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Form **990**

Department of the Treasury Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

► Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

► Information about Form 990 and its instructions is at <u>www.IRS.gov/form990</u>

OMB No 1545-0047

2013

Open to Public Inspection

	or the	2013 cal	endar year, or tax year beginning	10-01-2013 , 2013, and ending 09-	-30-2014			
		applicable	C Name of organization	10 01 2013 , 2013, and chang 03	30 2014	D Employ	er ident	ification number
	ddress o		Baystate Wing Hospital Corporation					
_	ame ch	-	Doing Business As			22-25	19013	
		_						
_	ııtıal reti		Number and street (or P O box if ma 40 Wright Street	all is not delivered to street address) Room/s	suite	E Telephoi	ne numbe	er
) To	erminate	ed	40 Wilgit Street			(413)	370-52	10
Γ A	mended	d return	City or town, state or province, count Palmer, MA 01069	try, and ZIP or foreign postal code		(= = 7		
Га	pplicatio	on pending				G Gross re	ceipts \$ 8	37,918,385
			F Name and address of princ	cipal officer	H(a)	Is this a group	eturn fo	or
			Keary Allicon			subordinates?		┌ Yes 🗸 No
			40 Wright Street Palmer, MA 01069		ЦЬ	A II l		EVELEN
			·			Are all subordir included?	ates	Γ Y es Γ No
I T	ax-exei	mpt status	▼ 501(c)(3)	nsert no)			alıst (s	see instructions)
	Vehsit	t e:⊫ htti	p //www baystatewinghospital org		┪、	Croup avampti	an numl	nor I
					H(c)	Group exempti		
			Corporation Trust Association	Other -	L Yea	r of formation 198	4 M S	tate of legal domicile MA
P	art I	Sum	ımary					
	1		escribe the organization's mission					
		The miss	sion of the organization is to impr	ove the health of the people in our co	mmunitie	s every day, wit	h qualit	y and compassion
ပို								
Ē								
<u>ē</u>	2	Check th	his box 🕶 if the organization dis	continued its operations or disposed	l of more t	han 25% of its	net ass	ets
Governance			,	·				
	3	Number	of voting members of the governi	ng body (Part VI, line 1a)			3	18
Activities &	4	Number	of independent voting members o	f the governing body (Part VI, line 1 $^{\circ}$	b)		4	12
屋	5	Total nu	mber of individuals employed in c	alendar year 2013 (Part V, line 2a)			5	966
ទ្ធ	6	Total nu	mber of volunteers (estimate if ne	ecessary)			6	40
	7a	Total un	related business revenue from Pa		7a	0		
	Ь	Net unre	elated business taxable income fro	om Form 990-T, line 34			7b	0
						Prior Year		Current Year
	8	Contri	ibutions and grants (Part VIII, lin	e 1 h)		243,7	64	1,076,756
를	9			e 2g)		90,951,9	49	85,849,673
Rayenue	10						31	349,334
Ë	11	Other	revenue (Part VIII, column (A), I	ines 5, 6d, 8c, 9c, 10c, and 11e)		607,6	79	517,281
	12	Total	revenue—add lines 8 through 11	(must equal Part VIII, column (A), lı	ne	· · · · · · · · · · · · · · · · · · ·		
				<u> </u>		92,142,7	23	87,793,044
	13			(X, column (A), lines 1-3)			0	35,400
	14			(, column (A), line 4)			0	0
ø	15			e benefits (Part IX, column (A), lines		52,150,0	11	50,507,813
Expenses	16a	5-10)	•	column (A), line 11e)		32,130,0	0	0 30,307
<u>क</u>	1 .				•		-	
五	b		ındraısıng expenses (Part IX, column (D),				_	
	17			nes 11a-11d, 11f-24e)		37,574,2	_	35,096,757
	18			t equal Part IX, column (A), line 25)	—	89,724,2	_	85,639,970
	19	Reven	ue less expenses Subtract line 1	8 from line 12	_	2,418,4		2,153,074
\$ 5 2 2 2					Beg	inning of Curren Year	t	End of Year
Set	20	Total	assets (Part X, line 16)			89,802,2	78	77,831,871
Net Assets or Fend Balances	21		liabilities (Part X, line 26)			37,086,5	_	30,764,692
る語	22			ine 21 from line 20	·	52,715,7	_	47,067,179
	1400		nature Block			32,713,7	23	47,007,173
Und my l	er pen knowle	nalties of edge and	perjury, I declare that I have exa	mined this return, including accompa plete Declaration of preparer (other				
		T _k				2015-08-11		
Sig	n	Signa	ature of officer			Date		
3ig Hei		', -	y Allicon Chief Financial Officer & Treasui	rer				
			e or print name and title					
			Print/Type preparer's name	Preparer's signature	Date		PTIN	
Pai	id	⊢	Christine Kawecki			self-employed	P007431	
	par		Firm's name 🕒 Deloitte Tax LLP			Firm's EIN 🟲 86	1065772	!
	e On		Firm's address 🕨 Two Jericho Plaza			Phone no (516)	918-700	0
J	- UI	•• y				1		

Jericho, NY 11753

May the IRS discuss this return with the preparer shown above? (see instructions)

✓ Yes ☐ No

Form	1990 (2	013)					Page
Par			Program Servi O contains a resp		lishments to any line in this Part	: III	
1	Briefly	describe the orga	nızatıon's mıssıon				
The	mission	of the organization	n is to improve the	health of the p	people in our commun	ities every day, with quality and	l compassion
2		e organization unde or Form 990 or 99			ervices during the yea	ar which were not listed on	
	If"Yes	," describe these	new services on S	chedule O			
3	Did the		se conducting, or r	make sıgnıfıcaı	nt changes in how it c	onducts, any program	
	If"Yes	," describe these	changes on Sched	ule O			
4	expens	ses Section 501(d) organization	s are required to repo	hree largest program services, rt the amount of grants and allo	
4a	(Code) (Expenses \$	22,234,925	ıncludıng grants of \$) (Revenue \$	24,050,201)
						to the surrounding region Services ar 749 patientdays of inpatient services,	
4b	(Code) (Expenses \$	51,063,639	ıncludıng grants of \$	35,400) (Revenue \$	55,194,223)
			es - Providing outpatier Hospital Corporation ha			Services are available to individuals re	gardless of their ability to pay
4c	(Code) (Expenses \$	6,232,458	ıncludıng grants of \$	0) (Revenue \$	6,741,279)
					servicesto the surrounding emergency service visits	region Services are available to indiv	idualsregardless of their ability
4d	Other	program services	(Describe in Sche	edule O)			
	(Expe	nses \$	ıncl	uding grants o	f\$) (Revenue \$)
4e	Total	program service e	xpenses ►	79,531,022			

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)? $^{f z}$	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part 1	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
LO	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 $\sqrt{2}$	10		No
1	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			
а	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d		Νo
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
L2a	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	
L3	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		No
.4a	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
L 5	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
L 6	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
L 7	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
L 8	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	Yes	
L 9	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	

Par	t IV Checklist of Required Schedules (continued)			
21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <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? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c		No
29	Did the organization receive more than $$25,000$ in non-cash contributions? If "Yes," complete Schedule M	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section $512(b)(13)$? If "Yes," complete Schedule R, Part V, line 2	35b		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	36	Yes	

	Chack if Schodule O contains a response or note to any line in this Bart V			_
	Check if Schedule O contains a response or note to any line in this Part V		Yes	No
a	Enter the number reported in Box 3 of Form 1096 Enter -0 - if not applicable 1a 85			
Ь	Enter the number of Forms W-2G included in line 1a Enter-0- if not applicable 1b 0			
2	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable			
	gaming (gambling) winnings to prize winners?	1c	Yes	
а	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			
)	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	Yes	
	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		N
	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	3b		IN
	At any time during the calendar year, did the organization have an interest in, or a signature or other authority	30		
•	over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		N
	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			
ı	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		N
	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		N
	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			
		5c		
1	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions?	6a		N
,	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts			
	were not tax deductible?	6b		
	Organizations that may receive deductible contributions under section 170(c).			
	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		N
	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		N
	If "Yes," indicate the number of Forms 8282 filed during the year			- '
	74			
	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit			
	contract?	7e		N
	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		N
	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a			
	Form 1098-C?	7h		
	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		
	Sponsoring organizations maintaining donor advised funds.	<u> </u>		
	Did the organization make any taxable distributions under section 4966?	9a		
	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
	Section 501(c)(7) organizations. Enter			
	Initiation fees and capital contributions included on Part VIII, line 12 10a			
	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
ı	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
	If "Yes," enter the amount of tax-exempt interest received or accrued during the year			
	Section 501(c)(29) qualified nonprofit health insurance issuers.			
	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		
)	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			
	Enter the amount of reserves on hand			
	Did the organization receive any payments for indoor tanning services during the tax year?	14a		N
	If "Yes " has it filed a Form 720 to report these payments? <i>If "No" provide an explanation in Schedule O</i>	14h		

	ction A. Governing Body and Management			· ·
	ction 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			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes	u.
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	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
а	The governing body?	8a	Yes	
ь	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
_Se	ction B. Policies (This Section B requests information about policies not required by the Internal R	evenu		
40-	Pod the consequence to a bound and a bound and the consequence of the		Yes	No
	Did the organization have local chapters, branches, or affiliates?	10a		No
	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing	10b		
	the form?	11a	Yes	
	Describe in Schedule O the process, if any, used by the organization to review this Form 990		.,	
	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
С	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			1
а	The organization's CEO, Executive Director, or top management official	15a		No
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
Ь	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		
Se	ction C. Disclosure			
17	List the States with which a copy of this Form 990 is required to be filed►MA			
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply Own website. Another's website. Upon request. Other (explain in Schedule O)			
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year			
20	State the name, physical address, and telephone number of the person who possesses the books and records of the Keary Allicon Baystate Health Inc. 40 Wright Street Palmer, MA 01069 (413) 284-5210	ie orga	nızatıor	ı

