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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 mission of Norwalk Hospital is to provide uniquely excellent innovative and compassionate health care with exceptional outcomes Vision Norwalk Hospital will be the hospital of choice for patients, physicians, and health care professionals, recognized for delivering innovative clinical services with compassion We are guided by these values - Patient-Centered Honoring each individual's dignity, privacy, and confidentiality, empowering patients and their families as partners in their care, facilitating simple, convenient ways for patients and their families to use our programs and services, Excellence Setting the highest standards for safety, clinical outcomes and personal service, and continuously measuring, monitoring and raising those standards, innovation continuously pioneering new and better ways to deliver care, including bringing state-of-the-art technology to real world care delivery, research and prevention of illness, Leadership Attracting and developing throughout the

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

If "Yes," describe these new services on Schedule O

☐ Yes ☒ No

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

If "Yes," describe these changes on Schedule O

☐ Yes ☒ No

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 \$ 39,910,370 including grants of \$) (Revenue \$ 39,911,610)

Orthopedics and Neurospine Services Norwalk Hospital provides comprehensive, high-quality Orthopedic and Neurospine care to residents of greater Fairfield County, Connecticut through an expert team of Board-Certified Orthopedists and Neurosurgeons who have trained at some of the nation's most prestigious hospitals and medical schools A signature service, our Orthopedic and Neurospine program features a collaborative, team approach for the evaluation, treatment and rehabilitation of diseases and conditions affecting the bones, joints, cartilage, muscles, tendons and ligaments Our Joint Replacement Center was accredited as a Center of Excellence by the Joint Commission Clinical services provided includes arthritis & joint pain treatment, foot and ankle care, fracture care, hand and upper extremity care (including shoulder and elbow replacement surgery), joint replacement (hip and knee), spine surgery, sports medicine, trauma care for orthopedic injuries Ortho Neuro had total inpatient discharges of 1,690 for the fiscal year ended 9/30/2014

4b

(Code) (Expenses \$ 35,589,052 including grants of \$) (Revenue \$ 44,162,372)

Womens' Health One of the Hospital's premier signature clinical programs, our Women's and Children's services features a top notch team of Obstetricians/Gynecologists, Pediatricians, Certified Midwives, Pediatric Hospitalists, Neonatologists, Pediatric Specialist, Physician Assistants and Nurses This team's compassionate and expert care further enhanced by the availability of perinatologists from Yale University Medical School, in addition of onsite Perinatology services for high risk pregnancies Our obstetricians and certified nurse midwives deliver babies in the Hospital's modern, home-like childbirth center The center features in-suite amenities, including beautiful private rooms, massage therapy for infants and mothers and wireless internet access In addition advanced, minimally invasive robotic surgery for several gynecologic procedures, including hysterectomies, fibroid removal, vaginal prolapse correction, to stop menorrhagia and to treat certain forms of cervical and uterine cancers, are available at the Hospital Women's Health had total inpatient discharges of 2,803 for the fiscal year ended 9/30/2014

4c

(Code) (Expenses \$ 34,175,537 including grants of \$) (Revenue \$ 39,279,476)

Gastroenterology and Digestive Services Norwalk Hospital is noted for its advanced Gastroenterology Program, which is considered to be a leading program in Connecticut as well as in nearby Westchester County, New York, for the diagnosis and treatment of a wide range of digestive diseases and conditions One of the Hospital's premier signature clinical services, this program features experienced and highly respected Gastroenterologists, on the Norwalk Hospital Medical Staff, who see patients in their offices throughout lower Fairfield County as well as at the Hospital's Center for Digestive Diseases A key component of Norwalk Hospital's Digestive Diseases Services is a Colorectal Cancer Screening Program Colorectal Cancers are highly preventable and treatable if caught early Norwalk Hospital is recognized by the Joint Commission as a Center of Excellence for Colorectal Cancer, one of only five in the Country Health experts recommend a screening colonoscopy at age 50 for adults considered at average risk Colonoscopies are performed by Gastroenterologists in the Hospital's modern and nationally accredited Gastrointestinal (GI) Lab The Norwalk Hospital Center for Digestive Diseases provides state-of-the-art, academic medical center-level care in a conveniently located, community hospital setting The Center's widely recognized, fellowship-trained, specialist physicians provide leading-edge diagnostics and treatments for disorders of the esophagus, stomach, small intestines, colon, rectum, gallbladder, pancreas and liver A leader in advanced endoscopic procedures for the treatment of Gastrointestinal Disorders, the center also offers a chronic heartburn program and in partnership with Yale School of Medicine, a comprehensive liver center Clinical services provided by the Center's specialist physicians include, but are not limited to ablation therapy for Barrett's Esophagus, Chronic Heartburn(GERD) evaluation and treatment, Colon Cancer screening, Colonoscopies, Double Balloon-Assisted Enteroscopy, Endoscopic Procedures, including ultrasound, Inflammatory Bowel Disease evaluation and treatment, Liver Diseases, including Hepatitis C evaluations and treatments The Center serves as a major teaching site for the Yale School of Medicine William Hale, MD Director of Gastroenterology and Hepatology and Dennis Meighan, DO, Director of Endoscopy, help train Residents and Fellows, and also conduct clinical research studies designed to improve care for patients Gastro & Digestive Services had total inpatient discharges of 1,680 and 6,401 outpatient visits for the fiscal year ended 9/30/2014

4d

Other program services (Describe in Schedule O)

(Expenses \$ 155,962,583 including grants of \$ 7,666,306) (Revenue \$ 208,961,353)




















4e

Total program service expenses

265,637,542

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 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c Yes	
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <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	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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	Yes	
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		No
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

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		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	450			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	2,147			
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					No
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	3b				
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No	
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			No	
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No	
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a			No	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b				
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No	
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d		0		
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			No	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			No	
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			No	
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a			No	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			No	
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			No	
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			No	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No	
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b				

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	23	
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	19	
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	Yes
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	No
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	
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	No
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	No
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	No
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	No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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 ▶Toni Horne Controller 14 Research Drive Bethel, CT 06801 (203) 739-4530

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

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

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

• List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

[illegible]

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	5,848,820	1,961,502	477,283

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 344

		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
Morrison Management Specialists Inc P O Box 102289 Altanta GA 30368	Food Service	3,311,576
Norwalk Radiology Consultants PC 148 East Avenue Norwalk CT 06851	Physicians-Radiology	2,062,342
Right sourcing Inc PO Box 9695 Uniondale NY 11555	Staffing Services	1,397,415
Pullman & Comley LLC 850 Main Street Bridgeport CT 06601	Legal Services	1,262,223
Donald Murphy DBA Murphy Security PO Box 356 New Britain CT 06050	Security Services	1,219,890

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 ▶54

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations 1d	1,156,023			
	e	Government grants (contributions) 1e	1,977,920			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f	3,133,943			
Program Service Revenue	2a	Lab Services Revenue	Business Code			
				2,468,814	2,468,814	
	b	Meaningful Use	900099	1,562,219	1,562,219	
	c	Net Patient Service Rev	621400	320,737,855	320,737,855	
	d	Norwalk Surgery Center JV	900099	2,941,039	2,941,039	
	e	Other Medical Services	900099	1,207,873	1,207,873	
	f	All other program service revenue		3,397,011	3,397,011	
	g	Total. Add lines 2a-2f		332,314,811		
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	2,263,259			2,263,259
	4	Income from investment of tax-exempt bond proceeds	0			
	5	Royalties	0			
	6a	Gross rents	(i) Real			
			4,076,876			
			(ii) Personal			
	b	Less rental expenses	2,822,130			
	c	Rental income or (loss)	1,254,746			
	d	Net rental income or (loss)		1,254,746		1,254,746
	7a	Gross amount from sales of assets other than inventory	(i) Securities			
			(ii) Other			
			1,585			
	b	Less cost or other basis and sales expenses	670,151			
	c	Gain or (loss)	-668,566			
	d	Net gain or (loss)		-668,566		-668,566
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a			
	b	Less direct expenses b				
	c	Net income or (loss) from fundraising events		0		
	9a	Gross income from gaming activities See Part IV, line 19	a			
	b	Less direct expenses b				
	c	Net income or (loss) from gaming activities		0		
	10a	Gross sales of inventory, less returns and allowances	a			
			437,282			
	b	Less cost of goods sold b	189,397			
	c	Net income or (loss) from sales of inventory		247,885		247,885
		Miscellaneous Revenue	Business Code			
	11a	Cafeteria/Vending	900099	1,611,422		1,611,422
	b	Parking	900099	215,273		215,273
	c					
	d	All other revenue				
	e	Total. Add lines 11a-11d		1,826,695		
	12	Total revenue. See Instructions		340,372,773	329,845,997	2,468,814
						4,924,019

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.	7,666,306	7,666,306		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	4,272,959		4,272,959	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	129,236,968	114,431,222	14,805,746	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	3,062,303	2,751,863	310,440	
9	Other employee benefits.	20,383,311	18,530,648	1,852,663	
10	Payroll taxes.	11,223,738	9,900,578	1,323,160	
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	1,806,649		1,806,649	
c	Accounting.	206,306		206,306	
d	Lobbying.	89,206		89,206	
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	38,038,177	32,319,706	5,718,471	
12	Advertising and promotion.	1,494,445	62,036	1,432,409	
13	Office expenses.	2,594,780	1,535,947	1,058,833	
14	Information technology.	7,973,364	6,273,779	1,699,585	
15	Royalties.	0			
16	Occupancy.	18,301,932	17,158,795	1,143,137	
17	Travel.	591,795	503,422	88,373	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	27,197	27,197		
20	Interest.	2,456,725	2,456,725		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	18,637,806	13,501,840	5,135,966	
23	Insurance.	3,751,740	3,643,197	108,543	
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	19,910,787	19,910,787		
b	Pharmacy	9,140,729	9,140,729		
c	Radiology & Lab Supplies	2,939,370	2,939,370		
d	Support Norw Comm Health Ctr	1,350,000	1,350,000		
e	All other expenses	2,148,483	1,533,395	615,088	
25	Total functional expenses. Add lines 1 through 24e.	307,305,076	265,637,542	41,667,534	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <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		73,750,817	1	74,550,518
	2	Savings and temporary cash investments			2	0
	3	Pledges and grants receivable, net			3	0
	4	Accounts receivable, net		26,795,462	4	40,426,872
	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	0
	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	0
	7	Notes and loans receivable, net		912,778	7	812,885
	8	Inventories for sale or use		1,845,044	8	1,774,961
	9	Prepaid expenses and deferred charges		1,589,839	9	1,172,206
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 573,432,626			
	b	Less: accumulated depreciation	10b 328,979,796	160,131,766	10c	244,452,830
	11	Investments—publicly traded securities		89,661,793	11	125,266,668
	12	Investments—other securities. See Part IV, line 11		2,267,986	12	2,002,502
	13	Investments—program-related. See Part IV, line 11		45,162,957	13	47,837,445
	14	Intangible assets			14	0
	15	Other assets. See Part IV, line 11		135,975,725	15	71,199,609
	16	Total assets. Add lines 1 through 15 (must equal line 34)		538,094,167	16	609,496,496
Liabilities	17	Accounts payable and accrued expenses		53,040,490	17	60,551,105
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		122,700,000	20	119,435,000
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		115,140,561	25	116,350,183
	26	Total liabilities. Add lines 17 through 25		290,881,051	26	296,336,288
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		207,578,029	27	265,968,153
	28	Temporarily restricted net assets		30,180,235	28	37,730,403
	29	Permanently restricted net assets		9,454,852	29	9,461,652
		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		247,213,116	33	313,160,208
	34	Total liabilities and net assets/fund balances		538,094,167	34	609,496,496

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	340,372,773
2	Total expenses (must equal Part IX, column (A), line 25)	2	307,305,076
3	Revenue less expenses Subtract line 2 from line 1	3	33,067,697
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	247,213,116
5	Net unrealized gains (losses) on investments	5	6,339,426
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	26,539,969
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	313,160,208

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		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 checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	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	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?	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	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 Norwalk Hospital Association	Employer identification number 06-6068853
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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 C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization
The Norwalk Hospital Association

Employer identification number
06-6068853

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

- 1

Provide a description of the organization’s direct and indirect political campaign activities in Part IV
- 2

Political expenditures

▶ \$
- 3

Volunteer hours

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

- 1

Enter the amount of any excise tax incurred by the organization under section 4955

▶ \$
- 2

Enter the amount of any excise tax incurred by organization managers under section 4955

▶ \$
- 3

If the organization incurred a section 4955 tax, did it file Form 4720 for this year?

☐ Yes

☒ No
- 4a

Was a correction made?

☐ Yes

☒ No
- b

If "Yes," describe in Part IV

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

- 1

Enter the amount directly expended by the filing organization for section 527 exempt function activities

▶ \$
- 2

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

▶ \$
- 3

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

▶ \$
- 4

Did the filing organization file **Form 1120-POL** for this year?

☐ Yes

☐ No
- 5

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

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?	Yes		
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		88,954
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		252
j	Total. Add lines 1c through 1i.			89,206
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
Part II-B, Line 1i - Other Activities Description	Largely state and local elected officials and agency heads were lobbied in support of maintaining patient access to essential services for the uninsured and underserved. A part of this effort, lobbyists and staff time are included in 1g and miscellaneous expenses are noted in 1i. Dues were paid to Connecticut Hospital Association (CHA) in the amount of \$279,183 during fiscal 2014. CHA has determined that for CHA's fiscal year ending April 30, 2014, 15.79% of its membership dues were expended on activities that meet the Medicare definition of unallowable lobbying (those activities that are directly related to communications with legislators or actions on specific legislative bills). CHA continues to invest resources on advocacy efforts and governmental interactions that are supported by dues and not considered unallowable. Dues were paid to American Hospital Association (AHA) in the amount of \$45,610 during fiscal 2014. AHA had determined that 23.65% and 22.8% of its membership dues for calendar 2013 and 2014, respectively, were expended on activities that meet the Medicare definition of unallowable lobbying. AHA continues to invest resources on a broad range of advocacy and representation initiatives to help the field understand and respond to the legislative and regulatory changes on the horizon and to support hospitals as they strive to deliver an ever-higher quality of care in the face of changes. Many of these activities went well beyond the scope of the narrow definition of lobbying activities captured in the lobbying % number.

Part IV

[illegible]

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 Norwalk Hospital Association	Employer identification number 06-6068853
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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	
- 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	9,454,852	9,445,852	9,439,242	9,428,708	9,343,642
b Contributions	6,800	9,000	6,610	10,534	85,066
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	9,461,652	9,454,852	9,445,852	9,439,242	9,428,708

- 2

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

a

Board designated or quasi-endowment

b

Permanent endowment 100 000 %

c

Temporarily restricted endowment

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		26,000,000		26,000,000
b Buildings		199,718,425	101,279,338	98,439,087
c Leasehold improvements		10,247,139	3,644,378	6,602,761
d Equipment		257,351,553	222,629,944	34,721,609
e Other		80,115,509	1,426,136	78,689,373
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				244,452,830

Schedule D (Form 990) 2013

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII

Supplemental Information

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

Return Reference	Explanation
Part V, Line 4 Intended uses of the endowment fund	Norwalk Hospital Foundation, Inc. (NHF) manages the fundraising for Norwalk Hospital Association. The income generated on the permanently endowed funds held by NHF are used to support the capital and operating needs of Norwalk Hospital as designated by the donor, if applicable. During fiscal 2014 endowment income was used to support nursing education and scholarships, department of medicine grand rounds, gift shop staff and cancer services.

[illegible]

Additional Data

Software ID: 13000170

Software Version: 2013v4.0

EIN: 06-6068853

Name: The Norwalk Hospital Association

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

(a) Description	(b) Book value
(1) Construction Fund/Cost of Issuance	23,405,407
(2) Due from affiliates	135,428
(3) Interest in Charitable Remainder Trust	8,007,837
(4) Interest Rate Swap	2,510,102
(5) Malpractice Receivable	34,724,445
(6) Malpractice Trust	327
(7) Other Receivables	2,093,004
(8) Value Care Alliance	323,059

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

1 (a) Description of Liability	(b) Book Value
Accrued Pension Liability	20,983,507
Asset Retirement Obligation	8,907,306
CHA Trust Loan	132,785
Debt Fair Value Adjustment	3,958,971
Due to affiliates	1,096,562
Due to Third Parties	36,052,621
Lease - Current and Long Term	2,793,582
Long Term Disability Reserve	1,744,769
Malpractice Reserve	38,342,918
Workers Comp Reserve	2,337,162

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 Norwalk Hospital Association

Employer identification number
06-6068853

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 checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ % 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	No
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)			12,462,792	5,692,260	6,770,532	2 200 %
b Medicaid (from Worksheet 3, column a)		66,613	56,242,926	44,109,286	12,133,640	3 950 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .						
d Total Financial Assistance and Means-Tested Government Programs . .		66,613	68,705,718	49,801,546	18,904,172	6 150 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	11	1,980,017	446,291	3,384	442,907	0 140 %
f Health professions education (from Worksheet 5)	2	320	11,896,794	4,677,499	7,219,295	2 350 %
g Subsidized health services (from Worksheet 6)	1	68	2,300,236	1,406,748	893,488	0 290 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	1		574		574	
j Total Other Benefits	15	1,980,405	14,643,895	6,087,631	8,556,264	2 780 %
k Total . Add lines 7d and 7j . .	15	2,047,018	83,349,613	55,889,177	27,460,436	8 930 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building	1	91,801	134,887		134,887	0 040 %
7Community health improvement advocacy	1	902,703	1,376,101		1,376,101	0 450 %
8Workforce development						
9Other						
10Total	2	994,504	1,510,988		1,510,988	0 490 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

No

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

8,362,636

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

3,734,753

4Provide 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

5Enter total revenue received from Medicare (including DSH and IME).

