Eastern Rehabilitation Network)	(6,657)	(35,913)
Other	(62,010)	—
	<u>\$ (5,524,919)</u>	<u>\$ (1,174,351)</u>

12. Other Operating Revenues

Other operating revenues consist of the following:

	Year Ended September 30	
	2014	2013
Healthcare services to other institutions	\$ 2,874,010	\$ 2,828,922
EHR revenue	2,011,704	3,173,235
Food service income	1,591,448	1,647,300
Grant income	1,392,645	1,375,056
Rental income	854,170	1,039,016
Other income	2,300,340	2,170,369
	<u>\$ 11,024,317</u>	<u>\$ 12,233,898</u>

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

13. Functional Expenses

The Hospital provides health care services to residents within its geographic location. Net expenses related to providing these services are as follows:

	2014	2013
Health care services	\$ 300,513,953	\$ 313,030,883
Support services	58,790,131	61,238,843
	<u>\$ 359,304,084</u>	<u>\$ 374,269,726</u>

14. Supplemental Cash Flow Information

The changes in assets and liabilities for the year ended September 30 are as follows:

	2014	2013
Increase in accounts receivable	\$ (674,609)	\$ (6,543,234)
Decrease (increase) in premiums receivable	75,002	(39,316)
Decrease in reinsurance recoverable	3,675,000	3,830,995
Increase in other receivables	(14,167,251)	(1,173,591)
Decrease (increase) in due from affiliates	3,835,104	(4,940,183)
(Increase) decrease in inventories of supplies	(204,013)	522,646
Increase in debt service	(13,771,318)	(134,970)
Decrease in prepaid expenses and other assets	1,297,901	147,080
Increase in other assets	(10,734,993)	(4,336,870)
Decrease in accounts payable and accrued expenses	(10,945,944)	(617,166)
Decrease in salaries, wages, payroll taxes, and amounts withheld from employees	(2,550,060)	(223,882)
Increase (decrease) in estimated third-party settlements	7,413,014	(7,330,442)
Increase (decrease) in due to affiliates	4,350,568	(470,586)
Decrease in unearned premium	—	(26,654)
Decrease in reserve for losses and loss adjustment expenses	(8,103,682)	(8,857,345)
Increase in pension, self-insurance and other long-term liabilities	8,984,839	8,810,353
	<u>\$ (31,520,442)</u>	<u>\$ (21,383,165)</u>

The Hospital of Central Connecticut

Notes to the Consolidated Financial Statements (continued)

15. Subsequent Events

The Hospital evaluated subsequent events through January 28, 2015, which is the date the consolidated financial statements were issued, for potential recognition in the consolidated financial statements as of the balance sheet date for the year ended September 30, 2014.

During October 2014, the Hospital became a corporate guarantor of a five year, \$2,800,000 term loan entered into by an affiliate in which the Hospital has a minority ownership interest. This subsequent event did not require an adjustment to the consolidated financials as of September 30, 2014.

No other events occurred that require disclosure or adjustment to the consolidated financial statements.

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