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

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

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

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

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

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

(A) (B) (C) (D) (E)									(F)	
Name and Title	A verage hours per week (list any hours	Position (do not check more than one box, unless person is both an officer and a director/trustee)					ess er e)	Reportable compensation from the organization	Reportable compensation from related organizations (W- 2/1099-	Estimated amount of other compensation
	for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	(W- 2/1099- MISC)	(W- 2/1099- MISC)	from the organization and related organizations
(1) Charles E Cavagnaro III MD	20 00	х		х				0	458,662	633,333
President & Trustee (2) Katherine Coolidge Esq MLIS	21 00 1 00						_			
Chairman		х		Х				0	0	0
(3) Paul Scully	1 00	х		х				0	0	0
Vice Chairman (4) Elaine Andersen	1 00									
Director	1 00	x						0	0	0
(5) Mark Borsarı	1 00	х						0	0	0
Director 12/16/13 - 9/30/14 (6) Douglas Brown JD	1.00									
Director 10/1/13 - 8/31/14	1 00	x						0	522,283	118,620
(7) Dennis Chalke	1 00	х						0	769,165	75,032
Director 9/09/14 - 9/30/14 (8) Ronald Christensen CPA	49 00									
Director	1 00	x						0	0	0
(9) Robert Haveles AIA	1 00									
Director		X						0	0	0
(10) Thea Katsounakis	1 00									
Director		X						0	0	0
(11) Todd Keating	1 00							_		
Director	40 00	X						0	576,413	897,748
(12) Mark Keroack MD	1 00	х						0	776,897	179,311
Director 9/09/14 - 9/30/14	49 00							ŭ	.,,,,,,,,,	1, 3,311
(13) Steven Lowell	1 00	l x						0	0	0
Director (14) Pound I Magure MD					_		_			
(14) David L Maguire MD	1 00	x						250,663	0	10,296
Director (15) Edward J Noonan	1 00	<u> </u>								_
Director		X						0	0	0
(16) James R Phaneuf CIC	1 00	Х						0	0	0
Director										
(17) Linda J Schoonover MD	24 00	x						181,084	0	30,586
Director	1	1			1	1				

Part VII

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

(A) Name and Title	(B) A verage hours per week (list any hours	more pers	than on is	one bot	not box h ar	chec x, unle n offic rustee	ess er	(D) Reportable compensation from the organization	(E) Reportable compensation from related organizations	(F) Estimated amount of othe compensation from the organization			
	for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	(W- 2/1099- MISC)	(W- 2/1099- MISC)	organiz	lated		
(18) James St Amand	1 00	х						0	0		0		
Director													
(19) Patrick Turley	1 00	l x						0	0		0		
Director		_ ^							0				
(20) Keary T Allicon	40 00							0	157 107		21 120		
CFO & Treasurer				×				۱	157,197		21,129		
(21) Lauren B Miller	40 00												
Secretary				X				80,630	0		12,005		
(22) Janice Kucewicz	40 00												
EVP/Chief Hospital Operations					Х			205,604	0		18,021		
(23) Brian Laliberte MD	40 00												
Physician						Х		388,934	0	ı	37,207		
(24) David Wexler MD	40 00	1											
						Х		352,529	0	ı	35,223		
Physician (25) Ricardo Rivera MD	40 00												
	1 40 00					Х		324,265	0		19,664		
Physician (26) Zachary Zichittella MD	40 00	1											
	40 00					х		306,179	0	I	31,902		
Physician (27) The Control MD	10.00	-											
(27) Thomas Canto MD	40 00					х		296,215	0	I	33,040		
Physician													
1b Sub-Total	'		_			<u> </u>	1	<u> </u>		I			
c Total from continuation sheets to Par			_	_		▶ ⊨							
d Total (add lines 1b and 1c)						▶ ⊢		2,386,103	3,260,617		2,153,117		
2 Total number of individuals (including					bove	e) who	rec		-,,		,		
\$100,000 of reportable compensation						-,							
										Yes	No		
3 Did the organization list any former off on line 1a? <i>If "Yes," complete Schedule</i>									d employee				

			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		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual		V	
	77.000.000.000.000.000.000.000.000.000.	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)	(B)	(C)
Name and business address	Description of services	Compensation
UMASS MEMORIAL HEALTHCARE INC 306 Belmont Street Worcester MA 01604	MANAGEMENT FEES	1,212,269
NEW ENGLAND GERIATRICS 101 Myron Street West Springfield MA 01089	MANAGEMENT FEES	825,747
DDM RADIOLOGY PC 27 Woodlot Road Amherst MA 01002	RADIOLOGY SERVICES	714,664
MANOMDNET INC Dept Ch 17380 Palatine IL 60055	RADIOLOGY SERVICES	624,664
CATUNGNO COURT REPORTING SVC 14141 Main Street Springfield MA 01144	TRANSCRIPTION SERVICES	410,299

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►23

Part V		Statement of Check if Sched	of Revenue ule O contains a respoi	nse or note to any lin	(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
u 20	1a	Federated cam	paigns 1a					
Grants	ь	Membership du	ies 1b					
9 E	С	Fundraising ev	ents 1c	49,000				
ons, Gifts, Grants Similar Amounts	_							
ei	d		zations 1d					
Contributions, Gifts, and Other Similar A	е	Government grant	s (contributions) 1e	836,363				
를 있	f	All other contribute	ons, gifts, grants, and 1f	191,393				
tributio Other	g		ons included in lines			ł		
a d	9	1a-1f \$						
Cont	h	Total. Add line:	s 1 a - 1 f	· · · · •	1,076,756			
e e				Business Code				
nua	2a	Net Patient Service	e Revenue-All	900099	78,614,716	78,614,716		
Program Serwce Revenue	b	Special Medicaid P	ayment/Medicaid	900099	5,324,146	5,324,146		
93	С	Meaningful Use Ind	come	900099	1,731,452	1,731,452		
₹	d	Other Program Ser	vices Revenue	900099	179,359	179,359		
<u>۾</u>	е							
Gray	f	All other progra	am service revenue					
Š.	g	Total Add lines	s 2a-2f		85,849,673			
	3		ome (including dividen					
		and other simil	aramounts)	•	349,334			349,334
	4		stment of tax-exempt bond	proceeds				
	5	Royalties .						
	-	Cross rents	(ı) Real 239,601	(II) Personal				
	6a b	Gross rents Less rental	103,571					
	_	expenses Rental income	136,030					
	С	or (loss)						
	d	Net rental inco	me or (loss)		136,030	136,030		
	7a	Gross amount	(ı) Securities	(II) O ther				
	74	from sales of assets other						
		than inventory						
	b	Less cost or other basis and						
	c	sales expenses Gain or (loss)						
	d		<u>[</u> ss)					
	8a		from fundraising					
Other Revenue		events (not inc \$						
<u>چ</u> ا		See Part IV, lir						
- d			а	25,520				
. ₽	b		penses b	21,770				
9	c		(loss) from fundraising	events 🛌	3,750			3,750
	Уa		from gaming activities					
		,	а					
	b	Less direct ex	penses b					
	C	Net income or	(loss) from gamıng acti	vities				
	10a	Gross sales of returns and allo						
	b	Less costofa	oods sold b	 				
	c		(loss) from sales of inv	entory				
		Mıscellaneou	· · · · · · · · · · · · · · · · · · ·	Business Code				
•	11a	Cafeteria Incoi	me	900099	333,268			333,268
	b	VHA Rebates	_	900099	44,233			44,233
	c		-					
	d	All other reven	ue					
	e	Total. Add lines	s 11a-11d		277 504			
	12	Total revenue	See Instructions .		377,501			
				7	87,793,044	85,985,703	(730,585

Form 990 (2013) Page **10** 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) .マ Check if Schedule O contains a response or note to any line in this Part IX (D) (B) (C) Do not include amounts reported on lines 6b, (A) Program service Management and Fundraising 7b. 8b. 9b. and 10b of Part VIII. Total expenses expenses general expenses expenses Grants and other assistance to governments and organizations in the United States See Part IV, line 21 35,400 35,400 Grants and other assistance to individuals in the United States See Part IV, line 22 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 Benefits paid to or for members Compensation of current officers, directors, trustees, and 1,944,706 474,313 1,470,393 key employees Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . Other salaries and wages 39,002,719 37,193,223 1,727,601 81,895 Pension plan accruals and contributions (include section 401(k) 1,531,804 1,405,457 123,291 3,056 and 403(b) employer contributions) 4,966,769 4,562,407 394,443 Other employee benefits 9,919 10 3,061,815 2,816,563 239,128 6,124 11 Fees for services (non-employees) Management 104,047 104,047 Legal Accounting 64,399 64,399 22,412 22,412 Professional fundraising services See Part IV, line 17 Investment management fees Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on 8,727,898 7,997,812 719,314 10,772 Schedule O) Advertising and promotion . . 388,398 357,287 30,334 777 12 13 Office expenses 2,344,791 2,156,985 183,117 4,689 534,928 492,080 41,778 14 Information technology . . . 1,070 15 Royalties . 1,740,784 1,601,347 135,955 3,482 16 Occupancy **17** 131,080 120,581 10,237 262 18 Payments of travel or entertainment expenses for any federal, state, or local public officials 19 Conferences, conventions, and meetings . . . 57,346 52,752 4,479 115 20 803,913 739,520 64,393 Payments to affiliates 21 22 Depreciation, depletion, and amortization . 3,686,024 3,390,775 287,879 7,370 23 612,995 563,894 47,875 1,226 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 Expens 7,158,204 7,158,204 Medical Education Servi 4,503,915 4,503,915 Purchased Services 1,217,030 1,128,387 86,430 2,213 d System Overhead Activit 1,160,468 1,067,514 90,633 2,321 e All other expenses 1,838,125 1,690,194 144,237 3,694 Total functional expenses. Add lines 1 through 24e 25 85,639,970 79,531,022 5,969,963 138,985 Joint costs. Complete this line only if the organization 26 reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ► [if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

I C I	t X	Balance Sheet Check if Schedule O contains a response or note to any line in this Part X			
			(A) Beginning of year		(B) End of year
	1	Cash-non-interest-bearing	5,922,366	1	7,765,778
	2	Savings and temporary cash investments	5,883,262	2	6,247,712
	3	Pledges and grants receivable, net	473,860	3	397,883
	4	Accounts receivable, net	6,338,889	4	8,431,588
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	29.324	5	10,304
Assets	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	10,304
× 1	7	Notes and loans receivable, net		7	
4	8	Inventories for sale or use	585.018		616,370
	9	Prepaid expenses and deferred charges	179,861	9	186,721
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D 38,554,072	·		
	ь	Less accumulated depreciation 10b 286,436	41,833,516	10c	38,267,636
	11	Investments—publicly traded securities	14,340,384	11	10,880,624
	12	Investments—other securities See Part IV, line 11	2,195,286	12	2,174,972
	13	Investments—program-related See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11	12,020,512	15	2,852,283
	16	Total assets. Add lines 1 through 15 (must equal line 34)	89,802,278	16	77,831,871
	17	Accounts payable and accrued expenses	8,179,594	17	10,285,168
	18	Grants payable		18	
	19	Deferred revenue	41,000	19	22,350
	20	Tax-exempt bond liabilities		20	
ای	21	Escrow or custodial account liability Complete Part IV of Schedule D		21	
Liabilitie	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified			
ge		persons Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties	43,107	23	4,371
	24	Unsecured notes and loans payable to unrelated third parties	14,325,520	24	13,744,674
	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	14,497,332	25	6,708,129
	26	D	37,086,553	26	30,764,692
es	20	Organizations that follow SFAS 117 (ASC 958), check here ► ✓ and complete lines 27 through 29, and lines 33 and 34.	37,000,000	20	30,704,032
g	27	Unrestricted net assets	49,322,783	27	43,352,746
<u>8</u>	28	Temporarily restricted net assets	1,037,629	28	1,379,434
=	29	Permanently restricted net assets	2,355,313	29	2,334,999
r Fund Balance		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.			<u></u> _
0 o	30	Capital stock or trust principal, or current funds		30	
Assets	31	Paid-in or capital surplus, or land, building or equipment fund		31	
ş	32	Retained earnings, endowment, accumulated income, or other funds		32	
-		Total net assets or fund balances	52,715,725	33	47,067,179
Zet Vet	33	Total het assets of fully paralices	02,710,7201		

Par	Reconcilliation of Net Assets Check if Schedule O contains a response or note to any line in this Part XI				F
1	Total revenue (must equal Part VIII, column (A), line 12)	1		87,7	793,044
2	Total expenses (must equal Part IX, column (A), line 25)	2		85,6	539,970
3	Revenue less expenses Subtract line 2 from line 1	3		2,:	153,074
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		52,7	715,725
5	Net unrealized gains (losses) on investments	5		į	541,787
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		-8,3	343,407
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10		47,0	067,179
Par	t XII Financial Statements and Reporting				
	Check if Schedule O contains a response or note to any line in this Part XII				. Г
				Yes	No
1	Accounting method used to prepare the Form 990				
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or review a separate basis, consolidated basis, or both	wed on			
	Separate basis Consolidated basis Both consolidated and separate basis				
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a sepa basis, consolidated basis, or both	rate			
	☐ Separate basis ☐ Both consolidated and separate basis				
С	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversigh audit, review, or compilation of its financial statements and selection of an independent accountant?	t of the	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	ו			
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?	е	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the		3b		

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DLN: 93493223020185

OMB No 1545-0047

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.