5

92,379,942

6Enter Medicare allowable costs of care relating to payments on line 5.

6

117,730,149

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-25,350,207

8Describe 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

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.

9b

Yes

Part IVManagement 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 %
1Norwalk Surgery Center	Ambulatory Surgery Center	64 110 %		31 100 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

Name, address, primary website address,
and state license number

Schedule H (Form 990) 2013

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)

Norwalk Hospital

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>13</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	No
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.norwalkhospital.org</u>		
b <input checked="" type="checkbox"/> Other website (list url) <u>See Part VI</u>		
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 checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" 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	No
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 <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 0000</u> % If "No," explain in Part VI the criteria the hospital facility used	10 Yes	
11	Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 0000</u> % 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 checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input checked="" 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 checked="" 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 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?	Yes	
If "No," indicate why		
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?	21	No
If "Yes," explain in Part VI		
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	22	No
If "Yes," explain in Part VI		

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? **11**

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

Part VI

Supplemental Information

Provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
Part I, Line 7g - Costs Associated With Physicans Clinics	SUBSIDIZED HEALTH SERVICES LINE G - Norwalk Hospital Receives a DHMAS Grant From The State Of Connecticut For The Outpatient Psychiatric Clinic These dollars help offset the shortfall from under or uninsured patients

Form and Line Reference	Explanation
Part III, Line 2 - Methodology Used To Estimate Bad Debt Expense	Bad debt expense is a function of actual bad debt write-offs and estimated bad debts for balances still in accounts receivable (AR) as of the measurement date. The Hospital calculates the estimated bad debts in AR by computing historical payment % by payor, service type and by account age and applies those percentages adjusted for price increase to current AR.

Form and Line Reference	Explanation
Part III, Line 3 - Methodology of Estimated Amount & Rationale for Including in Community Benefit	The percent of charity care applications under Norwalk Hospital's financial assistance policy that resulted in a discount was 44.66%. We applied this % to our bad debt expense of \$8,362,636 to arrive at our estimate of bad debt expense attributable to patients eligible under Norwalk Hospital's financial assistance policy of \$3,734,753.

Form and Line Reference	Explanation
Part III, Line 4 - Bad Debt Expense	<p>Patient accounts receivable result from the health care services provided by the Hospital. Additions to the allowance for uncollectible accounts result from the provision for uncollectible accounts. Accounts written off as uncollectible are deducted from the allowance for uncollectible accounts. The Hospital's estimation of the allowance for uncollectible accounts is based primarily upon the type and age of the patient receivable and the effectiveness of the Hospital's collection efforts. 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. On a monthly basis, the Hospital reviews its accounts receivable balances and various analytics to support the basis for its estimates. These efforts primarily consist of reviewing the following: Historical write-off and collection experience using a hindsight or look-back approach, 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, Cash collections as a percentage of net patient revenue less the provision for uncollectible accounts, Trending of days revenue in accounts receivable. The Hospital regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the year to assist in determining the reasonableness of its process for estimating the allowance for uncollectible accounts.</p>

Form and Line Reference	Explanation
Part III, Line 8 - Explanation Of Shortfall As Community Benefit	All hospitals must record profits in order to generate the capital needed to invest in facilities and services. Service that respond to public health needs provided to Medicare patients at Norwalk Hospital generate negative margins averaging around 25% of cost. It is possible that some of these services would be discontinued if the decision was made on a purely financial basis. For this reason, it would be appropriate to consider the Medicare payment shortfall a community benefit. The Medicare allowable costs of care on Part III, Line 6 were computed using the cost to charge ratio from the Medicare cost report multiplied against Medicare charges.

Form and Line Reference	Explanation
Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	Norwalk Hospital collection practices consist primarily of billing notices and follow up courtesy calls. The patient is notified of the financial assistance program with each written notification and at each point of service. Notification is shared by postings and verbal notification at the time the procedure is scheduled. If at any time during the collection process a patient would like to participate in the financial assistance program collection activity ceases. The patient is then sent an application and works with the financial counseling team for approval of full or partial discount.

Form and Line Reference	Explanation
Part VI - Needs Assessment	<p>In 2012 Norwalk Hospital and the Norwalk Health Department engaged in a collaborative community planning process to improve the health of the Greater Norwalk Area residents. The initiative included a community health assessment (CHA) to identify the health-related strengths and needs of the area and a community health improvement plan (CHIP) to identify the priorities, goals and implement and coordinate strategies to address these priority issues across the region. The community health assessment was guided by a collaborative approach, which included integrating existing health indicators, social and economic data with qualitative information from community residents and stakeholders. Focus groups and interviews were conducted with participation from youth, ethnic communities, social services, health care provider businesses, law enforcement and local government agencies. For example, Mid-Fairfield Child Guidance Center participated in these focus groups and interviews. Through the process, they were able to identify mental health/substance abuse as a priority need. They also provided data and input on barriers and challenges to access and quality care for children in the area, as well as strategies on how to enhance treatment and care. In addition to the CHNAs reported in Part V, Section B, the Western CT Health Network (of which Norwalk Hospital is a part) conducted a Physician Resource Assessment to evaluate the supply of healthcare providers within its combined service area towns. This is done to document community need for healthcare providers, and to develop a plan to the healthcare needs of the community served. Through Western CT Health Network's annual Planning Process, an environmental assessment is conducted to identify healthcare gaps and needs of the service area community brought about by local and national trends in economic, legislative, demographic, healthcare industry and other environmental factors. These forces are incorporated in meeting the healthcare needs of the community by helping to frame the priorities, goals and initiatives of Western CT Health Network's long range and annual strategic plans.</p>

Form and Line Reference	Explanation
Part VI - Patient Education of Eligibility for Assistance	The patient is notified of the financial assistance program (FAP) with each written notification and at each point of service. Notification is shared by postings and verbal notification at the time the procedure is scheduled. The facility also employs financial counselors to facilitate patient education regarding all programs available to include State, local and internal. If at any time in the collection process a patient would like to participate in the FAP collection activity ceases. The patient is then sent an application and works with the financial counseling team for approval of full or partial discount.

Form and Line Reference	Explanation
Part VI - Community Information	Norwalk Hospital serves an area with a population of about 280,000 people. The Primary Service Area includes Norwalk, New Canaan, Westport, Weston and Wilton, CT, and the Secondary Service Area includes Fairfield, Darien, Redding, Ridgefield (in Fairfield County, CT) and South Salem (in Westchester County, NY). This service area is comprised of a densely populated core of the urban/suburban City of Norwalk surrounded by predominantly affluent residential towns. No other general medical/surgical hospitals are located in this service area. This area is home to a diverse socio-economic population, from the affluent to the medically under served. Central Norwalk is listed as a Medically Under served Area, or MUA. Norwalk has a median household income of \$75,446, and a poverty rate of 9.4%. The uninsured population rate is estimated to be 9.0%. Although the population of the primary and secondary service areas is expected to remain virtually level from 2010 to 2015, the cohort aged 65 and over is expected to increase by 1.8%, while the age 20-44 age cohort is forecast to decline 1.3% over the same time period.

Form and Line Reference	Explanation
Part VI - Community Building Activities	<p>Part II Community Building Activities Obesity/Healthy Lifestyles Through initiatives led by the Obesity/Healthy Lifestyles Initiative Committee, prevent and reduce obesity in the community by promoting healthy lifestyles This was done through three programs in 2014 Walk to School Day, Story Walk Program, NorWALKer walking routes, Healthy Restaurant Initiative</p> <p>Objective 2 1 Increase the number of children and adults who meet physical activity guidelines, and Objective 2 2 Increase access to and consumption of healthy and affordable foods throughout the region</p> <p>Initiatives taken To combat obesity, the Greater Norwalk Healthy Lifestyles work group was formed The work group is a coalition of organizations, agencies, and community members from the Greater Norwalk area The mission of the work group is to reduce and prevent obesity and chronic disease in the community by promoting healthy lifestyles Two Walk to School Day events were planned this year in collaboration with Norwalk Department of Health, Sacred Heart University Exercise Science students, City officials, and the Public School Systems of Norwalk, Darien, Westport, and New Canaan Forty area school systems throughout our catchment area were contacted and provided a tool kit containing information on how to conduct a Walk to School Day event On October 9, 2013, a total of 90 students and family members participated on the first Walk to School Day event The second event, conducted on May 2, 2014, attracted more than 350 students from area elementary and middle schools, family members, including school staff, and city officials Both events generated \$2,220 in community benefit expense Two Family Story Walk initiatives were organized (October 10, 2013 and April 8, 2014) as a collaborative effort between Stepping Stones Museum, Norwalk Public Library, Family and Children's Agency, Norwalk Early Childhood Council, Norwalk Health Department, and Norwalk Hospital The events, attracting children and family members from throughout the Greater Norwalk area, consisted of a one-mile walking route which encouraged literacy The October 2013 event attracted 10 participants while the April 2014 event attracted 60 participants demonstrating a 500% increase in participation These initiatives generated \$1,482 in community benefit expense With the objective to increase physical activity among community members and those working within the community, the NorWALKer neighborhood walking project was developed The project plan identified sixteen neighborhoods in Norwalk and mapped out walking routes in each Approximately 7,500 printed maps were distributed throughout the community during FY2014 In addition, the Norwalk Department of Health's NorWALKer section of the website has seen a 20% increase in individuals seeking information on NorWALKer routes when compared to 2013 data The Greater Norwalk Healthy Restaurant Initiative (HRI) was developed to help meet the goal of increasing access to and consumption of healthy and affordable foods This healthy restaurant program will help restaurants in the Greater Norwalk area highlight healthy menu options to diners of all ages The program is voluntary for restaurant owners, and thus far more than 40 area restaurant establishments have shown interest in the program and participated in discussions and/or guided focus groups The 40 restaurants range from fast food chains, caterers and diners to fine dining establishments The HRI generated \$3,852 in community benefit expense Coalition Building Largely state and local elected officials and agency heads were lobbied in support of maintaining patient access to essential services for the uninsured and underinsured The total advocacy investment for fiscal 2014 is \$116,168 Norwalk Hospital provided \$4,428 in EMS ambulance tours for the community and elementary schools They also provided \$14,291 in donations/sponsorships to various organizations, such as Norwalk Housing Foundation, Tiny Miracles Foundation and American Heart Association Community Health Improvement Advocacy For fiscal 2014, Norwalk Hospital provided 1,350,000 in support to Norwalk Community Health Center \$3,511 was generated in support for Elementary School Outreach \$2,220 was provided to walk to school events \$1,482 was provided to the story walk program \$3,852 was provided to the healthy restaurant initiative \$14,811 was provided to Mental Health and Substance Abuse</p>

Form and Line Reference	Explanation
Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	<p>Schedule H - Part I, Line 7e - Community Health Improvement Services and Community Benefit Operations - Obesity/Healthy Lifestyles Through initiatives led by the Obesity/Healthy Lifestyles Initiative Committee, prevent and reduce obesity in the community by promoting healthy lifestyles One initiative was Project LEAN Objective 2 1 Increase the number of children and adults who meet physical activity guidelines, and Objective 2 2 Increase access to and consumption of healthy and affordable foods throughout the region Initiatives taken To combat obesity, the Greater Norwalk Healthy Lifestyles work group was formed The work group is a coalition of organizations, agencies, and community members from the Greater Norwalk area The mission of the work group is to reduce and prevent obesity and chronic disease in the community by promoting healthy lifestyles Project LEAN (Learning with Energy from Activity and Nutrition) is an innovative, community-wide program collaborative between Norwalk Hospital, Norwalk Health Department, Jefferson and Kendall* Elementary Schools, and Pepperidge Farm, Inc which is designed to actively engage approximately 600 elementary school children with a hands-on interactive curriculum to combat childhood obesity Project LEANs goal is to improve attitudes, increase knowledge, and keep Body Mass Index at or below the Center for Disease Control and Prevention average gains through nutrition education and increased activity The aim is to improve the overall health of the students through healthy nutrition and exercise with the goal to make a sustainable difference in their lives Approximately 600 students in two city elementary schools have demonstrated (through survey measures) increased knowledge about nutrition and positive behavior changes Mental Health and Substance Abuse Through initiatives led by the Mental Health/Substance Abuse Initiative Committee, provide education on and access to quality mental health and substance abuse prevention, intervention and treatment services across the life span These initiatives generated \$14,811 in community benefit expense Objective 1 1 Increase providers and community members awareness and use of quality mental health and substance abuse services and educational resources for prevention, intervention, treatment and recovery Initiative taken Regional Database for Mental Health/Substance Abuse In collaboration with Family & Children's Agency, Mid-Fairfield Child Guidance Center and the Norwalk Healthy Family Collaborative (which comprises more than 25 area organizations including the Norwalk Health Department), a regional assessment of existing mental health and substance abuse resources available to children and adults was conducted over the course of a year After verifying and cross-referencing each resource, a comprehensive database was compiled The resource guide is updated on a regular basis and community agencies are encouraged to self-report and update any changes related to their agency and/or services Objective 1 2 Enhance local and regional partnerships to improve access to timely, comprehensive, and coordinated services for diverse populations across the lifespan Initiative taken Over several months, health officials from the University of Connecticut Health Center provided on-site SBIRT (Screening, Brief Intervention and Referral to Treatment) Practice Training for Norwalk Hospital Emergency Department and Behavioral Health Services staff UCONN experts prepared staff to establish a process for assessing those at risk of or with substance abuse/misuse disorders This practice allows us to enhance collaborative planning, service delivery, and resource sharing to best serve this patient population Behavioral Health Services staff is working towards implementing this practice and engaging active involvement from emergency services when appropriate Initiative taken In April 2014, Norwalk Hospital launched a community care team with the goal of targeting mental health and substance abuse populations This has allowed us to deliver enhanced care to individuals with complex medical and psychosocial challenges by providing wrap around services to individuals with housing instability suffering from mental health and/or substance abuse issues or serious medical conditions As of September 30, 2014, the Greater Norwalk CCT has been active for six months Individualized care plans have been developed for 150 individuals The CCT has enabled Norwalk Hospital to break down existing silos by increasing communication and collaboration among community providers, improve patient engagement to appropriate services, and decrease patient turn-over in community programs with a decrease in inappropriate ED utilization Objective 1 3 Reduce financial barriers to treatment The strategy for this is to convene payers in ACO/PHO (Accountable Care Organization/Physician Hospital Organization) to address reimbursement issues around mental health</p>

Form and Line Reference	Explanation
Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	nd substance abuse Initiative taken The Western Connecticut Health Network, which include s Norwalk Hospital, has applied to form a Medicare Shared Savings ProgramAccountable Care Organization (ACO) to work together to provide higher-quality coordinated care for our pat ients, while helping to slow health care cost growth The ACO will also help to provide be tter care to Medicares seniors and people with disabilities In addition to helping us ser ve our community members in a more comprehensive way, the ACO will help us identify gaps i n care High-quality care would be defined by meeting 33 quality measure benchmarks in 4 d omain s Patient caregiver experience, care coordination, patient safety, preventative heal th, at-risk populations The ACO must also have defined processes and procedures to promot e evidence-based medicine and patient engagement and must report on quality and cost measu res It must also meet patient-centeredness criteria such as the use of patient and caregi ver assessments or individualized care teams which will align with our current Greater Nor walk CCT initiative to improve management of complex patients and reduce unnecessary emerg ency department visits and admissions The ACO would serve approximately 17,000 Medicare b eneficiaries throughout our region We anticipate a decision regarding the application in January 2015

Form and Line Reference	Explanation
Part VI - Affiliated Health Care System Roles and Promotion	<p>Western Connecticut Health Network (WCHN) is an integrated health care delivery system comprised of three community hospitals and their affiliated entities. In addition to Danbury, New Milford and Norwalk Hospitals, the continuum of care includes a large medical group, home health care services, a nationally renowned biomedical research institute, the WCHN and Norwalk Hospital Foundations, and other related affiliates. WCHN's mission is to improve the health of every person we serve through the efficient delivery of excellent, innovative and compassionate care. For 2014, WCHN provided \$10,362,060 in total charity care. Danbury, New Milford and Norwalk Hospitals provide medical services to the community regardless of the individual's ability to pay. Services include routine inpatient ancillary and outpatient care in support of the hospital's mission statement, to improve the health and well-being of those we serve. For 2014, WCHN provided charity care in the following amounts: Norwalk Hospital \$4,331,000, Danbury Hospital \$4,731,000, and New Milford Hospital \$346,000. Western Connecticut Medical Group/Norwalk Hospital Physicians & Surgeons. The mission of Western Connecticut Medical Group is to provide safe, innovative, convenient and coordinated primary and specialty health care in the communities they serve and strive to be aware of and respond to their patients' needs. They support a commitment to advance the health and well-being of individuals in their community by delivering quality care, participating in medical research and medical residency programs and the provision of medical services to patients. Western Connecticut Health Network Foundation Inc.'s mission is to raise funds, reinvest and administer these funds and make distributions to Danbury Hospital and other not-for-profit health care affiliates. For 2014, WCMG/NHP&S provided \$880,627 in charity care. Western Connecticut Health Network Affiliates' principal purpose is to provide outpatient health care services in various locations and also provide ambulance services to Danbury and surrounding towns, while serving those that cannot afford the care. For 2014, WCHN Affiliates provided \$1,454 in charity care. Western Connecticut Home Care, Inc. (WCHC) provides state-of-the-art clinical services ranging from pediatric patients to the elderly utilizing best practice in home care to meet the needs of their patients. For 2014, WCHC provided \$70,695 in charity care. Eastern New York Medical Services (ENYMS) was formed in April, 2013. The mission at ENYMS is to provide safe, innovative, convenient and coordinated primary and specialty health care in the communities we serve and strive to be aware of and respond to our patients' needs. For 2014, ENYMS provided \$1,284 in charity care.</p>

Form and Line Reference	Explanation
Part VI - States Where Community Benefit Report Filed	CT

Form and Line Reference	Explanation
Part VI - Additional Information	<p>Part I Line 7e Promotion of community health In order to promote the health of the community, Norwalk Hospital is responsible for coordinating the services of the hospital with those of other health, education, and social services in the community (e g long-term care facilities, community outreach, health promotion/illness prevention organizations, etc) These services are promoted in order to optimize the availability of a full scope of services in a cost-effective manner In FY14, Norwalk Hospital served over 2 million persons through over 240 community health events One of the highest impact outreach activities includes the weekly 30 minute Health Talk show, airing on Cablevisions local programming Health Talk reached an estimated 25,000 viewers each week, with topics ranging from heart health, cancer, therapy, and weight loss Norwalk Hospital staff and affiliated physicians participated in health fairs, community education lectures and screenings with community YMCAs, senior centers, school, and other organizations Norwalk Hospital offers programs and financial support to the city of Norwalk and surrounding areas Examples include the Community Health Center and a FQHC and program support to AmeriCares Clinic Norwalk Hospital sub-specialty clinics are also staffed by volunteer attending physicians for surgical, breast, GI, liver, dermatology, pulmonary, cardiology, orthopedics, podiatry, psychiatry, rheumatology, nephrology, and neurology for under served patients</p> <p>SCHEDULE H - PART I, LINE 7f - Health Professional Education - Norwalk Hospital Has An ACGME Accredited medical residency program partnered with Yale University School of Medicine Approximately 58 residents and fellows rotate in the medicine, radiology, gastroenterology, pulmonary or sleep programs The associated costs and revenues are derived from the Medicare cost report</p> <p>Part II Community Health Improvement Advocacy Largely state and local elected officials and agency heads were lobbied in support of maintaining patient access to essential services for the uninsured and under insured</p> <p>Part V Line 5 - The most recently completed CHNA was made available on a) Norwalk Hospital's website www.norwalkhealth.org, b) on the CT Hospital Association's website http://www.chime.org/advocacy/community-health/ on the City of Norwalk website www.norwalkct.org/DocumentCenter/View/4397 and on the Norwalk Health Department's website http://www.ct.gov/dph/lib/dph/ohca/community_needs_assessment/chna/2014/norwalk_hospital.pdf c) is available upon request from the hospital facility</p>

Additional Data

Software ID: 13000170
Software Version: 2013v4.0
EIN: 06-6068853
Name: The Norwalk Hospital Association

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
Part V, Line 3 - Account Input from Person Who Represent the Community	
Part V, Line 20d - Other Billing Determination of Individuals Without Insurance	Norwalk Hospital intends to be in compliance with the regulations regarding the maximum amounts that can be charged to FAP-eligible individuals for emergency and other medically necessary care by the effective date (10/1/16)

**Form 990 Schedule H, Part V Section D. Other Facilities That Are Not Licensed, Registered, or Similarly
> Recognized as a Hospital Facility**

**Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a
Hospital Facility**
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?

Name and address	Type of Facility (describe)
Norwalk Hospital Outpatient Rehabilitation Services 520 West Avenue Norwalk, CT 06850	Outpatient Rehabilitation Facility
Norwalk Hospital Outpatient Rehabilitation Services 40 Cross Street Suite 110 Norwalk, CT 06851	Outpatient Rehabilitation Facility
Norwalk Hospital Sleep Disorder Center 520 West Avenue Norwalk, CT 06850	Outpatient Rehabilitation Facility
Norwalk Hospital Radiology and Mammography Center 148 East Avenue Suite 1R Norwalk, CT 06851	Outpatient Rehabilitation Facility
Norwalk Hospital New Canaan Radiology 28-30 East Avenue New Canaan, CT 06840	Outpatient Rehabilitation Facility
Norwalk Hospital Westport Radiology 728 Post Road East Westport, CT 06880	Outpatient Rehabilitation Facility
New Canaan Blood Collection Center 25-30 East Avenue New Canaan, CT 06840	Outpatient Rehabilitation Facility
Westport Blood Collection Center 728 Post Road East Westport, CT 06880	Outpatient Rehabilitation Facility
Norwalk Blood Collection Center 40 Cross Street Norwalk, CT 06851	Outpatient Rehabilitation Facility
Norwalk Blood Collection Center 148 East Avenue Norwalk, CT 06851	Outpatient Rehabilitation Facility
Norwalk Surgery Center LLC 40 Cross Street Norwalk, CT 06851	Outpatient Rehabilitation Facility

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
The Norwalk Hospital Association

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

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

Employer identification number
06-6068853

Part I General Information on Grants and Assistance

1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No

2

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

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Norwalk Hos Phys & Surgeons 24 Stevens Street Norwalk,CT 06850	06-1522078		7,666,306	0			Strategic Support

2

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

1

3

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

0

Part III

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

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

Part IV

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

Return Reference	Explanation
Grantmaker's Description of How Grants are Used	Funds are provided to Norwalk Hospital Physicians & Surgeons, Inc a related 501(C)(3) organization to support the operating losses of hospital based physician practices,as they support the mission of Norwalk Hospital Norwalk Hospital Physicians & Surgeons, Inc is subject to the same policies and procedures as Norwalk Hospital Association Norwalk Hospital accounting staff processes payroll, payable, general ledger and financial statements for Norwalk Hospital Physicians & Surgeons Monthly results are presented to the Norwalk Hospital Finance Committee for review

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 Norwalk Hospital Association

Employer identification number
06-6068853

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"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
1b	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		
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?		
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"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</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		
4a	Receive a severance payment or change-of-control payment?		No
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
4c	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		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		
5a	The organization?		No
5b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III		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		
6a	The organization?		No
6b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III		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	Yes	
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		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		No

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 7 Non-Fixed payments not listed above	Bonuses are provided based on achievement of quantifiable and measurable goals. Goals are established for eligible executives at the beginning of each fiscal year. Bonuses are paid in accordance with the overall financial performance of the Hospital as well as the executive's success in meeting or exceeding those goals. Target incentive award opportunities range from 15% to 25% for senior leaders and 40% for the President and CEO. Maximum award opportunities are 150% of target, awarded for exceptional and superior performance evidenced by actual, measurable results. Actual incentive awards were approved by the President and CEO and the compensation committee based on each senior leader's individual performance and achievement of goals that were established for Norwalk Hospital, goals that were related to the integration of Norwalk Hospital with Western Connecticut Health Network and goals for Western Connecticut Health Network. The weighting of those goals was dependent upon the individual's position and ranged from 40% to 50% for individual goals, 20% to 40% for Norwalk Hospital goals, 7.5% to 10% for integration goals and 7.5% to 20% for WCHN goals.
Part III, Additional Information	The organization relied on related organizations, Norwalk Health Services Corporation (thru 12/31/2013) and Western Connecticut Health Network, Inc (effective 1/1/2014) which used the following methods described below to establish top management's compensation - Compensation committee- Independent compensation consultant- Written employment contract- Compensation survey or study- Approval by board or compensation committee

Additional Data

Software ID: 13000170
Software Version: 2013v4.0
EIN: 06-6068853
Name: The Norwalk Hospital Association

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				
Anthony Aceto Vice President, Human Resources	(i) (ii)	323,348	94,487	10,000	34,697	13,376	475,908	
Arthur Strichman MD Physician	(i) (ii)	225,264	160,477	27,614	29,725	14,876	457,956	
Brian McGovern MD Physician	(i) (ii)	260,137	255,518	22,334	24,061	15,876	577,926	
Daniel DeBarba President	(i) (ii)	632,299	445,600	32,430	11,475	14,676	1,136,480	
James Haynes Exec Dir Facilities/VP Operations	(i) (ii)	199,336	36,014	11,492	15,362	14,176	276,380	
John Murphy MD - Eff 1114 CEO	(i) (ii)	821,391	412,534	9,936	12,750	41,737	1,298,348	
Katherine Tait Michael MD Chairman Psychiatr	(i) (ii)	301,924	78,478	15,456	24,171	15,876	435,905	
Lisa Brady COO / Senior VP Strat & Sys Develop	(i) (ii)	406,427	127,399	19,210	11,475	15,876	580,387	
Mary Nolan VP Nursing & Patient Care Services	(i) (ii)	151,996					151,996	
Michael Carius MD Chairman, ED	(i) (ii)	424,167	99,571	25,243	27,883	14,416	591,280	
Patrick Minicus CFO	(i) (ii)	405,511	150,981	18,526	7,994	14,776	597,788	
Renee Mauriello VP Nursing & Patient Care Services	(i) (ii)	320,139	71,465	20,523	7,650	13,376	433,153	
Robert Capodanno MD Physician	(i) (ii)	249,120	133,613	7,721	22,218	13,376	426,048	
Stven Rosenberg - Eff 1114 CFO	(i) (ii)	505,212	185,034	27,395	12,750	32,659	763,050	

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
The Norwalk Hospital Association

Employer identification number
06-6068853

Part I

Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	St of CT Hlth & Educ Fac	06-0806186		12-09-2010	46,840,000	See Part VI		X		X		X
B	St of CT Hlth & Educ Fac	06-0806186		12-01-2012	82,000,000	See Part VI		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	9,405,000							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	46,844,821		82,010,551					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds	1,010,853							
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	829,268		639,886					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds	463,600							
10	Capital expenditures from proceeds	44,541,100		57,965,258					
11	Other spent proceeds								
12	Other unspent proceeds			23,405,407					
13	Year of substantial completion	2012		2015					
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			X		X				
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X			X				
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X	X					
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	1 570 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 420 %							
6	Total of lines 4 and 5	1 990 %							
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X					

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X		X					
b	Exception to rebate?		X		X				
c	No rebate due?		X		X				
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?								
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X	X					
b	Name of provider			Peoples United Bk					
c	Term of hedge			12 0000					
d	Was the hedge superintegrated?				X				
e	Was the hedge terminated?				X				

Part IV Arbitrage (Continued)

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

Part V Procedures To Undertake Corrective Action

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

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

Return Reference	Explanation
Part VI	Part I - Bond Issue, (a) Issuer Name - A CHEFA Series G,H and I - State of Connecticut Health and Educational Facilities AuthorityPart I - Bond Issue, (a) Issuer Name - B CHEFA Series J - State of Connecticut Health and Educational Facilities AuthorityPart I - Bond Issue, (f) Description of Purpose - A CHEFA Series G,H and IThe proceeds of the bond were used for construction of a parking garage and for the purchase of other capital equipment Part I - Bond Issue, (f) Description of Purpose - B CHEFA Series JThe proceeds of the bond are being used for construction of an ambulatory pavilion and for the purchase of other capital equipment Part II - Proceeds, A CHEFA Series G, H and I - total proceeds of issue includes interest income of \$4,821 received on the construction fund, cost of issuance fund and capitalized interest fundPart II - Proceeds, B CHEFA Series J - total proceeds of issue includes interest income of \$10,551 received on the construction fund and cost of issuance fundPart III - Private Business Use - A CHEFA Series G,H and I - Private business use is based on physician reserved spaces in financed parking garage These reserved spaces are used by both employees and attending physicians visiting Hospital patients to further the Hospital's mission Part III - Private Business Use - B CHEFA Series J - No private business use in fiscal 2014 - pavilion is not complete and occupied Anticipate the leasing of 8,688 sq ft of 95,500 sq ft of space in the pavilion to a physician group which provides services to Cancer Center patients Also a portion of the cancer center which will be located in the new pavilion will be dedicated to cancer research once the pavilion is complete and operational The funding of the pavilion will include \$30,000,000 of philanthropy and approximately \$2,300,000 of working capital These amounts will be allocated to the portion of the pavilion that will be used by outside entites Part III, Line 9 Post Issuance Compliance - Nonqualified BondsEffective 1/1/2014, Western Connecticut Health Network (WCHN) became the sole corporate member of Norwalk Health Services Corporation and a corporate affiliation was completed Norwalk Health Services Corporation and all subsidiaries are covered under the policies of WCHN and as such, the tax exempt debt policy applies to Norwalk Hospital as of 1/1/2014 Part IV - Arbitrage Line 4b - Name of Provider - CHEFA Series J - People's United BankPart V - Procedures to Undertake Correcive ActionEffective 1/1/2014, Western Connecticut Health Network (WCHN) became the sole corporate member of Norwalk Health Services Corporation and a corporate affiliation was completed Norwalk Health Services Corporation and all subsidiaries are covered under th policies of WCHN and as such, the tax exempt debt policy applies to Norwalk Hospital as of 1/1/2014

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons
▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (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 Norwalk Hospital Association

Employer identification number
06-6068853

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ▶ \$

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?	(i) Written agreement?	
			To	From			Yes	No		Yes	No
Total ▶ \$											

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Norwalk Medical Group	See Part V	328,972	See Part V		No

Part V Supplemental Information

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

Return Reference	Explanation
Schedule L, Part V Supplemental Information	Schedule L, Part IV, Line 1Richard Zelkowitz, MD is a member of the Board of NHA and the medical director of Norwalk Medical Group NHA paid Norwalk Medical Group \$328,972 for cancer services

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 Norwalk Hospital Association

Employer identification number

06-6068853

Return Reference	Explanation	
	Form 990, Part III, Line 4d Other Program Services Description	<p>OTHER PROGRAM SERVICES 4 Other Program Services include Emergency Services - Norwalk Hospital provides a comprehensive range of high-quality emergency medical services, for the most critically ill and injured patients, from pre-hospital EMS/paramedic services to an Emergency Department featuring a Level II Trauma Center to a nationally recognized Critical Care Unit. Our Emergency Department features modern lifesaving technology and is staffed by board-certified physicians and experienced nurses with advanced skills. For patients experiencing a stroke, Norwalk Hospital is certified as a Stroke Center by the Joint Commission. For patients experiencing an acute heart attack, Norwalk Hospital is certified as a Primary Angioplasty Center. Once identified as a candidate by EMS or by the emergency physician, a critical pathway ensures the rapid evaluation of the patient and movement to the Cardiac Cath Lab for definitive care to minimize long-term consequences. Norwalk Hospital's Critical Care Unit has been nationally recognized for the exemplary level of care provided. The Unit's nurses have been awarded the Beacon Award for Critical Care Excellence by the American Association of Critical Care Nurses three times. The Emergency Department had 36,190 treated and released visits and 2,870 observation visits for the fiscal year ended 9/30/2014.</p> <p>Cardiovascular Services - Norwalk Hospital offers a premier cardiovascular program to meet the needs of patients with cardiac and vascular problems. Led by a specialist team of cardiologists, interventional cardiologists and vascular surgeons, this program has achieved wide acclaim for providing leading-edge prevention, diagnosis, treatment and rehabilitation of cardiovascular disease. One of Norwalk Hospital's signature clinical services, our cardiovascular program offers outstanding inpatient and outpatient care for those suffering a heart attack or from heart disease, congestive heart failure, angina, atherosclerosis, and vascular conditions, including aortic aneurysms, carotid artery stenosis, deep vein thrombosis and peripheral artery disease. Additionally, The Hospital has on staff several interventional cardiologists who perform diagnostic cardiac catheterizations and emergency cardiac angioplasty among other invasive procedures. Our Cardiac Rehabilitation Program helps cardiac patients live life to the fullest and is accredited by the American Association of Cardiovascular and Pulmonary Rehabilitation for providing the highest standard of care. Cardiovascular Services had 1,571 inpatient discharges, 354 Cardiac Lab procedures-including Pacemakers, Defibs, Catheterization and Vascular, 1,263 Diagnostic Cardiology procedures, 436 Cardiac Rehabilitation services for the fiscal year ended 9/30/2014.</p> <p>Cancer Services - Norwalk Hospital has a long tradition of providing the very best in cancer care. We are widely recognized for providing excellent outcomes and a multidisciplinary approach to cancer care that brings cancer specialists together to individualize treatments for each patient. We feature highly experienced, nationally acclaimed cancer doctors, the most modern equipment and state-of-the-art treatments, cutting-edge clinical trials testing new ways to treat cancer, counseling, nutrition and integrative medicine services and warmth - an atmosphere of community and true caring. We provide a unique level of support to patients and their families, who require compassion, sensitivity and help with day-to-day affairs to meet the many challenges presented by a cancer diagnosis. Norwalk Hospital is recognized by the Joint Commission as a Center for Excellence for both lung cancer and colorectal cancer care. Norwalk Hospital is home to two exceptional cancer centers - the Whittingham Cancer Center and the Smilow Family Breast Health Center. The Whittingham Cancer Center is nationally accredited as a Comprehensive Cancer Center by the American College of Surgeons and is a member of the Alliance for Clinical Trials in Oncology. Our physicians have academic affiliations with major university hospitals in New York and Connecticut and work closely with those hospitals to coordinate the care of our patients. Our weekly cancer-specific multidisciplinary tumor board brings cancer surgeons, medical oncologists, radiation oncologists, pathologists, radiologists and other physicians together to discuss the optimal management of patient's care. The Smilow Family Breast Health Center provides specialized resources for women with benign breast abnormalities as well as those diagnosed with breast cancer and is accredited by the National Accreditation Program for Breast Cancer (NAPBC). Our experienced staff supports all women with breast concerns throughout screening, diagnosis, treatment and aftercare. Smilow features dedicated breast surgeons and medical oncologists who specialize in, and focus on, treating breast cancer. These physicians meet weekly in a multidisciplinary tumor board to discuss</p>