Open to Public Inspection

Name of the organization Baystate Wing Hospital Corporation **Employer identification number**

22-2519813

	rt I			blic Charity Sta						nstructions		
The	rganı	zatıon ıs	not a privat	te foundation becaus	eıtıs (Forl	ınes 1 throu	gh 11, check	only one bo	ox)			
1	Г	A chur	ch, convent	on of churches, or as	ssociation of	churches de	escribed in s e	ection 170(b	o)(1)(A)(i).			
2	Γ	A scho	ol described	in section 170(b)(1	.)(A)(ii). (At	tach Schedu	ıle E)					
3	굣	A hosp	ıtal or a coo	perative hospital se	rvice organiz	atıon descrı	bed in sectio	n 170(b)(1)	(A)(iii).			
4	Γ			h organization operat	ted ın conjun	ction with a	hospital desc	cribed in sec	tion 170(b)(1)(A)(iii). E	nter the	
5	_			ty, and state erated for the benefi	t of a collogo	orupworcit	ty owned or o	porated by s	government	al unit docc	ribad in	_
3	,	_	•	A)(iv). (Complete P	_	or universit	Ly Owned or o	perated by a	governmen	ai uiiit uest	iibeu iii	
6	_			local government or	•	al unit decc	rihed in secti	on 170(h)/1)(A)(y)			
7	<u>'</u>			at normally receives	_					rom the gene	eral nublic	
•	'	_		on 170(b)(1)(A)(vi).		•	support nom	u governine	incar anne or n	om the gent	stat pablic	
8	\vdash			described in section			nplete Part II)				
9	Г	An orga	anızatıon th	at normally receives	(1) more th	an 331/3% o	fits support	from contrıb	utions, mem	bershıp fees	, and gros	s
		receipt	s from activ	ities related to its ex	xempt function	ons—subject	t to certain e	xceptions, a	nd (2) no mo	re than 331/	3% of	
				oss investment inco				•		tax) from bu	sınesses	
		acquire	ed by the org	ganızatıon after June	30,1975 S	ee section 5	509(a)(2). (C	omplete Par	tIII)			
10		An orga	anızatıon or	ganızed and operated	dexclusively	to test for p	oublic safety	See section	1 509(a)(4).			
11	ı	one or the box	more public that descri	ganized and operated ly supported organiz bes the type of supp b Type II c	ations descr orting organ	ibed in secti ization and c	on 509(a)(1) complete line	or section ! s 11e throu	509(a)(2) S	ee section 5	09(a)(3).	Check
e	Γ	other tl section	han foundatı n 509(a)(2)	ox, I certify that the ion managers and otl	her than one	or more pub	licly support	ed organızat	ions describ	ed in section	n 509(a)(1	l)or
f			rganization this box	received a written de	etermination	from the IR:	S that it is a	iype i, iype	e II, or Type	III supporti	ng organiz	zation,
g		Since A followir	August 17, 2 ng persons?	2006, has the organi				•				
				rectly or indirectly o	•		•	persons des	scribed in (ii)		Yes	No
		-		governing body of th	7.7	_	17			11g		
		• •	•	er of a person descri	• •		hava?			11g	`	<u> </u>
h				lled entity of a perso ng information about						11g(.1117	
		FIOVICE	tile lollowii	ng miormation about	the supporte	au organizati	1011(5)					
9	i) Nam suppoi ganiza	rted	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see	(iv) Is to organization col (i) listo your gove docume	on in ted in rning	(v) Did you the organiz in col (i) o suppor	zation fyour	(vi) Is a organizati col (i) org	ion in anized	(vii) Am mone supp	tary
				instructions))	Yes	No	Yes	No	Yes	No		
		_		_								
Tota												

Sch	edule A (Form 990 or 990-EZ) 2013						Page 2
Pa	(Complete only if you o	hecked the bo	x on line 5, 7,	or 8 of Part I o	r if the organiza	ation failed	to qualify under
_	Part III. If the organiza ection A. Public Support	tion fails to qu	alify under the	tests listed bel	low, please con	iplete Part .	.111.)
	endar year (or fiscal year beginning	(-) 2000	(1-) 2010	(-) 2011	(4) 2012	(-) 201	(5) T. I.
	in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 201:	3 (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						
3	behalf The value of services or facilities						
3	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						
S	ection B. Total Support	I	<u> </u>		I		I
	endar year (or fiscal year beginning	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
	in) ►	(a) 2009	(b) 2010	(6) 2011	(u) 2012	(e) 2013	(I) I otal
7	A mounts 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	es, etc (see inst	ructions)	•		12	1
13	First five years. If the Form 990 is i	for the organizati	on's first, second	l, thırd, fourth, or	fifth tax year as a	501(c)(3) o	rganızatıon, check
	this box and stop here				<u> </u>	<u> </u>	<u></u>
	ection C. Computation of Pub			4.4 1 (5)			
14	Public support percentage for 2013			11, column (f))		14	
15	Public support percentage for 2012	· ·	•			15	_
16a	33 1/3% support test—2013. If the condition have				line 14 is 33 1/3%	or more, che	ck this box
b	and stop here. The organization qua 33 1/3% support test—2012. If the				and line 15 is 33	8 1/3% or more	
	box and stop here. The organization				, 10 00	. 40.001111011	► F
17a	10%-facts-and-circumstances test-	-2013. If the org	anızatıon dıd not	check a box on lı			
	is 10% or more, and if the organizat						
	in Part IV how the organization mee	ts the "facts-and	d-circumstances'	test The organ	ızatıon qualıfıes a	s a publicly s	
Ь	organization 10%-facts-and-circumstances test-	-2012 . If the ora	anization did not	check a hov on li	ne 13 16a 16b	or 17a and L	▶ □
	15 is 10% or more, and if the organ						
	Explain in Part IV how the organizat						ublicly
	supported organization				4-71		▶ □
18	Private foundation. If the organizat instructions	ion aid not check	k a box on line 13	, 16a, 16b, 1/a,	or 1/p, check thi	s pox and se	e ▶□
							г,

Schedule A (Form 990 or 990-EZ) 2013 Part III Support Schedule for Organizations Described in Section 509(a)(2) (Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.) Section A. Public Support

Cale	ndar 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						
2	include any "unusual grants ") 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						
4	business under section 513 Tax revenues levied for the						
•	organization's benefit and either						
	paid to or expended on its						
_	behalf The value of services or facilities						<u> </u>
5	furnished by a governmental unit to						
	the organization without charge						
6	Total. Add lines 1 through 5						
7a	A mounts included on lines 1, 2,						
	and 3 received from disqualified persons						
ь	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) ction B. Total Support						
	ndar year (or fiscal year beginning	() 2000	(1) 2010	() 2011	(1) 2012	() 2012	(C) T
				(A) 2011 I	(d) 2012	(e) 2013	(f) Total
	in) ►	(a) 2009	(b) 2010	(c) 2011	(4) 2012	(-,	(-,
9	in) ► A mounts from line 6	(a) 2009	(B) 2010	(6) 2011	(4) 2012	(5, 2222	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	in) ► A mounts from line 6 Gross income from interest,	(a) 2009	(B) 2010	(6) 2011	(4) 2012	(0, 2000	(7,7,5,5,1)
9	in) ► A mounts from line 6	(a) 2009	(b) 2010	(6) 2011	(4) 2012	(5,232	
9	in) A mounts from line 6 Gross income from interest, dividends, payments received on	(a) 2009	(b) 2010	(6) 2011	(4) 2322		
9 10a	in) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	(a) 2009	(b) 2010	(6) 2011	(4) 2322		
9	in) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable	(a) 2009	(b) 2010	(6) 2011	(4) 2012		
9 10a	in) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	(a) 2009	(b) 2010	(6) 2011	(4) 2322		
9 10a	in) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975	(a) 2009	(b) 2010	(6) 2011	(4) 2322		
9 10a b	in) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b	(a) 2009	(b) 2010	(6) 2011	(4) 2012		
9 10a b	in) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated	(a) 2009	(b) 2010	(6) 2011	(4) 2012		
9 10a b	in) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b	(a) 2009	(b) 2010	(6) 2011	(4) 2322		
9 10a b c 11	in) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on	(a) 2009	(b) 2010	(6) 2011	(4) 2322		
9 10a b	A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include	(a) 2009	(b) 2010	(6) 2011			
9 10a b c 11	in) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of	(a) 2009	(b) 2010	(c) 2011			
9 10a b c 11	In) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)	(a) 2009	(b) 2010	(6) 2011			
9 10a b c 11	A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) Total support. (Add lines 9, 10c,	(a) 2009	(b) 2010	(c) 2011			
9 10a b c 11	In) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
9 10a b c 11 12	A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) Total support. (Add lines 9, 10c, 11, and 12) First five years. If the Form 990 is f check this box and stop here	or the organizati	on's first, second				
9 10a b c 11 12 13 14	in) A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) Total support. (Add lines 9, 10c, 11, and 12) First five years. If the Form 990 is f check this box and stop here	or the organizati	on's first, second	, thırd, fourth, or		a 501(c)(3) orga	nization,
9 10a b c 11 12 13 14 Se 15	A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) Total support. (Add lines 9, 10c, 11, and 12) First five years. If the Form 990 is f check this box and stop here ction C. Computation of Publ Public support percentage for 2013	or the organizati ic Support Pe (line 8, column (on's first, second ercentage f) divided by line	, thırd, fourth, or		a 501(c)(3) orga	nization,
9 10a b c 11 12 13 14 Se 15 16	A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) Total support. (Add lines 9, 10c, 11, and 12) First five years. If the Form 990 is f check this box and stop here ction C. Computation of Publ Public support percentage from 201	or the organization of the	on's first, second ercentage f) divided by line art III, line 15	, third, fourth, or		a 501(c)(3) orga	nization,
9 10a b c 11 12 13 14 Se 15 16 Se	A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) Total support. (Add lines 9, 10c, 11, and 12) First five years. If the Form 990 is f check this box and stop here ction C. Computation of Publ Public support percentage from 201 ction D. Computation of Inve	or the organization of the	on's first, second ercentage f) divided by line art III, line 15 me Percenta	, third, fourth, or 13, column (f))	fifth tax year as a	a 501(c)(3) orga 15 16	nization,
9 10a b c 11 12 13 14 Se 15 16 Se 17	A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) Total support. (Add lines 9, 10c, 11, and 12) First five years. If the Form 990 is f check this box and stop here ction C. Computation of Publ Public support percentage from 201 ction D. Computation of Inve	or the organization ic Support Performance (line 8, column (2 Schedule A, Paragraphic Performance) colors (line 10c, colors)	on's first, second ercentage f) divided by line art III, line 15 me Percentagolumn (f) divided	, third, fourth, or 13, column (f)) ge by line 13, colum	fifth tax year as a	15 16	nization,
9 10a b c 11 12 13 14 Se 15 16 Se 17 18	A mounts from line 6 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) Total support. (Add lines 9, 10c, 11, and 12) First five years. If the Form 990 is f check this box and stop here ction C. Computation of Publ Public support percentage from 201 ction D. Computation of Inve	or the organization of the organization of the organization of the state of the sta	on's first, second ercentage f) divided by line art III, line 15 me Percentago olumn (f) divided A, Part III, line 1	, third, fourth, or 13, column (f)) ge by line 13, column	fifth tax year as a	15 16	nization,