Return Reference	Explanation	
	Form 990, Part III, Line 4d Other Program Services Description	<p>s new cases, and coordinate the best care for patients. Our experienced surgeons offer advanced surgical techniques and a large variety of breast reconstruction options. Cancer Services had 661 inpatient discharges including Chemotherapy, Hematology, Medical Oncology, Surgical Oncology and Neuroscience Oncology for the year ended 9/30/2014.</p> <p>Asthma and Pulmonary - Norwalk Hospital's Section of Pulmonary and Critical Care Medicine offers leading-edge treatments for a wide range of pulmonary conditions. Our physicians provide the leadership and bedside care for patients in our nationally recognized Intensive Care Unit. We provide comprehensive diagnostic and therapeutic services to patients with all forms of pulmonary conditions including Asthma, Bronchiectasis, Chronic Bronchitis, Chronic Cough, Chronic Obstructive Pulmonary Disease (COPD), Emphysema, Idiopathic Pulmonary Fibrosis, Interstitial Lung Disease, Lung Cancer, Pulmonary Hypertension, Sarcoidosis, Tuberculosis and other infectious lung diseases. A nationally accredited Sleep Center provides diagnosis and management of the full range of sleep disorders, including sleep apnea and insomnia. The Section of Pulmonary and Critical Care Medicine has 1,099 inpatient discharges for the fiscal year ended 9/30/2014.</p> <p>Rehabilitation Services - Norwalk Hospital offers both inpatient and outpatient rehabilitation services. Accredited by the Joint Commission, we specialize in the comprehensive rehabilitation needs of patients with neurological problems, complex medical problems, those who have sustained multiple trauma and those who have undergone amputations. Norwalk Hospital's Outpatient Rehabilitation service provides treatment for conditions such as Stroke, Traumatic Brain Injury, Spinal Cord Injury, Multiple Sclerosis, Joint Replacements, and Post-Surgical Recovery. Rehabilitation Services had total inpatient discharges of 117 and 9,631 billed outpatient months for the fiscal year ended 9/30/2014.</p> <p>Psychiatry - Norwalk Hospital provides inpatient psychiatric services for adult and geriatric patients. The 20 bed unit provides individualized care for patients with acute psychiatric illness, complex medical-psychiatric illness or a need for dual-diagnosis detoxification. Norwalk Hospital also provides an intensive outpatient program, offering both individual treatment and group therapy. Psychiatry had inpatient discharges of 351 and 9,257 billed months for the fiscal year ended 9/30/2014.</p> <p>Pediatrics - Norwalk Hospital Pediatric Services include the Jeffrey Peter Bauer Newborn Intensive Care Unit (NICU), Pediatric Inpatient Care, Pediatric Subspecialty Care, and the Pediatric Development and Therapy Center. Pediatrics had inpatient discharges of 448 for the fiscal year ended 9/30/2014.</p> <p>Surgical Services - Norwalk Hospital's experienced and expert surgeons perform a wide variety of advanced inpatient and outpatient surgical procedures. Patients have access to state-of-the-art technology and the latest clinically proven surgical techniques. Norwalk Hospital offers advanced surgical centers that include Advanced Minimally Invasive and Robotic Surgery Center, Comprehensive Joint Replacement Center, Surgical Weight Loss Center. Surgical Services performed 2,076 inpatient surgeries & 5,245 outpatient surgeries for the fiscal year ended 9/30/2014.</p> <p>Radiology - Norwalk Hospital offers a variety of Radiology Services including, CT, PET/CT, CT Lung Screening, Virtual Colonography, MRI and Open MRI, Ultrasound, Bone Density Measurement/Osteoporosis Screening, General Xray, Digital Mammography, Digital Breast Tomosynthesis, Breast MRI and Ultrasound, Stereotactic, MRI-Guided and Ultrasound Guided Breast Biopsy, Nuclear Medicine, Interventional Radiology, Cancer Screening, Stereotactic Radiosurgery, Intensity-Modulated Radiation Therapy (IMRT) and Prostate Cancer Treatment with Radioactive Seeds. Radiology Services performed 66,525 procedures & 909 billed Radiation Therapy months for the fiscal year ended 9/30/2014.</p>

Return Reference	Explanation	
	Form 990, Part VI, Line 4 Description of Significant Changes to Organizational Documents	<p>On 1/1/2014 Western Connecticut Health Network (WCHN) became the sole corporate member of Norwalk Health Services Corporation, and a corporate affiliation was completed Certificate of Incorporation Article IV The Certificate of Incorporation was amended to describe the rights of NHSC, the sole member of NHA (Member), including the right to amend the NHA bylaws (Bylaws), to elect NHAs board of directors (the Board) and appoint individuals to fill vacancies on the Board Article V The Certificate of Incorporation was amended to provide that in the event of NHAs dissolution, any assets remaining after payment of obligations will be distributed to NHSC If at the time of NHAs dissolution, NHSC is not exempt, not in existence, or it is unwilling or unable to accept such assets, the remaining assets shall be distributed for use restricted to purposes substantially similar to those set forth in the Certificate of Incorporation Article VI This Article provides that the Board shall not consist of less than three directors Article VIII This Article limits the personal liability of the Board members Article IX This Article indemnifies and advances expenses to directors and permits the Board to indemnify and advance expenses to officers, employees and agents of NHA who are not directors of the Board NHA also may procure insurance providing for greater indemnification than provided by law Bylaws Article I Section 1.1 Purpose - The purpose provides that the Bylaws supplement certain provisions of the NHA Certificate of Incorporation and the Connecticut Revised Non stock Corporation Act (the Act) and that NHA is an affiliate of WCHN Article II Section 2.1 Membership- NHSC is the sole member of NHA and WCHN is the sole corporate member of NHSC The Member has the rights, privileges and obligations conferred on it by the NHA Certificate of Incorporation, the Bylaws and the Act Article II Section 2.2 Powers of the Member The Member has the following powers which do not require approval of the Board (i) amendment of the Bylaws, and (ii) election or removal of a director The following actions taken for NHA itself and in its capacity as a shareholder or member of a subsidiary (NHA Subsidiary), require approval of the Board and the Member (i) election and removal of a director of a NHA Subsidiary, (ii) except as otherwise provided in the Bylaws, the election of officers of the Board, (iii) closure of NHA or the closure or material diminution of a material program at NHA, (iv) approval of the capital budget and operating budget of NHA and of any NHA Subsidiary, (v) amendment of the Certificate of Incorporation of NHA or any NHA subsidiary, (vi) amendment of the bylaws or operating agreement of any NHA Subsidiary, (vii) sale, lease, exchange or other disposition of all or substantially all of the property or assets of NHA or any NHA Subsidiary, (viii) approval of the creation of any corporation of which NHA or any NHA Subsidiary is the sole or controlling member or sole or controlling shareholder, the merger or consolidation of NHA or any NHA Subsidiary with another corporation, and the reorganization, liquidation or dissolution of NHA or any NHA Subsidiary, (ix) approval of loans by NHA or any NHA Subsidiary or the incurring of any indebtedness, secured or unsecured, which exceeds \$2 Million or which has a term longer than one year, (x) approval of policies relating to the control and supervision of the investment of NHAs and any NHA Subsidiary's funds, including but not limited to those funds and properties which may have been donated, bequeathed or devised, or given in trust for the limited or general use of NHA or any NHA Subsidiary, (xi) approval of unbudgeted expenditures in excess of \$2 Million or any increase in any approved annual operating or capital budget, (xii) approval of any agreement or transaction of NHA or an NHA Subsidiary involving an amount greater than \$2 Million with another individual or entity, (xiii) approval of the affiliation of NHA or an NHA Subsidiary with any other entity for purposes of the joint conduct of business or other purposes, whether in the form of participation in said entity through the holding of stock or by membership or in the form of partnership, joint venture, co-tenancy or any other form of ownership or control, (xiv) creation of any committee which shall have the authority to act on behalf of the Board or on behalf of any NHA Subsidiary, (xv) approval of any conveyance of, or the granting of mortgages or trusts on any real property assets of NHA or of any NHA Subsidiary, (xvi) approval of any change to any employee pension or other employee benefit plans of NHA or any NHA Subsidiary (xvii) approval of the adoption of or amendment to the policies and procedures governing (a) indemnification of directors and officers of NHA or any NHA subsidiary, (b) conflicts or dualities of interest, (c) accounting and investment standards and practices, and (d) such other policies as the Member may from t</p>

Return Reference	Explanation	
	<p>Form 990, Part VI, Line 4</p> <p>Description of Significant Changes to Organizational Documents</p>	<p>ime to time determine, (xviii) approval of the strategic plan of NHA and any NHA Subsidiar y, (xix)approval of the engagement in managed care and otherthird party payor contracting on behalf of NHA or any NHA Subsidiary, (xx) approval of any commencement, cessation, loca tion, relocation or consolidation ofsignificant clinical services provided by NHA or any NHA Subsidiary and approval of the filing of any application for a certificate of need by N HA or any NHA Subsidiary, (xxi) approval of system-wide quality, performance and credentia ling standards and procedures to which NHA and any NHA Subsidiary is expected toadhere, and (xxii) approval of regulatory compliance and methodology for physician compensation arra ngements Article II Section 2 3 Meetings of Member -The Bylaws provide for annual and spec ial meetings of the Member, as determined by the Board At each annual meeting or special meeting called for such purpose, the Member shall (i) appoint directors in accordance wit h the Bylaws, (ii) receive reports from the NHA directors, officers and committees, and (i ii) conduct any other business relating to the affairs of NHA consistent with the rights o f the Member Article III Section 3 1 Authority - The Board of Directors has all corporate pow ers not reserved to the Member The activities, properties and affairs of NHA shall be managed by or under the direction of the Board, subject to limitations in the Certificate of Incorporation, which include, but are not limited to (i) review local quality and serv ice goals and improvement programs, (ii) monitor local quality, service and financial perf ormance, (iii) support management in making local communications with external audiences, including but not limited to, local governments and the media, (iv) support fundraising ef forts conducted by the Norwalk Hospital Foundation, Inc , (v) oversee community benefit pr ograms in the local community, (vi) approve medical staff bylaws and medical staff appoint ments based on standardized Member applications and review process, and (vii)participate i n the search process for President and CEO of NHA, when needed Article III Section 3 2 Num ber and Composition - The Board shall have no less than twelve and not more than twenty-fi ve voting directors Of that number, the President and CEO of NHA, the President and CEO o f WCHN and the Chairman of the Board of the Norwalk Hospital Foundation, Inc shall serve as ex-officio directors and shall be counted for purposes of a quorum and shall have the r ight to vote At least one director, other than the President and CEO of WCHN, shall be an individual who also serves on the board of each of WCHN, The Danbury Hospital and the New Milford Hospital All directors shall be individuals who serve on the board of the Member Article III Section 3 3 Appointment of Terms of Office - There shall be three classes of directors Directors are elected at each annual meeting of the Member Directors terms are for three years Directors can serve for three consecutive terms on the Board After serv ing three consecutive terms, a director may again serve after a one year hiatus from servi ce Article III Section 3 4 Vacancies -Vacancies occurring on the Board shall be filled by the Member Article V Committees of the Board - The Committees of the Board include the Nom inating Committee and the Budget and Finance Committee At least annually, the Board, by t he affirmative vote of all directors then serving shall appoint a Nominating Committee and a Budget and Finance Committee NHA shall also participate in the matrix of committees es tablished by WCHN to provide advice to WCHN and its affiliates Article VI President and CE O - NHA may contract with WCHN for the services of a President and CEO Following the firs t anniversary of the Effective Date, WCHNs President and CEO shall have the unilateral aut hority to hire or fire the NHA President and CEO after obtaining input on such action from the Board, subject to the terms of any</p>

Return Reference	Explanation
Form 990, Part VI, Line 6 Explanation of Classes of Members or Shareholder	As of September 30, 2014 Norwalk Health Services Corporation, Inc (NHSC) is the sole member of Norwalk Hospital Association (NHA) and appoints NHA's Trustees. On October 1, 2014 NHSC merged into Western Connecticut Health Network (WCHN), WCHN became the sole corporate member of NHA.

Return Reference	Explanation
Form 990, Part VI, Line 11b Form 990 Review Process	Steven Rosenberg, CFO, will review the 990 prior to it being sent to the IRS. A preliminary 990, is presented to the Audit Committee in June, who reviews it on behalf of the Board. E&Y is on hand to review the 990 with the Audit Committee and answer any questions. Prior to the 990 being filed with the IRS, the Board will receive a full and accurate copy on a secured website for their review.

Return Reference	Explanation
Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	<p>The Organization's Process for Monitoring and Enforcing Conflicts of Interest</p> <p>The Western Connecticut Health Network and its affiliates' (The Network) Conflict of Interest Policy provides that annually, its Representatives shall sign a statement affirming that they disclosed all potential conflicts, as documented in the Conflict of Interest Policy. In addition, General Counsel is part of the routine contracts review process and watches for potential conflicts with any of The Network's Representatives Who Is Covered By the Policy</p> <p>The Network's Conflict of Interest Policy covers each director, officer and manager of The Network, also referred to as "Representatives."</p> <p>Level At Which Determinations of Whether There Is a Conflict In connection with any actual or possible conflict of interest, an interested person must disclose the facts of the conflict. The Compliance Officer and the Audit Committee review and evaluate each disclosure to determine if there is a conflict of interest. After presentation of a potential transaction or arrangement is made by an interested person, the remaining disinterested Board or Committee members shall decide if a conflict of interest exist.</p> <p>Level That Reviews and Determines What To Do If There Is a Conflict</p> <p>After exercising due diligence the full Board would determine what actions should be taken for all conflicts by Officers and Directors. Any conflicts occurring by a manager are reviewed by the Compliance Committee to determine what further action should be taken.</p> <p>Restrictions on The Conflicted Person</p> <p>No director having a conflict of interest on any matter shall vote on that matter or be counted in determining the quorum for the meeting at which the vote is taken, even when permitted by law. No Representative having a conflict of interest on any matter shall use his or her personal influence on the matter. If the Board of Directors, in its sole discretion, determines that any Representative has conflicts of interest sufficient in number and/or importance that the effectiveness of such individual on behalf of The Network may be significantly impaired, the Board may ask the individual to resign.</p>

Return Reference	Explanation
Form 990, Part VI, Line 15a Compensation Review & Approval Process - CEO, Top Management	An outside consulting firm conducts an executive compensation analysis utilizing third party, blinded survey data sources. The consultant then presents findings to the compensation committee of the Board, who decide what action to take, if any, for each executive. This procedure only applies to the President, Vice Presidents, and certain key employees. For those key employees whose salaries are not subject to the compensation committee review, their respective Vice Presidents assess their performance and determine salary increase based on guidelines established by the annual review program and final review ratings. Compensation decisions also employ external market survey data and internal analysis based on Norwalk Hospital Association's salary ranges. This process is undertaken each year.