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

Part IV		formation. Provide the explanations required by Part II, line 10; Part II, lin ne 12. Also complete this part for any additional information. (See instruction	
		Facts And Circumstances Test	
Retu	ırn Reference	Explanation	
		Schodulo A / Form 000 o	000 E7) 201

Schedule A (Form 990 or 990-EZ) 2013

DLN: 93493223020185

OMB No 1545-0047

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.

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

• 5	Section 501(c)(4), (5), or (6) orga	anizations Complete Part III				
	me of the organization			Emp	loyer iden	ntification number
Бау	state wing nospital corporation			22-	2519813	
Par	t I-A Complete if the or	ganization is exempt under s	section 501(c			
1	Provide a description of the ord	ganızatıon's dırect and ındırect politic	al campaign activ	vities in Part IV		
2	Political expenditures	g			.	¢
3	Volunteer hours				•	Y
Par	t I-B Complete if the or	ganization is exempt under s	section 501(c)(3).		
1	Enter the amount of any excise	e tax incurred by the organization und	er section 4955		F	\$
2	Enter the amount of any excise	e tax incurred by organization manage	ers under section	4955	>	\$
3	If the organization incurred a s	ection 4955 tax, did it file Form 472	O for this year?			┌ Yes ┌ No
4a	Was a correction made?					┌ Yes ┌ No
b	If "Yes," describe in Part IV					
Par	t I-C Complete if the or	ganization is exempt under s	section 501(c), except sec	ction 50)1(c)(3).
1	Enter the amount directly expe	ended by the filing organization for sec	tion 527 exempt	function activit	ies 🕨	\$
2	Enter the amount of the filing o exempt function activities	rganization's funds contributed to oth	ner organizations	for section 527	>	\$
3	Total exempt function expendi	tures Add lines 1 and 2 Enter here a	nd on Form 1120)-POL, line 17b	>	\$
4	Did the filing organization file F	Form 1120-POL for this year?				☐ Yes ☐ No
5	organization made payments f amount of political contribution	nd employer identification number (EI For each organization listed, enter the ns received that were promptly and di political action committee (PAC) If a	amount paid fror rectly delivered t	n the filing orgar o a separate pol	nization's itical orga	funds Also enter the anization, such as a
	(a) Name	(b) Address	(c) EIN	(d) A mount p filing organiz funds If none,	ation's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Sch	nedule C (Form 990 or 990-EZ) 2013					Page 2
Pä	art II-A Complete if the organization	is exempt under	section 501(c)(3) and file	ed Form 5768	
_	under section 501(h)).		Link in Doub TV an	- h - 66:1: - h - d		a adduces FIN
٠.	Check ► If the filing organization belongs to a expenses, and share of excess lobb		iist in Part IV ea	ch amiliated gro	up members nam	e, address, EIN,
3	Check ► ☐ If the filing organization checked bo		l" provisions app	ly		
	Limits on Lobbying E (The term "expenditures" means ar		l .)		(a) Filing organization's totals	(b) Affiliated group totals
La	Total lobbying expenditures to influence public o	pinion (grass roots lob	bying)			
ь	Total lobbying expenditures to influence a legisl	ative body (direct lobby	yıng)			
c	Total lobbying expenditures (add lines 1a and 1	o)		Γ		
d	O ther exempt purpose expenditures			Γ		
e	Total exempt purpose expenditures (add lines 1	c and 1d)		Γ		
f	Lobbying nontaxable amount Enter the amount is columns	rom the following table	ın both			
	If the amount on line 1e, column (a) or (b) is:	The lobbying nontax	able amount is:			
	Not over \$500,000	20% of the amount on lir	ne 1e			
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the	e excess over \$500,0	00		
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the	e excess over \$1,000	,000		
	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the	excess over \$1,500,0	000		
	Over \$17,000,000	\$1,000,000				
g	Grassroots nontaxable amount (enter 25% of lir	ue 1f)				
h	Subtract line 1g from line 1a If zero or less, ent	er-0-				
i	Subtract line 1f from line 1c If zero or less, ente	er - 0 -				
j	If there is an amount other than zero on either li section 4911 tax for this year?	ne 1h or line 1ı, did the	organization file	Form 4720 repo	orting	┌ Yes ┌ No
	(Some organizations that made a columns below. See t	he instructions fo	ection do not r lines 2a thro	havè to con ough 2f on p		ne five
	Lobbying Exp	enditures During	4-Year Avera ⊤	ging Period	1	1
	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))

Grassroots lobbying expenditures

	rt II-B Complete if the organization is exempt under section 501(c)(3) and has filed Form 5768 (election under section 501(h)).	топ			raye =
		(a)		(b)
For e activ	each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying rity.	Yes	No	An	ount
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				
а	Volunteers?		No		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No		
c	Media advertisements?		No		
d	Mailings to members, legislators, or the public?		No		
е	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?		No		
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
i	O ther activities?	Yes			22,412
j	Total Add lines 1c through 1i				22,412
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		l No		· · · · · · · · · · · · · · · · · · ·
ь	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?		1		
	t III-A Complete if the organization is exempt under section $501(c)(4)$, section	501(c)(5), 0	r sec	tion
	501(c)(6).		,(-,, -		
			_	Y	es No
1	Were substantially all (90% or more) dues received nondeductible by members?		L	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	
Par	t III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "				
1	line 3, is answered "Yes." 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).				
а	Current year	2a			
Ь	Carryover from last year	2b			
С	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			
	art IV Supplemental Information				
	ovide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated gro rt II-B, line 1 Also, complete this part for any additional information	ıp lıst),	Part II	-A, line	e 2, and
	Return Reference Explanation				
Part	Baystate Wing Hospital, total dues paid to Massachusetts Hospital Ass behalf of Baystate Wing The amount paid during FY14 was \$84,613 fro expended for specific lobbying purposes Baystate Wing Hospital, total Hospital Association who in turn lobbies on behalf of Baystate Wing Th was \$22,887 from which 23 65% were expended for specific lobbying p	m whic dues pa e amou	h 20 09 aid to Ar nt paid o	% were	e 1

201104410 0 (101111 330 01 330 12) 2013		i age -i
Part IV Supplemental Information	on <i>(continued)</i>	
Return Reference	Explanation	

Schedule D (Form 990) 2013

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DLN: 93493223020185

OMB No 1545-0047

SCHEDULE D

(Form 990)

Department of the Treasury

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)

Open to Public

al Revenue Service and its ins	tructions is at <u>www.irs.gov/10111990</u> .	Inspection	on
ame of the organization ystate Wing Hospital Corporation		Employer identification number	
y state Wing Hospital Corporation		22-2519813	
	Advised Funds or Other Similar F		ıf the
organization answered "Yes" to Form		1 425	
Tabel mumber at and afternoon	(a) Donor advised funds	(b) Funds and other account	ts
Total number at end of year			
Aggregate contributions to (during year) Aggregate grants from (during year)			
Aggregate value at end of year			
	d		
Did the organization inform all donors and donor a funds are the organization's property, subject to the subjec	he organization's exclusive legal control?	☐ Yes ☐	□ No
Did the organization inform all grantees, donors, a used only for charitable purposes and not for the b conferring impermissible private benefit?		ny other purpose	_ No
	te if the organization answered "Yes" t	o Form 990, Part IV, line 7.	
Purpose(s) of conservation easements held by the	e organization (check all that apply)		
Preservation of land for public use (e.g., recrea		historically important land area	
Protection of natural habitat	Preservation of a	certified historic structure	
Preservation of open space			
Complete lines 2a through 2d if the organization h	eld a qualified conservation contribution in	the form of a conservation	
easement on the last day of the tax year			
Total number of conservation easements		Held at the End of the Y	ear
	nts	2a	
Total acreage restricted by conservation easements on a certified		2b	
	, ,	2c	
Number of conservation easements included in (c historic structure listed in the National Register) acquired after 8/1//08, and not on a	2d	
Number of conservation easements modified, tran	sferred, released, extinguished, or terminate	ed by the organization during	
the tax year 🗠			
Number of states where property subject to conse	urvation eacoment is located by		
Does the organization have a written policy regard enforcement of the conservation easements it hol		Yes	_ No
Staff and volunteer hours devoted to monitoring, ii	nspecting, and enforcing conservation ease	ments during the year	
▶	, 3,	<i>,</i>	
A mount of expenses incurred in monitoring, inspe	cting, and enforcing conservation easement	s during the vear	
▶ -\$	3,	,	
Does each conservation easement reported on lin	e 2(d) above satisfy the requirements of se	ction 170(h)(4)(B)(i)	
and section 170(h)(4)(B)(II)?	(-,,	☐ Yes ☐	_ No
In Part XIII, describe how the organization report balance sheet, and include, if applicable, the text the organization's accounting for conservation eas	of the footnote to the organization's financia		
	tions of Art, Historical Treasures,	or Other Similar Assets.	
If the organization elected, as permitted under SF		nue 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 footn			
If the organization elected, as permitted under SF works of art, historical treasures, or other similar service, provide the following amounts relating to	assets held for public exhibition, education,		
(i) Revenues included in Form 990, Part VIII, line	e 1	▶ \$	
(ii) Assets included in Form 990, Part X		► \$	
If the organization received or held works of art, h following amounts required to be reported under S		or financial gain, provide the	
Revenues included in Form 990, Part VIII, line 1	, , ,	▶ \$	
Assets included in Form 990, Part X		▶ \$	