Return Reference	Explanation
Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	<p>An outside consulting firm conducts an executive compensation analysis utilizing third party, blinded survey data sources. The consultant then presents findings to the compensation committee of the Board, who decide what action to take, if any, for each executive. This procedure only applies to the President, Vice Presidents, and certain key employees. For those key employees whose salaries are not subject to the compensation committee review, their respective Vice Presidents assess their performance and determine salary increase based on guidelines established by the annual review program and final review ratings. Compensation decisions also employ external market survey data and internal analysis based on Norwalk Hospital Association's salary ranges. This process is undertaken each year.</p>

Return Reference	Explanation
Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	Governing documents, conflict of interest policy are available to the public upon request Financial statements are available to the public on the Hospital's web site and upon request

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Decreases	Change in Interest Rate Sw ap = -\$2043924

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Decreases	Change in Pension Obligation = -\$21796757

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Decreases	Decrease in Ben Interest NHF Temp Restr = -\$457669

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Increases	Fair Value Adjustment = \$16395275

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Increases	Increase Ben Interest NHF - Unrestricted = \$3125357

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Increases	Increase Ben Interrest in NHF - Permanently Restr = \$6800

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Increases	Net Unrestricted changes in Joint Venture = \$1795157

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Decreases	Norwalk Surgery Center / Joint Venture Income = -\$2941038

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Increases	Transfer from Norwalk Health Serv Corporation = \$36515314

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Increases	Transfer from Norwalk Hospital Foundation = \$3443973

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Decreases	Transfer to Norwalk Health Services Corporation = -\$7502519

Return Reference	Explanation
Joint Venture Policy Form 990, Part VI, Section B, Line 16B	While a written policy has not been adopted regarding the evaluation of participation in joint ventures, management follows a procedure in which all possible joint venture arrangements are evaluated under applicable Federal Tax Laws. Management utilized the services of appropriate consultants and legal counsel to evaluate each joint venture opportunity. This evaluation also includes an analysis of how the joint venture will further the Hospital's mission. The hospital has taken all appropriate steps to safeguard its tax exempt status with respects to all joint venture arrangements. Joint venture arrangements are approved by the Board of Trustees.

Return Reference	Explanation
Officers and Trustees Form 990, Part VII	<p>Daniel DeBarba was President and CEO thru 12/31/2013 Effective 1/1/2014 he was President of Norwalk Hospital, Danbury Hospital and New Milford Hospital John Murphy, MD - Chief Executive Officer effective 1/1/2014 Ed Kangas - Vice Chairman and Trustee thru 12/31/2013, Trustee only effective 1/1/2014 Ed Mahony - Trustee only thru 12/31/2013, Vice Chairman and Trustee effective 1/1/2014 Patrick Minicus - Chief Financial Officer and VP Finance thru 12/31/2013, VP Finance Western Connecticut Health Network Steven H Rosenberg - Chief Financial Officer, effective 1/1/2014 Andrew Whittingham - Treasurer and Trustee thru 12/31/2013, Trustee only effective 1/1/2014 Mark Gudis - Trustee only thru 12/31/2013, Treasurer and Trustee effective 1/1/2014 Barbara Butler - Secretary and Trustee thru 12/31/2013, Trustee only effective 1/1/2014 Fred Afragola - Trustee only thru 12/31/2013, Secretary and Trustee effective 1/1/2014 Joseph Mann - Trustee thru 12/31/2013 James Kennedy - Trustee effective 1/1/2014 Thomas Ayoub, MD - Trustee and Chief of Staff, compensation received is for services as Chief of Staff of Norwalk Hospital</p>

Return Reference	Explanation
Other Changes in Net Assets or Fund Balance Form 990, Part XI, Line 9	<p>Fair Value Adjustment - On January 1, 2014 Western Connecticut Health Network (WCHN) became the sole corporate member of Norwalk Health Services Corporation, and a corporate affiliation was completed. All assets and liabilities were revalued to fair value as of January 1, 2014. The \$16,395,275 increase in the Hospital's net assets comprised the following (impacting unrestricted net assets): Property, plant and equipment \$41,190,025; Goodwill (13,843,749); Intangible assets (5,760,171); Investment in joint venture (627,986); Bond issuance costs, net (1,255,873); Medical malpractice claims reserves 652,000; Long-term debt (3,958,971). Total \$16,395,275.</p> <p>Transfer from Norwalk Health Services Corporation - On September 30, 2014 an agreement was entered into between Norwalk Health Services Corporation (NHSC) and the Hospital under which all of NHSC's cash, investments, and real estate assets were transferred to the Hospital. NHSC's liabilities were also transferred to the Hospital. The transfer consisted of the following: Cash and cash equivalents \$696,235; Investments 26,977,706; Beneficial interest in trust 8,007,837; Property, plant and equipment 1,075,506; Accounts payable (241,970). Total \$36,515,314.</p>

Return Reference	Explanation
Part VI Policies, 12a Conflict of Interest Policy	A written conflict of interest policy is in place for Norwalk Health Services Corporation (NHSC) and subsidiaries. The Audit Committee of NHSC approved the conflict of interest policy for NHSC and all subsidiaries, in accordance with the authority delegated to the Audit Committee per the NHSC by laws. Effective 1/1/2014 Western Connecticut Health Network (WCHN) became the sole corporate member of NHSC and a corporate affiliation was completed. NHSC and all subsidiaries are now covered under the policies of WCHN and as such, the conflict of interest policy applies to Norwalk Hospital Association as of 1/1/2014.

Return Reference	Explanation
Part VI Policies, 13 Whistleblow er Policy	A w ritten whistleblow er policy is in place for Norw alk Health Services Corporation (NHSC) and subsidiaries Effective 1/1/2014 Western Connecticut Health Netw ork (WCHN) became the sole corporate member of NHSC and a corporate affiliation w as completed NHSC and all subsidiaries are now covered under the policies of WCHN and as such, the w whistleblow er policy applies to Norw alk Hospital Association as of 1/1/2014

Return Reference	Explanation
Part VI Policies, 14 Document Retention & Destruction Policy	Effective 1/1/2014 Western Connecticut Health Network (WCHN) became the sole corporate member of NHSC and a corporate affiliation was completed NHSC and all subsidiaries are now covered under the policies of WCHN and as such, the written documentation and destruction policy applies to Norwalk Hospital Association as of 1/1/2014

Return Reference	Explanation
<p>Significant Changes to Governing Documents Form 990 Part VI Section A</p>	<p>On September 11, 2014 the following governance changes were approved for Norwalk Hospital Association (NHA) as a result of the merger of New Milford Hospital, Inc (NMH) with and into The Danbury Hospital and the merger of Norwalk Health Services Corporation (NHSC) with and into Western Connecticut Health Network (WCHN) Certificate of IncorporationThe member of NHA is being changed to reflect that WCHN will now act directly as the member Article VI is also being amended to reflect that the Corporation has both elected and ex-officio directors No other changes to the certificate of incorporation were made BylawsReferences to NHSC and NMH have been deleted In addition, the following changes were made Section 2.2 We are revising the powers of WCHN as member to allow WCHN to take additional actions without requiring approval of the Board of the NHA The following actions were added to the list of actions taken by WCHN directly for NHA Approval of changes to qualified and non-qualified benefit plans Approval of policies, including policies on indemnification, conflict of interest, and accounting and investment standards Approval of quality, performance and credentialing standards Approval of physician compensation methodologySection 2.2 was further amended to delete the requirement that WCHN approve managed care contracts and filing of a certificate of need Approval of a certificate of need is not legally required and WCHN is required to approve any changes in clinical services Thus, approval of the actual filing for a certificate of need was deemed duplicative Section 2.2 is also being amended to delete the requirement that NHA's approval of an action must be accomplished before WCHN's approval of the same action This change will facilitate approvals when meetings cannot be scheduled to allow NHA to meet prior to WCHN's meeting Section 3.2 The revisions to this article deleted the requirement that the President and CEO of WCHN serve as one of the two directors who are required to also serve as a director of WCHN and The Danbury Hospital Section 5.2 The Nominating Committee's name is being changed to the Board Development Committee The committee's responsibilities are being clarified to include new director orientation, board education and board evaluation Article VII The revisions to this article will allow the Chief Financial Officer of WCHN to serve as NHA's Treasurer, ex-officio The Treasurer will have authority to exercise investment management decisions for the NHA, provided that the Treasurer reports regularly to the directors and exercises such authority in accordance with the investment policies of NHA and in consultation with WCHN's Finance Committee</p>

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 Norwalk Hospital Association

Employer identification number
06-6068853

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) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Norwalk Surgery Center LLC 40 Cross Street Norwalk, CT 06850 27-2394942	Surgery Center	CT	None	Related	2,941,038	5,601,121		No			No	64 110 %
(2) New Milford MRI JV LLC 21 Elm Street New Milford, CT 06776 27-1877801	Inactive	CT	NMH	N/A				No			No	
(3) Ridgefield Surgical Center LLC 901 Ethan Allen Hwy Suite 105 Ridgefield, CT 06877 22-2594977	Inactive	CT	WCHN	N/A				No			No	

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
(1) SWC Corporation 24 Stevens Street Norwalk, CT 06850 22-2577718	Pharmacy	CT	NHSC	C Corp				Yes	
(2) Medical Services of Danbury 24 Hospital Avenue Danbury, CT 06810 06-1635945	Healthcare	CT	WCMG	C Corp				Yes	
(3) Business Systems Inc 24 Hospital Avenue Danbury, CT 06810 06-1119262	Inactive	CT	WCHN	C Corp				Yes	
(4) Maple Street Indemnity Company Ltd 40 Church Street PO Box 2062 Hamilton HM HX BD 98-0549862	Captive Insurance	BD	NHSC	C Copr				Yes	
(5) Western CT Health Network Insurance Co 23 Lime Tree Bay PO Box 1051 Grand Cayman CJ 98-0438151	Insurance Captive	CJ	Danbury Hospital	C Corp				Yes	

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

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

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

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: 13000170

Software Version: 2013v4.0

EIN: 06-6068853

Name: The Norwalk Hospital Association

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) Norwalk Hospital Physicians & Surgeons 24 Stevens Street Norwalk, CT 06850 06-1522078	Physician Practice	CT	501(C)(3)	11 Type 2	Norwalk Health Services Corporation	Yes	
(1) Norwalk Health Care Inc 24 Stevens Street Norwalk, CT 06850 22-2577722	Inactive	CT	501(C)(3)	9	Norwalk Health Services Corporation	Yes	
(2) Norwalk Health Services Corporation 24 Stevens Street Norwalk, CT 06850 22-3688822	Support Services	CT	501(C)(3)	11 Type 2	Western Connecticut Health Network Inc	Yes	
(3) Norwalk Hospital Foundation Inc 24 Stevens Street Norwalk, CT 06850 25-2577708	Fundraising	CT	501(C)(3)	7	Norwalk Health Services Corporation	Yes	
(4) Advanced Center for Rehabilitation Medic 24 Stevens Street Norwalk, CT 06850 06-1304799	Inactive	CT	501(C)(3)	11 Type 2	Norwalk Health Services Corporation	Yes	
(5) Danbury Hospital 24 Hospital Avenue Danbury, CT 06810 06-0646597	Acute Care Hospital	CT	501(C)(3)	3	WCHN	Yes	
(6) Western Connecticut Health Network Inc 24 Hospital Avenue Danbury, CT 06810 22-2594977	Program Development	CT	501(C)(3)	11 Type 2	NA		No
(7) Western CT Health Network Affiliates 24 Hospital Avenue Danbury, CT 06810 22-2594968	Outpatient Health Care Services	CT	501(C)(3)	9	WCHN	Yes	
(8) Western CT Heatlh Network Foundation 24 Hospital Avenue Danbury, CT 06810 23-7425557	Admin Contributions	CT	501(C)(3)	7	WCHN	Yes	
(9) Western Connecticut Home Care Inc 4 Liberty Street Danbury, CT 06810 06-0655138	Home Healthcare	CT	501(C)(3)	9	WCHN	Yes	
(10) Western CT Medical Group Inc 14 Research Drive Suite 201A Bethel, CT 06801 06-1137531	Physician Practice	CT	501(C)(3)	9	WCHN	Yes	
(11) The New Milford Hospital Inc 21 Elm Street New Milford, CT 06776 06-0669121	Acute Care Hospital	CT	501(C)(3)	3	WCHN	Yes	
(12) Eastern NY Medical Services PC 14 Research Drive Suite 201A Bethel, CT 06801 45-5431389	Physician Practice	NY	501(C)(3)	9	WCHN	Yes	

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Norwalk Hospital Physicians & Surgeons	j	1,572,906	FMV
Norwalk Hospital Physicians & Surgeons	m	14,165,863	FMV
Norwalk Hospital Physicians & Surgeons	o	2,372,240	FMV
Norwalk Hospital Physicians & Surgeons	q	6,745,285	FMV
Norwalk Hospital Physicians & Surgeons	r	17,324,141	FMV
Norwalk Hospital Physicians & Surgeons	s	7,400,000	FMV
Norwalk Hospital Foundation Inc	c	4,599,996	FMV
Norwalk Hospital Foundation Inc	l	65,160	FMV
Norwalk Hospital Foundation Inc	o	713,236	FMV
Norwalk Hospital Foundation Inc	q	103,463	FMV
Norwalk Hospital Foundation Inc	s	7,041,125	FMV
Danbury Hospital	o	1,887,526	FMV
Danbury Hospital	p	613,334	FMV
Danbury Hospital	r	1,942,640	FMV
Western CT Medical Group Inc	m	100,222	FMV
Maple Street Indemnity Company Ltd	q	936,826	FMV
Maple Street Indemnity Company Ltd	r	1,826,681	FMV
Maple Street Indemnity Company Ltd	s	932,241	FMV
SWC Corporation	l	138,000	FMV
SWC Corporation	m	3,647,774	FMV
SWC Corporation	q	248,395	FMV
SWC Corporation	r	3,250,000	FMV
Western CT Health Network Insurance Co	r	2,557,353	FMV

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Norwalk Hospital Association
Period From January 1, 2014 to September 30, 2014, and Period From
October 1, 2013 to December 31, 2013
With Report of Independent Auditors

Exhibit A-1



Building a better
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Norwalk Hospital Association

Consolidated Financial Statements and Supplementary Information

Period From January 1, 2014 to September 30, 2014, and
Period From October 1, 2013 to December 31, 2013

Contents

Report of Independent Auditors	. . . . .	1
Consolidated Balance Sheet	. . . . .	3
Consolidated Statements of Operations and Changes in Net Assets	. . . . .	4
Consolidated Statements of Cash Flows	. . . . .	6
Notes to Consolidated Financial Statements	. . . . .	7
Supplementary Information		
Consolidating Balance Sheet September 30, 2014	. . . . .	37
Consolidating Statement of Operations Period from January 1, 2014 to September 30, 2014 .	. . . . .	39
Consolidating Statement of Operations Period from October 1, 2013 to December 31, 2013(Predecessor Company)	. . . . .	40

Report of Independent Auditors

The Board of Directors
Western Connecticut Health Network, Inc

We have audited the accompanying consolidated financial statements of Norwalk Hospital Association and Subsidiary, which comprise the consolidated balance sheet as of September 30, 2014, and the related consolidated statements of operations and changes in net assets and cash flows for the period from January 1, 2014 to September 30, 2014, and the period from October 1, 2013 to December 31, 2013, 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 audit. We conducted our audit 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Norwalk Hospital Association and Subsidiary at September 30, 2014, and the consolidated results of their operations and changes in net assets and their cash flows for the period from January 1, 2014 to September 30, 2014, and the period from October 1, 2013 to December 31, 2013, in conformity with U S generally accepted accounting principles

Supplementary Information

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

Ernst & Young LLP

February 27, 2015

Norwalk Hospital Association

Consolidated Balance Sheet

September 30, 2014

Assets

Current assets

Cash and cash equivalents	\$ 76,395,746
Investments	8,764,926
Patient accounts receivable, less allowance for uncollectible accounts of \$23,903,000	41,424,323
Due from related parties	135,428
Inventories	2,060,859
Prepaid expenses and other	4,118,127
Total current assets	<u>132,899,409</u>

Assets limited as to use

Beneficial interest in charitable remainder trust	8,007,837
Construction funds	23,405,407
Assets held in trust for self-insurance	327
Total assets limited as to use	<u>31,413,571</u>

Investments	116,864,243
Other assets	35,129,456
Beneficial interest in Norwalk Hospital Foundation, Inc	47,837,445
Investment in joint venture	1,640,000
Interest rate swap	2,510,102

Property, plant, and equipment

Land and land improvements	27,918,025
Buildings and building improvements	209,965,564
Equipment and other	259,999,163
Construction in progress (estimated cost to complete \$36,000,000)	78,197,484
	<u>576,080,236</u>
Less accumulated depreciation	<u>329,979,646</u>
Total property, plant, and equipment	<u>246,100,590</u>

Total assets	<u><u>\$ 614,394,816</u></u>
--------------	------------------------------

Liabilities and net assets

Current liabilities

Accounts payable	\$ 32,977,502
Payroll-related accruals	18,581,815
Due to third-party payors	36,052,621
Due to related parties	1,096,562
Interest payable	782,231
Current portion of long-term debt	7,039,141
Other accrued expenses	72,140
Total current liabilities	<u>96,602,012</u>

Accrued pension liability and other	46,163,686
Medical malpractice claims reserves	34,724,445
Long-term debt, less current portion	121,951,412
Total liabilities	<u>299,441,555</u>

Net assets

Unrestricted attributable to Norwalk Hospital	265,756,007
Unrestricted attributable to noncontrolling interest	2,005,199
Temporarily restricted	37,730,403
Permanently restricted	9,461,652
Total net assets	<u>314,953,261</u>

Total liabilities and net assets	<u><u>\$ 614,394,816</u></u>
----------------------------------	------------------------------