	Organizations Maintaining Co	ollections of Art, H	<u>istoricai ire</u>	<u>asures, or Ot</u>	<u>ner Similar Ass</u>	sets (continued)
3	Using the organization's acquisition, access collection items (check all that apply)	ion, and other records,	check any of the	e following that ar	e a significant use	of its
а	Public exhibition	d	I ☐ Loan or	exchange progra	ms	
b	Scholarly research	e	Other			
C	Preservation for future generations					
4	Provide a description of the organization's c Part XIII	ollections and explain h	now they further	the organization's	s exempt purpose ır	1
5	During the year, did the organization solicit assets to be sold to raise funds rather than					Yes No
Par	t IV Escrow and Custodial Arrang	ements. Complete	ıf the organiza	ation answered	<u> </u>	
	Part IV, line 9, or reported an artist the organization an agent, trustee, customatical and agent artists.	•	•			
b	included on Form 990, Part X? If "Yes," explain the arrangement in Part XI	II and complete the foll	lowing table		ı	Yes No
	, ,	·	J	Γ	Am	ount
C	Beginning balance			1	lc	
d	Additions during the year			1	.d	
е	Distributions during the year			1	.e	
f	Ending balance			1	lf	
2a	Did the organization include an amount on F	orm 990, Part X, line 2:	1?	_	Г	Yes No
b	If "Yes," explain the arrangement in Part XI	II Check here if the ex	nlanation has be	en provided in Pa	art XIII	
Pa	rt V Endowment Funds. Complete					
	<u> </u>	(a)Current year (b) Prior year b	(c)Two years back		(e)Four years back
1a	Beginning of year balance	2,355,313	2,251,117	2,091,088	1,826,675	1,878,379
b	Contributions					
С	Net investment earnings, gains, and losses	-20,314	104,196	160,029	264,413	-51,704
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance	2,334,999	2,355,313	2,251,117	2,091,088	1,826,675
2	Provide the estimated percentage of the cui	rent year end balance (line 1g, column	(a)) held as		
а	Board designated or quasi-endowment 🕨	0 %				
b	Permanent endowment ► 100 000 %					
C	Temporarily restricted endowment -					
	The percentages in lines 2a, 2b, and 2c sho	uld equal 100%				
За	The percentages in lines 2a, 2b, and 2c sho Are there endowment funds not in the posse		on that are held a	ınd admınıstered	for the	
За	The percentages in lines 2a, 2b, and 2c sho Are there endowment funds not in the posse organization by		on that are held a	ınd admınıstered		Yes No
3a	The percentages in lines 2a, 2b, and 2c shows Are there endowment funds not in the possed organization by (i) unrelated organizations	ssion of the organizatio	on that are held a	nd administered	3a(i) Yes
	The percentages in lines 2a, 2b, and 2c shows Are there endowment funds not in the possed organization by (i) unrelated organizations	ssion of the organizatio) Yes i) No
	The percentages in lines 2a, 2b, and 2c shows Are there endowment funds not in the possed organization by (i) unrelated organizations	ssion of the organizatio	· · · · · · · · · · · · · · · · · · ·) Yes i) No
b 4	The percentages in lines 2a, 2b, and 2c shows Are there endowment funds not in the possed organization by (i) unrelated organizations (ii) related organizations If "Yes" to 3a(II), are the related organization Describe in Part XIII the intended uses of the VI Land, Buildings, and Equipment	ssion of the organization of the organization of the organization's endowent. Complete if the	n Schedule R?		3a(i 3b) Yes No
b 4	The percentages in lines 2a, 2b, and 2c shows Are there endowment funds not in the posses organization by (i) unrelated organizations (ii) related organizations If "Yes" to 3a(II), are the related organization Describe in Part XIII the intended uses of the state organization of the state	ssion of the organization of the organization of the organization's endowent. Complete if the	n Schedule R?	answered 'Yes'	3a(i 3a(ii 3b to Form 990, Par) Yes No
b 4 Par	The percentages in lines 2a, 2b, and 2c shows Are there endowment funds not in the posses organization by (i) unrelated organizations	ssion of the organization of the organization of the organization's endowent. Complete if the	organization a	answered 'Yes'	to Form 990, Parer (c) Accumulated depreciation	yes No No rt IV, line
b 4 Par	The percentages in lines 2a, 2b, and 2c shows the percentages in lines 2a, 2b, and 2c shows the percentage of the percen	ssion of the organization of the organization of the organization's endowent. Complete if the	organization a	answered 'Yes' mer (b)Cost or oth basis (other)	3a(ii 3a(ii 3a) 3b to Form 990, Parerrel (c) Accumulated depreciation	yes No No No No No No No N
b 4 Par	The percentages in lines 2a, 2b, and 2c shows Are there endowment funds not in the posses organization by (i) unrelated organizations	ssion of the organization of the organization of the organization's endowent. Complete if the	organization a	enswered 'Yes' (b)Cost or oth basis (other)	3a(i 3a(ii 3b) to Form 990, Parer (c) Accumulated depreciation	yes No No No No No No No N
1a b 6 c	The percentages in lines 2a, 2b, and 2c shows Are there endowment funds not in the posses organization by (i) unrelated organizations	ssion of the organization of the organization of the organization's endowent. Complete if the	organization a	ner (b)Cost or oth basis (other) 482,3 31,013,9	3a(ii 3a(ii 3a) to Form 990, Parer (c) Accumulated depreciation 334 334 335 1,833,061 366 48,914	yes No No No No No No No N
1a b c l d f	The percentages in lines 2a, 2b, and 2c shows the percentages in lines 2a, 2b, and 2c shows the percentage of the percen	ssion of the organization of the organization of the organization's endowent. Complete if the	organization a	(b)Cost or oth basis (other) 482,3 31,013,9 361,9	3a(ii) 3a(iii) 3b to Form 990, Parer (c) Accumulated depreciation 334 334 335 3466 48,914 350 -1,595,539	yes No No No No No No No N

provided in Part XIII

		plete if the organization	answered 'Yes' to Form 990, Part IV, line 11b.
(a) Descri	m 990, Part X, line 12. ption of security or category	(b)Book value	(c) Method of valuation
(1)Financial derivativ	uding name of security)		Cost or end-of-year market value
(2)Closely-held equit			
Other	., mereses		
Total. (Column (b) must	equal Form 990, Part X, col (B) line 12)	•	
		mplete if the organization	n answered 'Yes' to Form 990, Part IV, line 11c
	rm 990, Part X, line 13.		
(a) De	escription of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
	equal Form 990, Part X, col (B) line 13)		Deat IV has 11d Cas Farm 200 Bart V has 15
Part IX Other A	(a) Descrip), Part IV, line 11d See Form 990, Part X, line 15 (b) Book value
Tabal (Caluman (b) man	at any Lawrence Cook Part V and CD lines 15		
	st equal Form 990, Part X, col.(B) line 15		
	90, Part X, line 25.	nzation answered Tes t	0 101111 330, 1 dit 14, iiiie 11e 01 111. 3ee
1 (8	a) Description of liability	(b) Book value	
Federal income taxes			
	es	4,727,054	
Third Parties Liabiliti			
	es	307,000	
Due To Related Partio LT Liabilities ARO		1,011,541	
Due To Related Partio LT Liabilities ARO			
Due To Related Partio LT Liabilities ARO		1,011,541	
Due To Related Partio LT Liabilities ARO		1,011,541	
Due To Related Partio LT Liabilities ARO		1,011,541	
Due To Related Partio LT Liabilities ARO		1,011,541	
Due To Related Partio LT Liabilities ARO		1,011,541	
Due To Related Partio LT Liabilities ARO		1,011,541	
Due To Related Partion	e e	1,011,541	
	equal Form 990, Part X, col (B) line 25)	1,011,541 662,534 6,708,129	e organization's financial statements that

Par		Revenue per Audited Financial Stat wered 'Yes' to Form 990, Part IV, line 1		ts With Revenu	e per Ro	eturn Complete if
1	Total revenue, gains, and other	er support per audited financial statements			1	
2	A mounts included on line 1 bi	ut not on Form 990, Part VIII, line 12				
а	Net unrealized gains on inves	tments	2a			
b	Donated services and use of t	facılıtıes	2b			
c	Recoveries of prior year grant	ts	2c			
d	Other (Describe in Part XIII))	2d			
e	Add lines 2a through 2d		· · ·		. 2e	
3	Subtract line ${f 2e}$ from line ${f 1}$.				. 3	
4	Amounts included on Form 99	90, Part VIII, line 12, but not on line 1				
а	Investment expenses not inc	luded 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 an	d 4c. (This must equal Form 990, Part I, line	12).		5	
Part		expenses per Audited Financial Sta		nts With Expen	ses per	Return. Complete
1		nswered 'Yes' to Form 990, Part IV, line er audited financial statements			1	
2		ut not on Form 990, Part IX, line 25			-	
a		facilities	2a	I		
b			2b			
c	Other losses		2c			
d	Other (Describe in Part XIII)		2d			
e						
3	<u>-</u>				. 3	
4		90, Part IX, line 25, but not on line 1:			. -	
a		luded on Form 990, Part VIII, line 7b	4a	I		
b	· ·)	4b			
c					. 4c	
5		ind 4c. (This must equal Form 990, Part I, lin			5	
Part	Supplemental In				i	<u>. I</u>
Prov Part	ride the descriptions required for	r Part II, lines 3, 5, and 9, Part III, lines 1a I, lines 2d and 4b, and Part XII, lines 2d and				ie any additional
	Return Reference	Explanation				
Part V	/, Line 4	Bank of America holds 3 trust funds for Bar Trust, and Rathbone 1951 Trust Bank of A that they have partial interest in Ottilie Br is paid to Baystate Wing Hospital Bank of	merica own Tri	also holds 2 trust f ust Fund and Theod	unds for B ore Norma	aystate Wing Hospital an Trust Fund Interest

	<u> </u>	
Part XIII	Supplemental Info	ormation (continued)
Ret	turn Reference	Explanation

Schedule D (Form 990) 2013

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -

DLN: 93493223020185

OMB No 1545-0047

Supplemental Information Regarding SCHEDULE G (Form 990 or 990-EZ) **Fundraising or Gaming Activities**

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

Open to Public Inspection

Department of the Treasury Internal Revenue Service

about Schedule G (Form 990 or 990-F7) and its instructions is at www.irs.gov/form990

	f the organization	uon.					Employer iden	tification number			
oaystat	e Wing Hospital Corporat	.1011					22-2519813				
Part :	Fundraising Act Form 990-EZ filers				on answered "Yes" i part.	to Form	990, Part IV	, line 17.			
1 In	dicate whether the organ	ızatıon raısed funds	through ar	ny of the f	ollowing activities Che	eck all th	nat apply				
аГ	Mail solicitations			e	Solicitation of non	n-govern	ment grants				
ь Г	Internet and email soli	citations		f	Solicitation of gov		=				
с Г d Г	Phone solicitations In-person solicitations			g	Special fundraisin	cial fundraising events					
	d the organization have a key employees listed in							Г _{Yes} Г _N			
	"Yes," list the ten highes be compensated at least			fundraisei	rs) pursuant to agreem	ents und	ler which the fu	ndraiser is			
	Name and address of Individual entity (fundraiser)	(ii) Activity	fundrais custo cont	Did ser have ody or rol of outlons?	(iv) Gross receipts from activity	(or r fundra	mount paid to retained by) aiser listed in col (i)	(vi) A mount paid to (or retained by) organization			
1			165	140							
2											
3											
4											
5											
6											
7											
8			1								
9											
10											
Total .			<u></u>	<u>.</u> ►							
3 Lis	st all states in which the o	organization is regis	tered or li	censed to	l o solicit contributions o	r has be	en notified it is	l exempt from			

Cat No 50083H

		events with gross receipts g		ons and gross meonic	, 011 1 01111 330 EZ, 111	ies I and Ob. List
			(a) Event #1 Golf Clasic Tour	(b) Event #2	(c) O ther events	(d) Total events (add col (a) through col (c))
			(event type)	(event type)	(total number)	(6)
Revenue	1	Gross receipts	74,520			74,520
94	2	Less Contributions	49,000			49,000
<u>~</u>	3	Gross income (line 1 minus line 2)	25,520)		25,520
	4	Cash prizes				
မှာ	5	Noncash prizes				
Expenses	6	Rent/facility costs	9,228	3		9,228
쯊	7	Food and beverages .				
Direct	8	Entertainment				
ā	9	Other direct expenses .	12,542	2		12,542
	10	Direct expense summary Add lin	es 4 through 9 ın column	(d)		(21,770)
	11	Net income summary Subtract li	ne 10 from line 3, columr	(d)		3,750
Par	t II	Gaming. Complete if the or \$15,000 on Form 990-EZ, lii		"Yes" to Form 990, Pa	rt IV, line 19, or rep	
Revenue			(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
<u>~</u>	1	Gross revenue				
ses	2	Cash prizes				
Expenses	3	Non-cash prizes				
Б Б	4	Rent/facility costs				ļ
ā	5	Other direct expenses				
	6	Volunteerlabor	☐ Yes	✓ Yes	│ Yes	_
	7	Direct expense summary Add line	s 2 through 5 ın column (d)	•	
	8	Net gaming income summary Subt	ract line 7 from line 1, co	olumn (d)		
9 a b	Ist	ter the state(s) in which the organization licensed to operate No," explain	gaming activities in eac	n of these states?		「Yes 「No
10a b		re any of the organization's gaming 'Yes," explain	licenses revoked, susper	nded or terminated during	the tax year?	· · Fyes F No

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported

						1:
Does	s the organization operate gaming activi	ties with nonmember	rs?		T Yes T No	
12	Is the organization a grantor, beneficia					
	formed to administer charitable gaming	g [,]			· Fyes [– No
13	Indicate the percentage of gaming act	ıvıty operated ın				
а	The organization's facility					%
b	An outside facility			13b		%
14	Enter the name and address of the per	son who prepares the	e organization's gaming/special e	vents books and reco	ords	
	Name ▶					
	Address 🟲					
15a b	Does the organization have a contract revenue?	evenue received by t	the organization 🟲 \$		· · 「Yes「	– No
	amount of gaming revenue retained by	the third party 🟲 \$ _				
C	If "Yes," enter name and address of th	e thırd party				
	Name ▶					
	Address ►					
16	Gaming manager information					
	Name 🕨					
	Gaming manager compensation ► \$					
	Description of services provided					
	Director/officer	T Employee	☐ Independent cor	ntractor		
17	Mandatory distributions					
а	Is the organization required under stat	e law to make charit	able distributions from the gaming	g proceeds to		
	retain the state gaming license?				┌ Yes 「	— No
b	Enter the amount of distributions requi	red under state law (distributed to other exempt organi	ızatıons or spent		
	ın the organızatıon's own exempt actıv	ities during the tax y	∕ear ⊳ \$			
Pai		5b, 15c, 16, and 1	xplanations required by Part I 7b, as applicable. Also compl			and
	Return Reference		Explanat	ıon		
		<u> </u>	<u> </u>		rm 990 or 990-	7) 2012

DLN: 93493223020185

OMB No 1545-0047

Inspection

Department of the Treasury Internal Revenue Service

SCHEDULE H

(Form 990)

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20. ► Attach to Form 990. ► See separate instructions.

Hospitals

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

Name of the organization Baystate Wing Hospital Corporation **Employer identification number**

22-2519813

Pa	rt I Financial Ass	istance an	d Certain	Other Community	Benefits at Cost					
								Yes	No	
1a	Did the organization have	a financial as	ssistance po	licy during the tax year?	' If "No," skıp to questı	on 6a	1a	Yes		
b	If "Yes," was it a written	policy?					1b	Yes		
2	If the organization had m financial assistance polic					pplication of the				
	Applied uniformly to a Generally tailored to				nly to most hospital fac	cilities				
3	Answer the following base organization's patients di			nce eligibility criteria th	at applied to the larges	t number of the				
а			eral Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? Expending was the FPG family income limit for eligibility for <i>free</i> care							
	┌ 100% ┌ 150% ┌	200% ┌ 0	ther					Yes		
b	Did the organization use which of the following was				=	•	3b	Yes		
		300%	50% 🔽 40	0%		0/0				
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 fin						4	Yes		
5a	Did the organization budg	vide for free or discounted care to the "medically indigent"?								
b	If "Yes," did the organiza			expenses exceed the b	udgeted amount?		5a 5b	Yes	No	
	If "Yes" to line 5b, as a r			•	_		30		INO	
J			eligibile for free or discounted care?							
6a	Did the organization prep	are a commur	re a community benefit report during the tax year?							
b	If "Yes," did the organiza	tion make it a	vailable to th	ne public?			6b	Yes		
	Complete the following ta worksheets with the Sche		worksheets	provided in the Schedule	e H instructions Do not	submit these				
7	Financial Assistance	and Certain	Other Com	munity Benefits at Co	st				•	
	ancial Assistance and Means-Tested overnment Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community ben expense		f) Perce otal exp		
а	Financial Assistance at cost	(1,382,442	528,737	853,	705	1.0	00 %	
b	(from Worksheet 1) Medicaid (from Worksheet 3, column a)			1,302,442	320,737	633,	703		76	
С	Costs of other means-tested government programs (from Worksheet 3, column b)									
d	Total Financial Assistance and Means-Tested Government Programs			1,382,442	528,737	853,	705	1 0	00 %	
	Other Benefits			, , ,	,	,	\neg	_		
е	Community health improvement services and community benefit operations (from Worksheet 4)			190,659		190,	659	0.2	20 %	
f	Health professions education (from Worksheet 5)			130,033		150,		<u> </u>		
g	Subsidized health services (from Worksheet 6)									
h ı	Research (from Worksheet 7) Cash and in-kind						-+			
•	contributions for community benefit (from Worksheet 8)			32,049			049		40 %	
J k	Total. Other Benefits Total. Add lines 7d and 7j .			222,708 1,605,150	528,737	222, 1,076,	_		60 %	
- 1				1,000,100	320,131	1,070,				

Pa	rt II Community Building activities during the of the communities	tax year, an								uildin	
	or the communities	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	1 ' '	rect off revenue	_	(e) Net communit building expense		(f) Pero total ex	
1	Physical improvements and housing										
2	Economic development										
3	Community support										
4	Environmental improvements										
5	·										
6	for community members Coalition building								_		
7									+		
8	advocacy Workforce development										
9	Other			321,739	9			321,	739	0	380 °
10	Total			321,739	9			321,	739	0	380 %
	Bad Debt, Medicar	e, & Collec	tion Practic	es							
	ion A. Bad Debt Expense Did the organization report ba	d dobt ovnone	o in accordance	with Hoathcaro Fin	ancial M	20200	mont A	ccociation [Yes	No
1	Statement No 15?			with Heathcare Fin	anciai M	anage		· · · ·	1	Yes	
2	Enter the amount of the organ										
_	methodology used by the orga					2		1,013,784			
3	Enter the estimated amount o patients eligible under the org										
	the methodology used by the any, for including this portion							200 677			
4	Provide in Part VI the text of					3	ribac bi	389,677			
4	or the page number on which t		_				ilibes b	ad debt expense			
Sect	ion B. Medicare										
5	Enter total revenue received f	rom Medicare	(ıncludıng DSH	and IME)		5		24,223,076			
6	Enter Medicare allowable cost	s of care relat	ing to payments	s on line 5		6		24,555,463			
7	Subtract line 6 from line 5 Th					7		-332,387			
8	Describe in Part VI the extent Also describe in Part VI the c Check the box that describes	osting method	lology or source								
	Cost accounting system	Γc	st to charge ra	tio 🔽	Other						
Sect	ion C. Collection Practices										
9a	Did the organization have a wr	ritten debt coll	ection policy di	uring the tax year?					9a	Yes	
b	If "Yes," did the organization's contain provisions on the coll assistance? Describe in Part	ection practice	es to be followed	d for patients who ai	e known	to qua	alify for	financial	9b	Yes	
Pa	rt IV Management Comp	anies and	Joint Ventur	es (owned 10% or more by	officers, dire	ectors, tr	ustees, ke	y employees, and physici	ans—se	e instruc	tions)
	(a) Name of entity	(I	b) Description of pi activity of entit		(c) Organiz profit % o ownersh	r stock	, e	I) Officers, directors, trustees, or key employees' profit % stock ownership %	pro	e) Physio ofit % or ownersh	stock
1											
2											
 3											
4									+		
5											
6											
7											
8											
9									+		
10											
11											
12											
12		+					+		+		

Part V Facility Information										
Section A. Hospital Facilities	Licensed	General	Children's	Teachi	Ortical	Resea	ER-24 houre	ER-other		
(list in order of size from largest to smallest—see instructions) How many hospital facilities did the organization operate during the tax year?	ed hospital	ત્રો medical & ક્યા gical	n's hospital	Teaching hospital	l access hospital	Research facility	houre	ner		
and state license number		2							Other (Describe)	Facility reporting group
See Additional Data Table										

Schedule H (Form 990) 2013

Yes No

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)

Baystate Wing Hospital Corporation

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of	4	
hospital facility (from Schedule H, Part V, Section A)	1	_
nospital racine y (from schedule 11, fait v, section A)		