See accompanying notes

Norwalk Hospital Association

Consolidated Statements of Operations and Changes in Net Assets

	Period From January 1, 2014 to September 30, 2014	Predecessor Company Period From October 1, 2013 to December 31, 2013
Unrestricted revenues		
Net patient service revenue	\$ 269,437,864	\$ 89,916,566
Provision for uncollectible accounts	21,801,052	3,862,124
Net patient service revenue less provision for uncollectible accounts	247,636,812	86,054,442
Net assets released from restrictions	866,277	289,746
Other operating revenue	11,735,292	2,906,894
	260,238,381	89,251,082
Expenses		
Salaries, benefits, and fees	126,936,378	42,904,089
Supplies and other	92,376,571	28,410,829
Insurance	3,971,559	145,475
Depreciation and amortization	14,499,173	4,516,449
Interest	1,769,653	622,187
	239,553,334	76,599,029
Income from operations	20,685,047	12,652,053
Nonoperating gains (losses)		
Investment income, net	1,593,370	669,517
Change in unrealized gains and losses on investments	2,156,725	4,182,701
Change in interest in unrestricted net assets of Norwalk Hospital Foundation, Inc	3,125,357	—
Loss on equipment disposal	(668,566)	—
Interest rate swap activity		
Interest cost on interest rate swap	(161,828)	(55,792)
Change in value of interest rate swap	(2,502,627)	458,703
	(2,664,455)	402,911
	3,542,431	5,255,129
Excess of revenues over expenses, before noncontrolling interest in joint venture	24,227,478	17,907,182
Less Net income attributable to noncontrolling interest	(1,116,608)	(529,496)
Excess of revenues over expenses	23,110,870	17,377,686

Norwalk Hospital Association

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

	Period From January 1, 2014 to September 30, 2014	Predecessor Company Period From October 1, 2013 to December 31, 2013
Unrestricted net assets		
Excess of revenues over expenses (continued)	\$ 23,110,870	\$ 17,377,686
Net assets released from restrictions used for capital	3,443,973	—
Change in pension obligations	(36,139,390)	14,342,633
Transfer to related party	(6,167,638)	(1,334,881)
Transfer from Western Connecticut Health Network, Inc	28,507,477	—
Funding of operations of Norwalk Hospital Foundation, Inc	180,727	(180,727)
Net unrestricted other changes in joint venture	(598,746)	(430,439)
Net income attributable to noncontrolling interest	1,116,608	529,496
Increase in unrestricted net assets	13,453,881	30,303,768
Temporarily restricted net assets		
Transfer from Western Connecticut Health Network, Inc	8,007,837	—
Net assets released from restrictions used for capital	(3,443,973)	—
Net assets released from restrictions	(866,277)	(289,746)
Transfer from Norwalk Hospital Foundation, Inc	4,310,250	289,746
Change in beneficial interest in Norwalk Hospital Foundation, Inc	(2,426,003)	1,968,334
Increase in temporarily restricted net assets	5,581,834	1,968,334
Permanently restricted net assets		
Change in beneficial interest in Norwalk Hospital Foundation, Inc	—	6,800
Increase in permanently restricted net assets	—	6,800
Increase in net assets	19,035,715	32,278,902
Net assets at beginning of period	295,917,546	247,243,369
Net assets at end of period	\$ 314,953,261	\$ 279,522,271

See accompanying notes

Norwalk Hospital Association

Consolidated Statements of Cash Flows

	Period From January 1, 2014 to September 30, 2014	Predecessor Company Period From October 1, 2013 to December 31, 2013
Operating activities		
Change in net assets	\$ 19,035,715	\$ 32,278,902
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,499,173	4,516,449
Loss on disposal of property, plant, and equipment	668,566	-
Provision for uncollectible accounts	21,801,052	3,862,124
Change in unrealized gains and losses on investments	(2,156,725)	(4,182,701)
Change in pension obligations	36,139,390	(14,342,633)
Transfer from Western Connecticut Health Network, Inc	(35,819,079)	-
Change in beneficial interest in Norwalk Hospital Foundation, Inc	(699,354)	(1,975,134)
Changes in operating assets and liabilities (Note 12)	(32,014,469)	(8,606,543)
Net cash provided by operating activities	21,454,269	11,550,464
Investing activities		
Net decrease in assets whose use is limited	27,463,467	8,840,112
Purchase of investments, net	(2,004,868)	(645,376)
Additions to property, plant, and equipment	(48,695,981)	(12,796,037)
Net cash used by investing activities	(23,237,382)	(4,601,301)
Financing activities		
Proceeds from long-term debt	3,020,470	-
Change in value of interest rate swap	2,502,627	(458,703)
Payments on long-term debt	(4,367,012)	(3,842,708)
Net cash provided by (used in) financing activities	1,156,085	(4,301,411)
(Decrease) increase in cash and cash equivalents	(627,028)	2,647,752
Cash and cash equivalents		
Beginning of period	77,022,774	74,375,022
End of period	\$ 76,395,746	\$ 77,022,774

See accompanying notes

Norwalk Hospital Association

Notes to Consolidated Financial Statements

Period From January 1, 2014 to September 30, 2014, and
Period From October 1, 2013 to December 31, 2013

1. Organization and Significant Accounting Policies

Norwalk Hospital Association (the Hospital), a not-for-profit organization incorporated under the General Statutes of the State of Connecticut, was a wholly owned subsidiary of Norwalk Health Services Corporation (NHSC) through October 1, 2014

Affiliation

On January 1, 2014 (the Transaction Date), Western Connecticut Health Network (WCHN) became the sole corporate member of NHSC, and a corporate affiliation was completed. All assets and liabilities were revalued to fair value as of January 1, 2014. The Hospital is consolidated in WCHN's financial statements for the period from January 1, 2014 to September 30, 2014.

In connection with the affiliation, the assets acquired and liabilities assumed were marked to fair value at the Transaction Date. The increase to the Hospital's net assets at the Transaction Date was \$16,395,275 when reported at fair value, as compared to the historical value of the net assets as reported by the predecessor company of \$279,522,271. The \$16,395,275 increase in the Hospital's net assets comprised the following (impacting unrestricted net assets).

Property, plant, and equipment	\$ 41,190,025
Goodwill	(13,843,749)
Intangible assets	(5,760,171)
Investment in joint venture	(627,986)
Bond issuance costs, net	(1,255,873)
Medical malpractice claims reserves	652,000
Long-term debt	(3,958,971)
	<u>\$ 16,395,275</u>

The Hospital has elected to apply pushdown accounting, use of the acquirer's basis of accounting in the preparation of the acquiree's separate financial statements, consistent with Accounting Standards Update (ASU) 2014-17, *Business Combinations (Topic 805): Pushdown Accounting, a consensus of the FASB Emerging Issues Task Force*.

The accompanying consolidated financial statements present the results of operations for the period prior to the Transaction Date, which is reported as the predecessor company based upon historical value, and the financial position and results of operations subsequent to the affiliation, which are reported using fair values as the initial cost basis established at the Transaction Date.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

The accompanying consolidated statements of operations and changes in net assets and cash flows disclose activity related to the periods from January 1, 2014 to September 30, 2014, and from October 1, 2013 to December 31, 2013, respectively, and are hereafter referred to collectively as the “Periods under Audit ”

On September 30, 2014, a grant agreement was entered into between NHSC and the Hospital under which all of NHSC’s cash, investments, and real estate assets were transferred to the Hospital through WCHN NHSC’s liabilities were also transferred to the Hospital through WCHN The transfer consisted of the following:

Cash and cash equivalents	\$ 696,235
Investments	26,977,706
Beneficial interest in trust	8,007,837
Property, plant, and equipment	1,075,506
Accounts payable	(241,970)
	<u>\$ 36,515,314</u>

The transfer was reported as follows in the consolidated statement of operations and changes in net assets for the nine-month period ended September 30, 2014

Unrestricted net assets	\$ 28,507,477
Temporarily restricted net assets	8,007,837
	<u>\$ 36,515,314</u>

Principles of Consolidation

The Hospital’s consolidated financial statements include the accounts of the Hospital and its majority interest in Norwalk Surgery Center, LLC All significant intercompany accounts and transactions are eliminated in consolidation

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 amounts reported in the financial statements and accompanying notes There is at least a

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates. Significant estimates reflected in the consolidated financial statements include the contractual and allowance for uncollectible accounts for patient service revenue and the related patient accounts receivable, estimated revenue settlements due to or from third parties, the asset retirement obligation, fair value accounting associated with the affiliation, reserves for malpractice, workers' compensation and other self-insured liabilities, and benefit plan assumptions.

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. The Hospital is also exempt from state and local taxes. Norwalk Surgery Center, LLC is a limited liability corporation and is treated as a partnership for income tax purposes.

The Hospital has net operating loss carryforwards from unrelated business activities of approximately \$3,267,000, which will begin expiring in 2022. These losses generate a potential deferred tax asset of approximately \$1,307,000, which is offset by a corresponding valuation allowance of the same amount due to the uncertainty of utilizing the deferred tax asset in future periods.

Regulatory Matters

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

Cash and Cash Equivalents

The Hospital and its subsidiary consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, other than amounts held in the investment portfolio and assets limited as to use. The carrying value of cash equivalents approximates its fair value.

Cash and cash equivalents are maintained with domestic institutions. Management monitors the financial strength of those institutions.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Investments

The Hospital's investment portfolio reported in the accompanying consolidated balance sheet is designated as trading. Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value, based upon quoted market prices. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

Alternative investments (nontraditional, not-readily-marketable assets), some of which are structured such that the Hospital holds limited partnership interests, are reported based upon net asset value 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, the Hospital'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. The Hospital 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 the Hospital's annual consolidated financial statement reporting.

Fair Value Measurements

The Hospital records investments in the financial statements at fair value. Fair value is a market-based measurement based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering assumptions, a three-tier fair value hierarchy has been established which prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy under this principle are as follows:

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.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value of Financial Instruments

The carrying value of financial instruments classified as current assets and current liabilities as of September 30, 2014, approximates fair value based on current market conditions. The fair value of long-term debt at September 30, 2014, based on current market rates for similar debt was approximately \$128,868,000, categorized as Level 2 in the fair value hierarchy. The carrying value of debt was \$128,990,553 at September 30, 2014.

Assets Limited as to Use

Assets limited as to use represent assets held by trustees under bond indenture agreements, beneficial interest in charitable remainder trust, and assets held by trustee for self-insurance.

Patient Accounts Receivable

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

The Hospital's estimation of the allowance for uncollectible accounts is based primarily upon the type and age of the patient accounts receivable and the effectiveness of the Hospital's collection efforts. 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

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

charges are recorded. On a monthly basis, the Hospital reviews its accounts receivable balances and various analytics to support the basis for its estimates. These efforts primarily consist of reviewing the following:

- Historical write-off and collection experience using a hindsight or look-back approach
- 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
- Cash collections as a percentage of net patient revenue less the provision for uncollectible accounts
- Trending of days revenue in accounts receivable

The Hospital regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the year to assist in determining the reasonableness of its process for estimating the allowance for uncollectible accounts.

The Hospital's primary concentration of credit risk is patient accounts receivable, which consists 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.

Beneficial Interest in Charitable Remainder Trust

The Hospital has been named sole or participating beneficiary in a remainder trust. Under the terms of this trust, the Hospital has the irrevocable right to receive the remaining principal and income earned on the trust assets. The Hospital has recorded the fair value of the Hospital's proportionate interest in the assets held in the remainder trust. In 2014, no distributions were received from this trust.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Inventories

The Hospital uses the first-in, first-out method, in the valuation of its inventory.

Investments in Joint Ventures

The Hospital has invested in a joint venture that is accounted for under the equity method of accounting. The Hospital has a 50% noncontrolling interest in Reef Road Associates, II, LLC (the Joint Venture), which represents property, on which the Joint Venture plans to construct a medical office building.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost or, if received as a donation, at the fair value on the date received. The Hospital provides for depreciation of property, plant, and equipment using the straight-line method in amounts sufficient to amortize the cost of the assets over their estimated useful lives. Useful lives range from 3 to 40 years.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time frame or purpose. Temporarily restricted net assets primarily consist of the Hospital's interest in the Norwalk Hospital Foundation, Inc. (NHF) related to contributions restricted for health care services and assets held in trust by others. Permanently restricted net assets consist of the Hospital's interest in NHF related to endowment gifts that have been restricted by donors and are to be maintained in perpetuity.

Interest in the Norwalk Hospital Foundation, Inc.

Interest in NHF represents the Hospital's interest in the net assets of NHF and is accounted for in accordance with Accounting Standards Codification 958-20, *Not-for-Profit Entities – Financially Interrelated Entities*.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Medical Malpractice Claims Reserves

From October 1, 2005 through February 28, 2014, the Hospital was insured for general liability and professional liability claims by Maple Street Indemnity Company, Ltd (MSI) on a claims-made basis. MSI, previously structured as a wholly owned subsidiary of NHSC, was a captive insurance company, incorporated under the laws of the Bermuda Monetary Authority. The Hospital had professional liability coverage through MSI of \$35,000,000 per claim and \$48,000,000 in the aggregate. MSI purchased \$30,000,000 of excess reinsurance coverage above a self-insured retention of \$5,000,000 per claim and \$18,000,000 in the aggregate.

Effective March 1, 2014, MSI merged with Western Connecticut Health Network Insurance Co., Ltd (WCHNIC), a wholly owned subsidiary of Danbury Hospital. All claims prior to March 1, 2014, that were previously insured by MSI were assumed by WCHNIC through a loss portfolio transfer, and all risk was transferred.

Coverage for medical malpractice insurance with WCHNIC is on a claims-made basis. Effective March 1, 2014, the coverage limits are \$5,000,000 per claim and \$25,000,000 in the aggregate. The excess indemnity coverage is \$40,000,000 per claim and \$40,000,000 in the aggregate. The Hospital has recorded a liability of \$3,618,000 at September 30, 2014, based on a discount rate of 3.5% for incurred-but-not-reported claims, which is included in accrued pension liability and other on the accompanying consolidated balance sheet. In addition, medical malpractice insurance recoveries and the related claim liabilities of \$34,724,445 are included in other assets and medical malpractice claims reserves, respectively, as of September 30, 2014.

Excess of Revenues over Expenses

The accompanying consolidated statements of operations include the excess of revenues over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from excess of revenues over expenses include changes in pension obligations, the permanent transfer of assets to and from affiliates for other than goods and services, net income attributable to noncontrolling interest, and net unrestricted other changes in joint venture.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Nonoperating Gains (Losses)

Activities, other than in connection with providing health care services, are considered to be nonoperating. Nonoperating gains (losses) primarily consist of investment income, changes in unrealized gains and losses on investments, loss on equipment disposal, interest rate swap activity, and changes in the interest in unrestricted assets of NHF.

Asset Retirement Obligation

The Hospital records a liability for legal obligations associated with the retirement of tangible long-lived assets when the timing and/or method of settlement of the obligation is conditional on a future event. The fair value of a liability for a conditional asset retirement obligation is recognized in the period in which the obligation is incurred if a reasonable estimate of fair value can be made. As of September 30, 2014, \$8,907,306 is included in accrued pension liability and other relating to such obligations. During the Periods under Audit, the Hospital recorded accretion expense of \$323,757 and \$107,919, respectively, which are recorded on the statements of operations within supplies and other. During the Periods under Audit, retirement obligations settled were \$304,967 and \$209,153, respectively.

Electronic Health Record Incentive Program

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in calendar year 2011 for eligible hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology. The Hospital utilizes a grant accounting model to recognize EHR incentive revenues. Under this accounting policy, EHR incentive payments are recognized as revenues when attestation that the EHR meaningful use criteria for the required period of time was demonstrated. Accordingly, the Hospital recognized \$1,562,219 of EHR revenue during the period from January 1, 2014 to September 30, 2014, comprising \$1,190,826 and \$371,393 of Medicare and Medicaid revenues, respectively. The Hospital did not recognize any EHR revenue during the period from October 1, 2013 to December 31, 2013. EHR revenues are included in other operating revenues in the accompanying consolidated statements of operations and changes in net assets.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board 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.

2. Revenues From Services to Patients and Charity Write-Offs

The following table summarizes revenues from services to patients.

	Period From January 1, 2014 to September 30, 2014	Predecessor Company Period From October 1, 2013 to December 31, 2013
Gross patient service revenue	\$ 698,276,789	\$ 232,912,085
Deductions:		
Allowances	416,398,325	138,634,518
Charity care (at charges)	12,440,600	4,361,001
	428,838,925	142,995,519
Net patient service revenue	269,437,864	89,916,566
Provision for uncollectible accounts	21,801,052	3,862,124
Net patient service revenue less provision for uncollectible accounts	\$ 247,636,812	\$ 86,054,442

Revenues and patient accounts receivable are recorded when patient services are performed. Amounts received from certain payors are different from established billing rates, and these differences are accounted for as allowances.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

2. Revenues From Services to Patients and Charity Write-Offs (continued)

As a result of the affiliation described in Note 1, patients accounts receivable was adjusted to fair value on the Transaction Date. In connection with the acquisition, the allowance for uncollectible accounts previously recorded was eliminated. Such amounts totaled approximately \$5,828,000.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustments due to ongoing and future audits, reviews, and investigations. Provisions for estimated third-party payor settlements and adjustments are estimated in the period the related services are rendered and adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Inpatient acute care services rendered to Medicare program recipients are paid at prospectively determined rates per discharge varying according to the intensity of services required. Inpatient acute care services are paid based on diagnosis-related groups, inpatient rehabilitation services are paid based on case mix groups, and inpatient psychiatry services are paid on a prospective per diem rate. Outpatient services are paid by Medicare on an ambulatory payment classification basis and fee screens. Hospital claims for reimbursement are subject to review and audit. The Hospital's Medicare costs reports have been final-settled with the Medicare fiscal intermediary through 2010.

Inpatient Medicaid reimbursement through the Connecticut Department of Social Services (DSS) is paid on a per diem basis with settlement cost reports based on discharges filed in the subsequent fiscal year. Outpatient activity through DSS is paid based on fee schedules in effect at the time the service is provided. Managed Medicaid services are paid according to per diems and fee schedules in place at the time the service is provided.

The Hospital has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the Hospital receives fee-for-service payments for covered services based upon discounted fee schedules.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

2. Revenues From Services to Patients and Charity Write-Offs (continued)

The mix of net patient service revenue from patients and third-party payors for the Periods under Audit is as follows

	Period From January 1, 2014 to September 30, 2014	Period From October 1, 2013 to December 31, 2013
Commercial/other	58%	60%
Medicare	28	25
Medicaid	10	10
Self pay	4	5
	100%	100%

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of net receivables from patients and third-party payors at September 30, 2014, is as follows.

Commercial/other	62%
Medicare	27
Medicaid	8
Self pay	3
	<u>100%</u>

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and are subject to interpretation. While the Hospital believes it is in compliance with all such applicable laws and regulations, compliance with such laws and regulations is subject to government review and interpretation and can result in significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates can change by material amounts. In addition, changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital. During the Periods under Audit, the Hospital recorded decreases in net patient service revenue of approximately \$550,000 and \$1,100,000, respectively, related to changes in previously estimated third-party payor settlements.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

2. Revenues From Services to Patients and Charity Write-Offs (continued)

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. These policies define charity services as those services for which no payment is anticipated. In assessing a patient's ability to pay, the Hospital utilizes the generally recognized poverty income levels for the state, but also includes certain cases where incurred charges are significant when compared to income published in the Federal Register. For the Periods under Audit, the estimated cost of charity care provided was approximately \$4,331,000 and \$1,457,000, respectively. The estimated cost of charity care is based on the ratio of cost to charges, as determined by Hospital-specific data.

3. Investments and Assets Limited as to Use

The composition of investments and assets limited as to use as of September 30, 2014, is as follows:

Cash and cash equivalents	\$ 32,170,660
Mutual funds	116,501,741
Private equity fund	362,502
	<u>\$ 149,034,903</u>

Also included within assets limited as to use is a beneficial interest in a charitable remainder trust of \$8,007,837.

As described in Note 1, investments are recorded at fair value. The Hospital endeavors to utilize the best available information in measuring fair value. The following table presents the financial instruments carried at fair value as of September 30, 2014:

	Level 1	Level 2	Level 3	Fair Value
Investments and assets limited as to use				
Cash and cash equivalents	\$ 32,170,660	\$ –	\$ –	\$ 32,170,660
Mutual funds	116,501,741	–	–	116,501,741
	<u>\$ 148,672,401</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 148,672,401</u>

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

3. Investments and Assets Limited as to Use (continued)

The amounts reported in the table above do not include alternative investments totaling \$362,502 as of September 30, 2014, that are accounted for under the equity method of accounting

Investment income, net included in nonoperating gains (loss) for the Periods under Audit consists of interest income of \$1,593,370 and \$669,617, respectively

4. Leases

The Hospital leases property and equipment under noncancelable operating leases that expire in various years through 2028. Certain leases may be renewed at the end of their term.

Future minimum payments under noncancelable operating leases, and future receipts under noncancelable subleases where the Hospital is receiving rental receipts, with initial terms of one year or more consisted of the following at September 30, 2014

	Operating Lease Payments	Sublease Rental Receipts
2015	\$ 7,926,746	\$ 2,919,588
2016	7,970,194	2,992,577
2017	7,659,174	3,067,392
2018	7,244,951	2,836,032
2019	6,794,337	2,107,619
Thereafter	46,003,103	4,707,544
	<u>\$ 83,598,505</u>	<u>\$ 18,630,752</u>

Rental expense for the Periods under Audit was approximately \$6,551,040 and \$2,111,158, respectively, and is included within supplies and other in the accompanying consolidated statements of operations. Rental revenue for the Periods under Audit was approximately \$2,210,000 and \$710,580, respectively, and is included within other operating revenue in the accompanying consolidated statements of operations

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt

Long-term debt consisted of the following

Norwalk Hospital revenue bonds financed with CHEFA.	
Series G	\$ 22,104,000
Series H	7,584,500
Series I	8,904,300
Series J	84,696,457
Norwalk Hospital – Connecticut Hospital Association Trust	132,786
Norwalk Hospital – CHEFA loan	2,898,294
Norwalk Surgery Center – term loan	2,670,216
	<u>128,990,553</u>
Less current portion	<u>7,039,141</u>
	<u><u>\$ 121,951,412</u></u>

The following table summarizes the future maturities and sinking fund requirements on long-term debt outstanding as of September 30, 2014

	Norwalk Hospital	Norwalk Surgery Center, LLC	Total
2015	\$ 6,316,051	\$ 723,090	\$ 7,039,141
2016	6,769,094	754,277	7,523,371
2017	6,666,221	786,810	7,453,031
2018	6,180,000	406,039	6,586,039
2019	6,420,000	–	6,420,000
Thereafter	90,010,000	–	90,010,000
	<u>122,361,366</u>	<u>2,670,216</u>	<u>125,031,582</u>
Less Current portion of long-term debt	6,316,051	723,090	7,039,141
Long-term debt	<u>\$ 116,045,315</u>	<u>\$ 1,947,126</u>	<u>\$ 117,992,441</u>

During the Periods under Audit, the Hospital paid interest of \$3,108,182 and \$1,663,260, respectively, on its long-term debt obligations. Interest capitalized for the year ended September 30, 2014, was approximately \$2,125,519

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

On March 18, 2014, Norwalk Surgery Center, LLC obtained a \$3,020,470 four-year term loan from Siemens Financial Services. The loan bears interest at a fixed rate of 4.23%. Monthly payments of principal and interest are required based upon a four-year amortization schedule. The loan is secured by a first lien on all business assets of Norwalk Surgery Center, LLC. The proceeds of the loan were used to pay off the then-outstanding balance of a prior term loan with the Bank of Fairfield.

On December 7, 2012, the Hospital financed a portion of the construction of an outpatient pavilion and other equipment through the issuance of the State of Connecticut Health and Educational Facilities Authority (CHEFA) Revenue Bonds, Series J, in the original principal amount of \$82,000,000. Interest-only payments are required for the first two years of the Series J Bonds. Thereafter, monthly payments of principal and interest are required in accordance with the repayment schedule. The Series J Bonds are subject to mandatory tender on December 1, 2024, and bear interest at a rate per annum equal to 70% of the sum of the one-month LIBOR Rate plus 300 basis points. The interest rate on the Series J Bonds is reset monthly. The repayment of the Series J Bonds is secured by the Gross Receipts pledged by the Hospital and NHF (collectively, the Obligated Group) under the Amended and Restated Master Trust Indenture dated as of December 1, 2012 (the Master Indenture). The Master Indenture also establishes a debt service coverage ratio requirement and restricts the incurrence of certain indebtedness by the Obligated Group. No violations of financial covenants existed as of September 30, 2014.

On December 7, 2012, the Obligated Group entered into an interest rate swap agreement to reduce interest rate volatility on the Series J Bonds. The swap confirmation has a notional amount of \$82,000,000. Under the terms of the confirmation, the Hospital pays a fixed rate of 1.2343% to the counterparty, and the counterparty pays a variable rate of 70% of one-month LIBOR to the Obligated Group. The payments under the swap confirmation are based on the outstanding notional amount, the notional amount will amortize at the same rate as the Series J Bonds. The payments under the swap confirmation effectively produce a synthetic fixed rate of 3.3343% on the Series J Bonds through December 1, 2024. The fair value of the interest rate swap at September 30, 2014, based on the present value of future cash flows based on the mid-market gross value for similar financial instruments, was \$2,510,102, categorized as Level 2 in the fair value hierarchy.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

In 2011, the Hospital financed the construction of the parking garage and other equipment through a private placement of CHEFA Revenue Bonds, Series G, H, and I, in the aggregate principal amount of \$46,840,000. The repayment of the Series G, H, and I Bonds is also secured by the Obligated Group's pledge of Gross Receipts under the Master Indenture. The Master Indenture also establishes a debt service coverage ratio requirement and restricts the incurrence of certain indebtedness by the Obligated Group. No violations of financial covenants existed as of September 30, 2014.

The Series G Bonds initially totaling \$25,000,000 mature serially through 2025 with interest at an annual rate of 5.12%. Interest on the bonds is payable semiannually each June 1 and December 1.

The Series H Bonds initially totaling \$10,040,000 mature serially through 2020 with interest at an annual rate of 3.49%. Interest on the bonds is payable semiannually each June 1 and December 1.

The Series I Bonds initially totaling \$11,800,000 mature serially through 2020 with interest at an annual rate of 3.4%. Interest on the bonds is payable semiannually each June 1 and December 1.

In 2011, Norwalk Surgery Center, LLC obtained a \$4,000,000 seven-year term loan from The Bank of Fairfield. The loan bears interest at a fixed rate of 4.875%. Monthly payments of interest only are required for the first 18 months of the loan. Thereafter, monthly payments of principal and interest are required based upon a five-and-one-half-year amortization schedule. The loan is secured by a first lien on all business assets of Norwalk Surgery Center, LLC. On March 18, 2014, the loan was paid in full.

In 2007, the Hospital financed certain equipment related to an energy project through CHEFA, which issued \$9,066,025 in debt under a Master Financing Agreement (the Agreement), dated as of April 1, 2007, with Bank of America Public Capital Corp. as the lender (the Lender). The loan is payable in 120 equal installments of \$93,432 beginning June 3, 2007, with interest of 4.38%. The Hospital has granted a collateral interest to the Lender in the equipment financed.

In connection with this borrowing, the Hospital applied to the Department of Public Utility Control (DPUC) for a capital grant for customer-side distributed resources. Pursuant to the application, DPUC has approved a rate reduction subsidy with regard to certain of the equipment.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

financed under this Agreement. Effective July 3, 2010, the rate reduction subsidy of \$1,302 per month is remitted by the Connecticut Light and Power Company directly to the Lender and is recorded as a reduction to interest expense.

In 2007, the Hospital entered into an agreement with the Connecticut Hospital Association Trust (the Trust) to borrow up to \$2,000,000 from the energy conservation and loan management loan fund. The loan, which is interest-free, will enable the Hospital to convert electrical energy and to manage its electrical energy needs. The loan is payable in 84 equal monthly installments of \$22,462, beginning April 1, 2008.

In connection with the affiliation described in Note 1, long-term debt was adjusted to fair value, and the existing unamortized bond discount was written off. The fair value adjustment included a decrease in the carrying value of \$724,000, \$199,500, \$234,300, \$2,696,458, and \$104,713 related to the Series G, H, I, and J Bonds and the CHEFA loan, respectively, that will be amortized as interest expense using the effective-interest method over the remaining life of the bonds. Approximately \$1,255,873 of unamortized bond issuance costs was written off.

6. Benefit Plans

The Hospital has a defined benefit pension plan (the Plan) covering all eligible employees. The benefits are based on years of service and the employee's average compensation (as defined in the Plan document). The Hospital's funding policy is to contribute, at a minimum, for each plan year, an amount necessary to satisfy the Employee Retirement Income Security Act (ERISA) minimum funding requirements.

Effective September 30, 2013, the Plan was frozen for all purposes (except as provided below) for those participants who are not covered by the collective bargaining agreement between the Hospital and the Connecticut Health Care Associates, National Union of Hospital and Health Care Employees, AFSCME, AFL-CIO Nurses' Union (Non-Union Participants). Subsequent to September 30, 2013, no Non-Union Participants shall accrue benefits under the Plan and no compensation or service after that date shall be taken into account in determining such participants' accrued benefits under the Plan, provided, however, that interest credits shall continue to be credited as required by applicable law. Plan participants who are members of the Connecticut Health Care Associates, National Union of Hospital and Health Care Employees, AFSCME, and AFL-CIO Nurses' Union, and who were employed by the Hospital on or before December 31, 2006 (when the Plan was frozen for all new hires), shall continue to accrue benefits under the Plan.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

6. Benefit Plans (continued)

Effective December 31, 2006, the Plan was amended to provide that no employees hired on or after January 1, 2007, would be eligible to participate in the Plan. Employees hired before that date, who satisfied the Plan's eligibility requirements, participated and earned benefits under the Plan until it was frozen as described above.

The amount included as a reduction of unrestricted net assets as of September 30, 2014, that is not yet recognized as a component of net periodic benefit cost related to the Plan is \$34,628,423. The amount of net actuarial loss expected to be recognized in net periodic benefit cost in 2015 is \$932,272.

The following is a summary of the changes in the projected benefit obligation and plan assets:

	September 30, 2014	December 31, 2013
Accumulated benefit obligation	\$ 216,482,528	\$ 192,676,388
Change in projected benefit obligation		
Benefit obligation, beginning of period	\$ 187,980,011	\$ 198,076,350
Service cost	1,284,059	456,999
Interest cost	7,302,818	2,379,719
Actuarial loss	32,701,032	(10,523,754)
Benefits paid	(6,975,896)	(2,409,303)
Benefit obligation, end of period	<u>222,292,024</u>	<u>187,980,011</u>
Change in plan assets		
Fair value of plan assets, beginning of period	194,441,064	185,014,617
Actuarial return on plan assets	8,968,349	10,210,750
Contributions	4,875,000	1,625,000
Benefits paid	(6,975,896)	(2,409,303)
Fair value of plan assets, end of period	<u>201,308,517</u>	<u>194,441,064</u>
Funded status of the plan	<u>\$ (20,983,507)</u>	<u>\$ 6,461,053</u>

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

6. Benefit Plans (continued)

Components of net periodic benefit cost for the Periods under Audit:

	January 1, 2014 to September 30, 2014	October 1, 2013 to December 31, 2013
Service cost	\$ 1,284,059	\$ 456,999
Interest cost	7,302,818	2,379,719
Expected return on plan assets	(10,895,740)	(3,529,350)
Net amortization and deferral	—	790,650
Net periodic benefit (income) cost	<u>\$ (2,308,863)</u>	<u>\$ 98,018</u>

The actuarial loss in 2014 primarily relates to changes in the discount rate and mortality table used to measure the benefit obligation

As a result of the affiliation described in Note 1, the funded status of the Plan was adjusted to fair value on the Transaction Date

Assumptions

The weighted-average assumptions used to determine the year-end benefit obligation at September 30, 2014, are as follows.

Discount rate	4.64%
Rate of compensation increase	3.50

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

6. Benefit Plans (continued)

The weighted-average assumptions used to determine net periodic benefit (income) cost for the Periods under Audit are as follows

	January 1, 2014 to September 30, 2014	October 1, 2013 to December 31, 2013
Discount rate	5.29%	4.90%
Expected return on assets	7.50	8.00
Rate of compensation increase	3.50	3.50

The Hospital's expected long-term rate of return on assets assumption is derived from a review of anticipated future long-term performance of individual asset classes and consideration of the appropriate asset allocation strategy given the anticipated requirements of the Plan to determine the average rate of earnings expected on the funds invested to provide for the pension plan benefits. While the review gives appropriate consideration to recent fund performance and historical returns, the assumption is primarily a long-term, prospective rate.

Plan Assets

The Hospital's pension plan asset allocations at September 30, 2014, are as follows

Equity securities	66%
Debt securities	34
	<u>100%</u>

The Hospital maintains target allocation percentages among various asset classes based on an investment policy established for the Plan which is designed to achieve long-term objectives of return, while mitigating against downside risk and considering expected cash flows. The current weighted-average target asset allocation is 64% equity securities and 36% debt securities. The investment policy is reviewed from time to time to ensure consistency with the long-term objective of funding the Plan to a level sufficient to pay benefits as they become due.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

6. Benefit Plans (continued)

The defined benefit plan assets categorization is based upon the lowest level of input that is significant to the fair value measurement within the valuation hierarchy. The following table summarizes the fair values of investments by major type held by the Plan at September 30, 2014.

	Level 1	Level 2	Level 3	Fair Value
Cash and cash equivalents	\$ 1,412,772	\$ —	\$ —	\$ 1,412,772
Mutual funds	199,739,203	—	—	199,739,203
Unallocated immediate participation group annuity contract	—	156,542	—	156,542
	<u>\$ 201,151,975</u>	<u>\$ 156,542</u>	<u>\$ —</u>	<u>\$ 201,308,517</u>

Contributions

The Hospital expects to contribute \$6,500,000 to the Plan in fiscal 2015.