Con	nmunity Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)	1		1
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
а	A definition of the community served by the hospital facility			
b	Demographics of the community			
C	Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	How data was obtained			
е	The health needs of the community			
f	Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	The process for consulting with persons representing the community's interests			
i	Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA $$ 20 $$ $$ $$ 20 $$ $$ $$ $$ $$ 20 $$ $$ $$ $$ $$ $$ $$ $$ $$ $$			
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			\top
	facilities in Part VI	4	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	<u> </u>
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
а	Hospital facility's website (list url) http://www.baystatewinghospital.org/sites			
b	, , ,			
C	A vailable upon request from the hospital facility			
d	O ther (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply			
а	as of the end of the tax year) Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	Execution of the implementation strategy			
c	Participation in the development of a community-wide plan			
d	Participation in the execution of a community-wide plan			
е	Inclusion of a community benefit section in operational plans			
f	Adoption of a budget for provision of services that address the needs identified in the CHNA			
	Prioritization of health needs in its community			
	Prioritization of services that the hospital facility will undertake to meet health needs in its community			
	Other (describe in Part VI)			
	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		Νo
	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		Νo
	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		<u> </u>
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? \$			
	Schodulo U /Er	6		

Pa	art V Facility Information (continued)			
	nancial 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>fre</i> e care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000000000%			
11	If "No," explain in Part VI the criteria the hospital facility used	4.4		
	Used FPG to determine eligibility for providing <i>discounted</i> care?	11	Yes	
	If "No," explain in Part VI the criteria the hospital facility used			
12	Explained the basis for calculating amounts charged to patients?	12	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
а	▼ Income level			
b	Asset level			
c	Medical indigency			
d	▼ Insurance status			
е	Uninsured discount			
f	▼ Medicaid/Medicare			
g	State regulation			
h	Residency			
i	Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	13	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility?	14	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
а	The policy was posted on the hospital facility's website			
b	The policy was attached to billing invoices			
С	The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d				
е	The policy was provided, in writing, to patients on admission to the hospital facility			
f	The policy was available upon request			
<u>g</u>	Other (describe in Part VI)			
	ling 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			
а	Reporting to credit agency			
b	Lawsuits			
С	Liens on residences			
d	Body attachments			
e	Other similar actions (describe in Section C)			
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	17		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
а				
b	Lawsuits			
С	Liens on residences			
d	Body attachments			
_	C Other similar actions (describe in Section C)	1	i 1	

If "Yes," explain in Part VI

If "Yes," explain in Part VI

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Pä	art 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)			
а	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' bill	s		
d	Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy			
е	Other (describe in Section C)			
Ро	licy Relating to Emergency Medical Care			
			Yes	r
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	19	Yes	
	If "No," indicate why			
а	The hospital facility did not provide care for any emergency medical conditions			
b	The hospital facility's policy was not in writing			
C	The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d	Other (describe in Part VI)			
Cha	arges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)			
20 a	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 The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that			
а	can be charged			
b	maximum amounts that can be charged			
C	The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	Other (describe in Part VI)			
21	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance			

22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any

21

22

Νo

Νo

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Page 7 **2**

Part V	Facility	Information	(continued)

Section C. Supplemental Information for Part V, Section B.Provide descriptions required for Part V, Section B, lines 1_J, 3, 4, 5d, 6_I, 7, 10, 11, 12_I, 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.

	33113111
Form and Line Reference	Explanation
See Additional Data Table	

Schedule H (Form 990) 2013

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)

HOV	<i>i</i> many non-nospital nealth care facilities did the or	ganization operate during the tax year?/	_
Nar	ne and address	Type of Facility (describe)	
1	Baystate Wing Hospital - MMC	Outpatient Facility	
	2 Main Street		
	Monson, MA 01057		
2	Baystate Wing Hospital - BMC	O utpatient Facility	
	20 Daniel Shays Highway		
	Belchertown, MA 01007		
3	Baystate Wing Hospital - WMC	Outpatient Facility	
	2344 Boston Road		
	Wilbraham, MA 01095		
4	Baystate Wing Hospital - LMC	O utpatient Facility	
	34 Hubbard Street		
	Ludlow, MA 01056		
5	Baystate Wing Hospital - VNA	Outpatient Facility	
	40 Wright Street		
	Palmer, MA 01069		
6	Baystate Wing Hospital - DC	O utpatient Facility	
	2034-2040 Boston Road Ste 16		
	Wilbraham, MA 01095		
7	Baystate Wing Hospital - Griswold Center	O utpatient Facility	
	42 Wright Street		
_	Palmer, MA 01069		
8			
9			
10			

Schedule H (Form 990) 2013 Page 9 **2**

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
- **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.)
- **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 State filing of community benefit report. If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
Part I, Line 6a	Baystate Wing Hospital files an annual community benefit report electronically with the Massachusetts Attorney General's office via their website at http://www.cbsys.ago.state.ma.us/cbpublic/public/hccbindex.aspx. Baystate Wing Hospital's annual community benefit report is available to the public via the Massachusetts Attorney General's website (see above) and via Baystate Health's website
	http://www.baystatewinghospital.org/sites/default/files/Documents/About/Wing%20Memorial%20Hospital%20CHNA%2005%2024%2013%20Final.pdf Our community benefit report provides the Attorney General's Office and the general public important information about how Baystate Wing Hospital partners with our communities to identify and address unmet health needs of disadvantaged and vulnerable populations in support of our charitable mission

Form and Line Reference	Explanation
raiti, Lille /	Line 7a (Charity Care) - community benefit expense was calculated by applying the ratio of patient care cost to charges, calculated on Worksheet 2, against total charity care gross patient charges from the audited financial statements

Form and Line Reference	Explanation
Part I, Ln 7 Col(f)	In fiscal year 2013, the organization adopted the provisions of Accounting Standards Update 2011-07, Health Care Entities (Topic 954), Presentation and disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities on October 1, 2012 The update changed how the provision for bad debts is reported on the audited financial statements. In prior years it was included with total operating expenses, and subtracted from total expenses reported in Part IX, Line 25, column (A) for the purpose of calculating the percentages in Part I, Line 7, column (f) In 2013, the provision for bad debts was reported as a deduction to net patient service revenue. The 2014 provision for bad debts totalled \$3,549,550 and is not included in total expenses reported in Part IX, Line 25, column (A) for the purpose of calculating the percentages in Part 1, Line 7, column (f)

Form and Line Reference	Explanation
Part II, Community Building Activities	The following description is not quantified specifically in Part II of Schedule H. Baystate Wing Hospital is committed to creating healthier communities and understands that many state and federally mandated community benefit programs and services are not sufficient to address ethnic, racial and economic health disparities. BWH extends the traditional definition of "health" to include economic opportunity, affordable housing, quality education, safe neighborhoods, food security, arts/culture, and racism and homophobia free communities all elements that are needed for individuals, families and communities to thrive. In keeping with our commitment to improve health, Baystate Wing Hospital provides many valuable services, resources and programs beyond the walls of the hospital and into the communities and homes of the people we serve, including community sponsorships and involvement of hospital employees with not-for-profit boards that align with our mission.

Form and Line Reference	Explanation
Part III, Line 8	Line 6 - included all Medicare allowable costs as calculated in Worksheets D-1 Part II (inpatient) and D Part V (outpatient) of the hospital's 2014 Medicare cost report, based on Medicare costing principles. We believe the shortfall reported on line 20 should be treated as community benefit expense for tax reporting purposes because providing care for the elderly is a key component of our commitment to the community. The unreimbursed expenses should be treated similarly to unreimbursed Medicaid since the majority of the local elderly population is not affluent.

Form and Line Reference	Explanation
rait III, Lille 90	For patients who are known to qualify for Charity Care or Financial Assistance. The patient may have requested assistance up front at time of service with a Financial Counselor or the Patient could have asked for assistance after receiving their bill by contacting our Patient Billing Services. Representatives. The Financial Counselor will assist the patient in applying for the appropriate type of assistance based on their income and circumstances. Once approved for a State Medicaid or other program, all billing and collection activity will stop (except for required co-payments or deductibles). For all other patients, our statements contain information regarding how to apply for financial assistance. Notices concerning availability for assistance are also posted at patient care sites.

Form and Line Reference	Explanation
Part VI, Line 2	In partnership with the Coalition of Western MA Hospitals, Baystate Wing Hospital conducted its most recent community health needs assessment (CHNA) in 2013 of the geographic areas served by the hospital pursuant to the requirements of the MA Attorney General's Community Benefit Guidelines and Section 501(r)" of the Internal Revenue Code ("Section 501(r)"). The CHNA findings were made available on the hospital's website in September 2013. Per the Internal Revenue Service (IRS) and the Massachusetts Office of the Attorney General, each non-profit hospital must conduct a formal community health needs assessment (CHNA) every three-years in partnership with community organizations and individuals across the hospital's service area. The aim is to identify community assets as well as the critical gaps/needs in public health resources and the weak connections between medical care and community care. This gaps analysis" assists Baystate Health's Board of Trustees and senior managers in developing community benefit policy, which targets our charitable resources in focused areas. These areas frame existing community benefit programs, assist in transforming community service activities to comply with the IRS and MA Attorney General's criteria, and set priorities in the design of new programs. The CHNA is the basis for developing accountable e community benefit programs. In an ideal situation, an effective and large scale community benefit program will demonstrate measurable community impacts on the health status and quality of life for residents – effectively closing gaps when current data is compared to initial CHNA baseline indicators. At a more practical program level, the CHNA guides a "the ory of change" linking health needs to community benefit efforts to desired program and community outcomes. BWH's CHNA began by identifying the communities served by the hospital. Findings are based on various quantitative analyses regarding health-related needs in those areas, a review of health assessments conducted by other orga

Form and Line Reference	Explanation
Part VI, Line 2	al-specific community benefit plans into the health system's strategic plan, periodic review of community health needs assessment data, approval of a community benefit mission stat ement and health priorities, review impact of community benefit programs in promoting heal thof the community, and ensure community benefit programs are in compliance with guidelines established by the MA Attorney General and IRS Annually, Baystate Health's Vice President for Government and Community Relations and Public Affairs and the Director of Community Planning present a system-wide community benefit update to the full Board of Trus tees

Form and Line Reference	Explanation
Part VI, Line 4	Baystate Wing Hospital, located in Palmer, Massachusetts, is a 74-bed facility with a broad range of emergency, medical, surgical and psychiatric services. Our five medical centers in Belchertown, Ludlow, Monson, Palmer and Wilbraham offer extensive outpatient services to meet the needs of our communities. Our system also includes the Griswold Behavioral Health Center, providing comprehensive behavioral health and addiction recovery services and the Wing VNA and Hospice. We are fully accredited by the Joint Commission and are a designated Primary Stroke Service by the Massachusetts Department of Public Health. The primary community served by the hospital is defined based on the geographic origins of the hospital's discharges. The hospital's primary community is comprised of 33 ZIP codes in 17 cities and towns. Agawam, Belchertown, Brimfield, Chicopee, East Longmeadow, Hampden, Holland, Longmeadow, Ludlow, Monson, Palmer, Springfield, Wales, Ware, Warren, West Brookfield, and Wilbraham. The overall community encompasses parts of Hampden, Hampshire, and Worcester counties. In 2012, about 74.4 percent of the community's population was White. Non-White populations are expected to grow faster than White populations in the community. The Asian, American Indian, Black, and Other4 are expected to have the fastest growth. The growing diversity of the community is important to recognize, given the presence of health disparities. Community input is needed, in order to enhance the cultural competency of hospital health care providers For FY 2014 BWH's ethnic mix of inpatient & outpatient patients included 94.9%. White, 0.3%. Hispanic, 2.3%. Black, 0.3%. Asian, 0.0%. Native American, 2.2%. Other BWH's payer mix of patients included 68%. Medicare, 1.3%. Medicaid, 1.4%. Managed Care, 2.%. Non-Managed Care, 3.%. Other In FY 2014 BWH had 3,049 inpatient discharges and 22,940 emergency service visits. Payer mix for ED visits included 26%. Medicaid, 3%. Free Care, 10%. Healthnet, 4%. Commonwealth Care, 67%. Other.