Estimated Future Benefit Payments

The following future benefit payments are expected to be paid:

Fiscal years	Benefit Payments
2015	\$ 8,084,717
2016	8,341,208
2017	8,681,561
2018	8,801,692
2019	9,277,093
2020 to 2023	55,371,930

The Hospital also sponsors a defined contribution savings plan covering substantially all of its employees. Effective January 1, 2007, the plan was split into two parts. Part I is for eligible employees who have a date of employment on or before December 31, 2006. Part II is for eligible employees who have a date of employment on January 1, 2007, or thereafter. Elective deferrals and after-tax contributions are made pursuant to a salary reduction agreement for Part I and Part II employees.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

6. Benefit Plans (continued)

For Part I employees, the Hospital provides a partial matching contribution on the first 3% of an employee's elective deferred and/or after-tax contributions. Effective October 1, 2013, Part II employees will also receive a required employer contribution equal to 3% of such employee's compensation.

For Part II employees, the Hospital provides a partial matching contribution on the first 3% of an employee's elective deferral and/or after-tax contributions. Part II employees will also receive a required employer contribution equal to 3% of such employee's compensation.

Expense related to the Hospital's defined contribution plan was approximately \$5,330,479 and \$1,402,387 for the Periods under Audit, respectively.

7. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets of \$37,730,403 as of September 30, 2014, represent the Hospital's interest in NHF and are available to the Hospital for health care services and include beneficial interest in a charitable remainder trust, the income of which is expendable to support health care services. Permanently restricted net assets of \$9,461,652 as of September 30, 2014, represent the Hospital's interest in NHF investments to be held in perpetuity, the income from which is expendable to support health care services.

8. Endowments

The NHF endowment funds consist of donor-restricted funds to be invested in perpetuity to provide a permanent source of income. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NHF classifies net assets of donor-restricted endowment funds for organizations subject to an enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA). Connecticut enacted its UPMIFA statute effective October 1, 2007. This standard requires not-for-profit organizations subject to an enacted version of UPMIFA to classify the portion of the endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets (time restricted) until appropriated for expenditure by the organization. The portion to be classified as temporarily restricted consists of accumulated unspent income and appreciation.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

8. Endowments (continued)

Leadership of NHF has interpreted the Connecticut UPMIFA statute as requiring the preservation 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, NHF classifies as permanently 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 as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, NHF considers the following factors in making a determination to appropriate or accumulate endowment funds.

- (1) The duration and preservation of the fund
- (2) The purposes of NHF 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 NHF
- (7) The investment policies of NHF

Prior to enactment of UPMIFA, NHF followed the provisions of the Uniform Management of Institutional Funds Act.

Endowment net asset composition by type of fund as of September 30, 2014.

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 3,905,371	\$ 9,461,652	\$ 13,367,023

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

8. Endowments (continued)

Changes in endowment net assets for the year ended September 30, 2014:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 3,194,224	\$ 9,454,852	\$ 12,649,076
Investment return			
Investment income	286,005	—	286,005
Net realized and unrealized gains and loss	542,468	—	542,468
Total investment return	828,473	—	828,473
Contributions	—	6,800	6,800
Appropriation of endowment assets for expenditures	(117,326)	—	(117,326)
Endowment net assets end of year	\$ 3,905,371	\$ 9,461,652	\$ 13,367,023

The primary long-term management objective for NHF's endowment funds is to maintain the permanent nature of each endowment fund, while providing a predictable, stable, and constant stream of earnings. Consistent with that objective, the primary investment goal is to earn annual interest and dividends.

9. Related-Party Transactions

The Hospital has recorded amounts due from related parties at September 30, 2014, as follows.

Norwalk Health Care, Inc	\$ 38,409
Norwalk Hospital Foundation, Inc	48,068
SWC Corporation	40,489
Western Connecticut Health Network Affiliates, Inc.	8,462
	<u>\$ 135,428</u>

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

9. Related Party Transactions (continued)

The Hospital has recorded amounts due to related parties at September 30, 2014, as follows

Norwalk Hospital Physicians & Surgeons	\$ 438,121
The Danbury Hospital	558,219
Western Connecticut Medical Group, P C	100,222
	<u>\$ 1,096,562</u>

The Hospital earned income from related parties for the Periods under Audit as follows

	January 1, 2014 to September 30, 2014	October 1, 2013 to December 31, 2013
Norwalk Hospital Physicians & Surgeons	\$ 1,341,504	\$ 109,740
Norwalk Hospital Foundation, Inc.	81,270	27,090
SWC Corporation	150,773	50,258
	<u>\$ 1,573,547</u>	<u>\$ 187,088</u>

The Hospital paid expenses to related parties for the Periods under Audit as follows

	January 1, 2014 to September 30, 2014	October 1, 2013 to December 31, 2013
Norwalk Hospital Physicians & Surgeons	\$ 10,549,295	\$ 3,616,568
SWC Corporation	2,693,961	953,813
Maple Street Indemnity Company, Ltd.	730,672	1,096,009
Western Connecticut Medical Group, P C	100,222	—
	<u>\$ 14,074,150</u>	<u>\$ 5,666,390</u>

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

10. Norwalk Surgery Center, LLC

On May 31, 2012, the Hospital transferred assets associated with its off-site ambulatory surgery business to Norwalk Surgery Center, LLC. The Hospital owns 64.11% of Norwalk Surgery Center, LLC at September 30, 2014. The Hospital has consolidated noncontrolling interests relating to its investment in Norwalk Surgery Center, LLC. These noncontrolling interests represent the portion of the Norwalk Surgery Center, LLC not controlled by the Hospital, but are required to be presented on the Hospital's consolidated balance sheet under GAAP. These interests were approximately \$2,005,000 as of September 30, 2014.

Changes in consolidated unrestricted net assets attributable to the noncontrolling interest are as follows:

	<u>Noncontrolling Interest</u>
Balance at September 30, 2013 (Predecessor Company)	\$ 1,388,280
Excess of revenues over expenses (from continuing operations)	529,496
Other changes	<u>(430,439)</u>
Balance at December 31, 2013 (Predecessor Company)	1,487,337
Excess of revenues over expenses (from continuing operations)	1,116,608
Other changes	<u>(598,746)</u>
Balance at September 30, 2014	<u><u>\$ 2,005,199</u></u>

11. Commitments and Contingencies

Various lawsuits and claims arising in the normal course of operations are pending or are in progress against the Hospital. While the outcomes of the lawsuits and claims cannot be determined at this time, management believes that any loss that may arise from these lawsuits and claims will not have a material adverse effect on the financial position or on the net assets of the Hospital.

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

11. Commitments and Contingencies (continued)

The Hospital has received requests for information from governmental authorities relating to, among other things, patient billings. These requests relate to compliance with certain laws and regulations. Management is cooperating with these governmental authorities in their information requests and ongoing investigations. While management does not believe that any of these inquiries or investigations will result in a material future loss, the ultimate results of these inquiries and investigations, including the impact on the Hospital, cannot be determined at this time.

12. Change in Components of Operating Assets and Liabilities

	Period From January 1, 2014 to September 30, 2014	Predecessor Company Period From October 1, 2013 to December 31, 2013
(Increase) decrease in operating assets.		
Patient accounts receivable	\$ (32,028,219)	\$ (7,321,920)
Due from related parties	2,141,004	(930,172)
Prepaid expenses and other	13,069,705	(385,727)
Inventories	393,824	(150,294)
	(16,423,686)	(8,788,113)
Increase (decrease) in operating liabilities.		
Accounts payable	2,718,782	3,424,591
Payroll-related accruals	3,558,067	(7,144,561)
Due to third-party payors	(194,228)	5,762,163
Due to related parties	(1,198,155)	1,442,959
Interest payable	424,718	(461,181)
Accrued pension liability and other	(20,899,967)	(2,842,401)
	(15,590,783)	181,570
Decrease in operating assets and liabilities	\$ (32,014,469)	\$ (8,606,543)

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

13. Functional Expenses

The Hospital and its subsidiary provide general health care services to residents within their geographic location. Expenses related to providing these services are as follows:

	Period From January 1, 2014 to September 30, 2014	Predecessor Company Period From October 1, 2013 to December 31, 2013
Health care services	\$ 149,768,744	\$ 47,889,713
General and administrative	89,784,590	28,709,316
	\$ 239,553,334	\$ 76,599,029

14. Other Operating Revenue

Other operating revenue consisted of the following for the Periods under Audit:

	Period From January 1, 2014 to September 30, 2014	Predecessor Company Period From October 1, 2013 to December 31, 2013
Rental income	\$ 4,491,799	\$ 1,119,590
Grants	1,534,276	487,132
Cafeteria	1,215,557	388,046
EHR incentive payments	1,562,219	—
Patient services	913,172	294,701
Administrative services	742,089	255,717
Other	1,276,180	361,708
	\$ 11,735,292	\$ 2,906,894

Norwalk Hospital Association

Notes to Consolidated Financial Statements (continued)

15. Subsequent Events

The Hospital and its subsidiary have performed an evaluation of subsequent events through February 27, 2015, the date the consolidated financial statements were issued, and noted the following subsequent event

On October 1, 2014, NHSC merged into WCHN. At that time, WCHN became the sole corporate member of the Hospital. As a result of this transaction, two subsidiaries of NHSC, NHF and Norwalk Hospital Physicians & Surgeons (NHP&S), were merged into the Hospital as of October 1, 2014. NHP&S is a not-for-profit organization incorporated under the General Statutes of the State of Connecticut with net assets of approximately (\$776,000) at October 1, 2014. NHF is a not-for-profit organization incorporated under the General Statutes of the State of Connecticut. NHF net assets were previously recognized by the Hospital as described in Note 1.

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

Supplementary Information

The Norwalk Hospital Association

Consolidating Balance Sheet

September 30, 2014

	Norwalk Hospital Association	Norwalk Surgery Center, LLC	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 74,550,518	\$ 1,845,228	\$ -	\$ 76,395,746
Investments	8,764,926	-	-	8,764,926
Patient accounts receivable, net	40,426,872	997,451	-	41,424,323
Due from related parties	135,428	-	-	135,428
Inventories	1,774,961	285,898	-	2,060,859
Prepaid expenses and other	4,016,372	101,755	-	4,118,127
Total current assets	129,669,077	3,230,332	-	132,899,409
Assets limited as to use				
Beneficial interest in charitable remainder trust	8,007,837	-	-	8,007,837
Construction funds	23,405,407	-	-	23,405,407
Assets held in trust for self-insurance	327	-	-	327
Total assets limited as to use	31,413,571	-	-	31,413,571
Investments	116,864,243	-	-	116,864,243
Other assets	35,109,229	20,227	-	35,129,456
Beneficial interest in Norwalk Hospital Foundation, Inc	47,837,445	-	-	47,837,445
Investment in joint venture	1,640,000	-	-	1,640,000
Interest rate swap	2,510,102	-	-	2,510,102
Goodwill	-	4,142,240	(4,142,240)	-
Property, plant, and equipment	27,918,025	-	-	27,918,025
Land and land improvements	209,965,564	-	-	209,965,564
Buildings and building improvements	257,351,553	2,343,786	303,824	259,999,163
Equipment and other	78,197,484	-	-	78,197,484
Construction in progress	(328,979,797)	(999,849)	-	(329,979,646)
Accumulated depreciation	244,452,829	1,343,937	303,824	246,100,590
Total property, plant, and equipment	\$ 609,496,496	\$ 8,736,736	\$ (3,838,416)	\$ 614,394,816

The Norwalk Hospital Association

Consolidating Balance Sheet (continued)

September 30, 2014

	Norwalk Hospital Association	Norwalk Surgery Center, LLC	Eliminations	Total
Liabilities and net assets				
Current liabilities				
Accounts payable	\$ 32,811,276	\$ 166,226	\$ -	\$ 32,977,502
Payroll-related accruals	18,445,669	136,146	-	18,581,815
Due to third-party payors	36,052,621	-	-	36,052,621
Due to related parties	1,096,562	-	-	1,096,562
Interest payable	778,518	3,713	-	782,231
Current portion of long-term debt	6,316,051	723,090	-	7,039,141
Other accrued expenses	-	72,140	-	72,140
Total current liabilities	95,500,697	1,101,315	-	96,602,012
Accrued pension liability and other	46,106,859	56,827	-	46,163,686
Medical malpractice claims reserves	34,724,445	-	-	34,724,445
Long-term debt, less current portion	120,004,287	1,947,125	-	121,951,412
Total liabilities	296,336,288	3,105,267	-	299,441,555
Net assets				
Unrestricted attributable to Norwalk Hospital	265,968,153	3,626,270	(3,838,416)	265,756,007
Unrestricted attributable to noncontrolling interest	-	2,005,199	-	2,005,199
Temporarily restricted	37,730,403	-	-	37,730,403
Permanently restricted	9,461,652	-	-	9,461,652
Total net assets	313,160,208	5,631,469	(3,838,416)	314,953,261
Total liabilities and net assets	\$ 609,496,496	\$ 8,736,736	\$ (3,838,416)	\$ 614,394,816

The Norwalk Hospital Association

Consolidating Statement of Operations

Period From January 1, 2014 to September 30, 2014

	Norwalk Hospital Association	Norwalk Surgery Center, LLC	Eliminations	Total
Unrestricted revenues				
Net patient service revenue	\$ 261,683,203	\$ 7,754,661	\$ -	\$ 269,437,864
Provision for bad debt	21,663,955	137,097	-	21,801,052
Net patient service revenue less provision for uncollectible accounts	240,019,248	7,617,564	-	247,636,812
Net assets released from restrictions	866,277	-	-	866,277
Other operating revenue	11,734,345	947	-	11,735,292
	252,619,870	7,618,511	-	260,238,381
Expenses				
Salaries, benefits, and fees	125,637,663	1,298,715	-	126,936,378
Supplies and other	89,565,727	2,810,844	-	92,376,571
Insurance	3,971,559	-	-	3,971,559
Depreciation and amortization	14,210,592	288,581	-	14,499,173
Interest	1,656,814	112,839	-	1,769,653
	235,042,355	4,510,979	-	239,553,334
Income from operations	17,577,515	3,107,532	-	20,685,047
Nonoperating gains (losses)				
Investment income, net	1,589,288	4,082	-	1,593,370
Change in unrealized gains and losses on investments	2,156,725	-	-	2,156,725
Change in interest in unrestricted net assets of Norwalk Hospital Foundation, Inc	3,125,357	-	-	3,125,357
Loss on equipment disposal	(668,566)	-	-	(668,566)
Interest rate swap activity				
Interest cost on interest rate swap	(161,828)	-	-	(161,828)
Change in value of interest rate swap	(2,502,627)	-	-	(2,502,627)
	(2,664,455)	-	-	(2,664,455)
Total nonoperating gains	3,538,349	4,082	-	3,542,431
Excess of revenues over expenses, before noncontrolling interest in joint venture	21,115,864	3,111,614	-	24,227,478
Less: Net income attributable to noncontrolling interest	-	(1,116,608)	-	(1,116,608)
Excess of revenues over expenses	\$ 21,115,864	\$ 1,995,006	\$ -	\$ 23,110,870

The Norwalk Hospital Association

Consolidating Statement of Operations

Period From October 1, 2013 to December 31, 2013 (Predecessor Company)

	Norwalk Hospital Association	Norwalk Surgery Center, LLC	Eliminations	Total
Unrestricted revenues				
Net patient service revenue	\$ 86,892,527	\$ 3,024,039	\$ -	\$ 89,916,566
Provision for bad debt	3,855,228	6,896	-	3,862,124
Net patient service revenue less provision for uncollectible accounts	83,037,299	3,017,143	-	86,054,442
Net assets released from restrictions	289,746	-	-	289,746
Other operating revenue	2,906,294	600	-	2,906,894
	86,233,339	3,017,743	-	89,251,082
Expenses				
Salaries, benefits, and fees	42,382,592	521,497	-	42,904,089
Supplies and other	27,519,055	891,774	-	28,410,829
Insurance	145,475	-	-	145,475
Depreciation and amortization	4,427,214	89,235	-	4,516,449
Interest	582,292	39,895	-	622,187
	75,056,628	1,542,401	-	76,599,029
Income from operations	11,176,711	1,475,342	-	12,652,053
Nonoperating gains (losses)				
Investment income, net	669,331	186	-	669,517
Change in unrealized gains and losses on investments	4,182,701	-	-	4,182,701
Interest rate swap activity				
Interest cost on interest rate swap	(55,792)	-	-	(55,792)
Change in value of interest rate swap	458,703	-	-	458,703
	402,911	-	-	402,911
Total nonoperating gains	5,254,943	186	-	5,255,129
Excess of revenues over expenses, before noncontrolling interest in joint venture	16,431,654	1,475,528	-	17,907,182
Less: Net income attributable to noncontrolling interest	-	(529,496)	-	(529,496)
Excess of revenues over expenses	\$ 16,431,654	\$ 946,032	\$ -	\$ 17,377,686

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