Part VI, Line 5 Baystate Wing Hospital has a responsibility to respond to health care needs unsupported government programs. In exchange for this responsibility, BWH qualifies for tax-exempt 501(c)(3). However, providing hospital care alone is not enough to qualify for tax-exempt Hospitals also must operate in the public interest and provide programs that benefit the Baystate Wing Hospital is fully committed to its role in the community and serves with p compassion for people in need. The charitable mission of Baystate Wing Hospital, a mem of Baystate Health (BH), is to improve the health of the people in our communities every
quality and compassion. Baystate Wing Hospital's Community Benefits Mission is to red disparities, promote community wellness and improve access to care for vulnerable poping is committed to meeting the identified health and wellness needs of constituencies and community partners Baystate Wing Hospital meets all of the factors required of med in order to maintain tax exemption, as first described in Revenue Ruling 69-545. In support care and the medical needs of the communities served by Baystate Wing Hospital, medicing membership and privileges are extended to all qualified physicians and practitioners in vigorial meets all of the factors required of med membership and privileges are extended to all qualified physicians and practitioners in vigorial membership and privileges are extended to all qualified physicians and practitioners in vigorial membership and privileges, whether the requirements for credentialing and clinical privileges, whether is related Baystate entity or community-based Baystate Wing Hospital's emergency open to all in need of care and services, no one requiring emergency care is denied treat addition, surplus funds from operations are generally applied, as permitted, to the follow improvements in patient care, expansion and renovation of existing facilities, purchase a replacement of equipment, debt service, expenses associated with training of physicians health care professionals, professional development of medical and other clinical staff, a support of scientific, translational, and clinical research Baystate Health's volunteer Bos Trustees, the governing body of the organization and its affiliates, is comprised of the Professional stage of the production of the production of the professional volunters and the production of the production of the professional professional volunters and the production of the production of the professional volunters and the professional volunters are representative of the various diverse constituencies served by Baystate Health and its affiliates in the o

Form and Line Reference	Explanation
Form and Line Reference Part VI, Line 6	Baystate Health, Inc is the parent entity of a multi-institutional integrated delivery system composed of three hospitals and other 501(c)(3) organizations. The three hospitals include Baystate Medical Center, Baystate Franklin Medical Center, and Baystate Mary Lane Hospital and the other 501(c)(3) organizations include Baystate Medical Practices, Visiting Nurse Association and Hospice of Western New England, Inc., and Baystate Health Foundation. In September 2014 Baystate Wing Hospital became part of the Baystate Health system. In addition to its nearly 11,500 employees, Baystate Health has 1,504 medical staff, 2,428 nurses and 1,850 new residents and fellows, medical students, nursing students, and allied health students who gained comprehensive medical education during the year. In addition, 536 volunteers donated 47,770 hours to Baystate Medical Center, 320 volunteers and auxiliary members donated over 30,000 hours to Baystate Franklin Medical Center, 28 volunteers donated 3,000 hours to Baystate Mary Lane Hospital Baystate Medical Center (BMC), the flagship 710-bed hospital (including Baystate Children's Hospital) based in Springfield, Massachusetts is Western New England's only tertiary care referral medical center, Level 1 trauma center and neonatal and pediatric intensive care units. BMC serves as a regional resource for specialty medical care and research, while providing comprehensive primary medical services to the community. BMC's community benefit efforts included providing assessment, treatment and crisis support to child abuse victims and their non-offending caretakers affected by child abuse and domestic violence in western Massachusetts, offering enrichment and career development programs for disadvantaged Springfield students, ensuring cohesive health care for school-aged children and the broader community, prevention of accidental childhood injuries and death through public awareness, safety education and distribution of safety devices, coordination of health education focus groups, community
	the broader community, prevention of accidental childhood injuries and death through public awareness, safety education and distribution of safety devices, coordination of health education focus groups, community health forums and fairs, supporting transgender individuals, their allies and anyone from the broader community who identifies as LGBT through a peer lead and psychosocial support group, providing TB diagnosis and treatment to patients throughout western Massachusetts, and providing financial counseling services to inpatient and outpatient individuals who have concerns
	region Inpatient services include behavioral health, intensive care, medical-surgical care, and obstetrics/midwifery. Outpatient services include cardiology, emergency medicine, gastroenterology, general surgery, neurology, oncology, ophthalmology, orthopedics, pediatrics, physical medicine & rehabilitation, pulmonology & sleep medicine, sports medicine, vascular surgery, wound care & hyperbaric medicine. BFMC's community benefit efforts included the ongoing support group through the Franklin County Postpartum Partnership - a partnership initiated by BFMC nurses, expanded senior outreach program to focus on persons most at-risk for hospital readmission due to issues with medication management, and continued the regionally recognized Blood & Guts program for youth,
	including an annual hospital-based event for high school students and three school-based events for elementary school students and their families. In addition, BFMC HealthBeat TV, a monthly 30-minute cable access talk show produced, directed and hosted by Baystate Franklin employees, engages the hospital's physicians, employees, patients and community leaders in discussions of interest to residents of Franklin County. Topics range from heart health, emergency response to senior outreach. The program runs more than 60 times a month on stations throughout the county.

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

Form and Line Reference	Explanation
Part VI, Line 6	Baystate Mary Lane Hospital (BMLH), a 25-bed facility located in rural Ware, Massachusetts (20 miles east of Springfield) provides quality patient care services to communities in Hampshire, Hampden and Worcester counties. Inpatient services include critical care and medical-surgical care. O utpatient services include cancer care, cardiology, children's medicine, emergency medicine, endocrinology and diabetes, gastroenterology, infectious disease, obstetrics and gynecology, orthopedics, physical medicine and rehabilitation, pulmonary medicine, senior care, surgery, urology, and women's health BMLH's community benefit efforts included a continued partnership with Quality EMT Educators of Worcester to offer Basic EMT Training to community members. To date over 100 community have taken the EMT Basic Course. BMLH physicians shared their expertise beyond the walls of the hospital by offering high quality training and continuing education programs at no cost to EMS providers in our communities. The close working relationship between Emergency Physicians and EMS providers is essential to ensuring that patients receive the highest quality care in the field BMLH provided critical support and resources to the community at large through our Support Groups including, Alcoholic Anonymous, Caregivers Support Group, Quilting Support Group for those touched by Cancer, Diabetes Support Group, Grieving Support Group, Hepatitis C Support Group & WIC Sponsored Breast Feeding Support Group, Grieving Support Group, Hepatitis C Support Group & WIC Sponsored Breast Feeding Support Group in addition, BMLH and its staff offered over 100 outreach programs providing a variety of education and wellness seminars to the community at large at no cost. These programs were presented by physicians, nurses and staff that work at the hospital and addressed ways to live healthier by offering a variety of educational opportunities and healther lifestyles for community members of all ages. In addition, BMLH HealthBeat TV, a monthly 30-minute cable acc

Form and Line Reference	Explanation
Part VI, Line 6	Baystate Medical Practices (BMP) is a tax-exempt, not-for-profit corporation organized to support and assist Baystate Health and its affiliate hospitals, including BMC, BFMC and BMLH, each of which is a Massachusetts not-for-profit corporation, in achieving the fulfillment of their clinical, teaching, research, and other missions related to health care Baystate Medical Practices, Inc. provides physician services, medical education and research programs to people in the community within its geographic location BMP's policy is to provide care to any patient in need of medical care, regardless of the patient's ability to pay for such care. Dependent upon the patient's financial capability to pay and consistent with BH and BMP policy, BMP may provide such care free of charge or at amounts below its normal charges. In FY 2014 BMP provided \$2,797,978 in charity care. In addition to the charity care provided to patients, BMP's physicians participate in many and varied ongoing community outreach initiatives in the areas of education, employment, safety and health BMP has also taken a leadership role in strengthening the health of disadvantaged citizens in surrounding communities including specific focus on AIDS and HIV and by providing physician staffing for three community-based health centers through Baystate Medical Center Visiting Nurse Association and Hospice of Western New England, Inc. (BVNAH) based in Springfield, Massachusetts is a tax-exempt, not-for-profit corporation organized to support and assist Baystate Health and its affiliate hospitals, including BMC and BMLH, each of which is a Massachusetts not-for-profit corporation, in achieving the fulfillment of their clinical, teaching, research, and other missions related to health care. BVNAH is a comprehensive home health care agency committed to providing the highest quality care to patients and families, primarily in the home setting BVNAH has the expertise to meet individual needs by bringing experienced nurses, rehabilitation therapists, social workers a

Form and Line Reference	Explanation
Part VI, Line 6	In addition to the brief descriptions of the affiliated entities above, this further information speaks to activities of Baystate Health and its affiliates regarding promotion of community health In FY 2014 Baystate Health's Interpreter and Translation Services provided over 183,105 sessions in 49 languages to help deliver a positive patient care experience. In addition, nearly 3,692 pages of documents, signs and clinical research were translated for providers. Interpreter sessions included in person, telephonic and video interpreting for American Sign Language. Baystate Health has more than 60 staff interpreters throughout our health system for American Sign Language, Arabic, Mandarin, Nepali, Polish, Portuguese, Romanian, Russian, Somali, Spanish, Ukrainian, and Vietnamese Baystate Health also contracts with local agencies to provide in person interpreter services as needed for patients who come to Baystate Medical Center for pre-scheduled appointments or for emergencies for languages not covered by staff interpreters, such as Swahili or Mon The health system contracts with local elegancies of the patients of their family members in 15 languages and the focuments are written at a 5th grade reading level. Similarly, BH purchased software called Exit Writer from Krames that was integrated into the patient's electronic medical record. Information in five languages about illnesses and aftercare instructions can be provided to patients and their family members and be documented in the patient's electronic medical record. Information automatically Baystate Medical Center is recognized as a leading academic medical center. As the Western Campus of Tufts University School of Medicine since 1974, BMC offers clinical training and undergraduate and be documented in the patient's electronic medical record as patient education automatically Baystate Medical Center is recognized as a leading academic medical center and Baystate
	allied health programs such as emergency medical technician (EMT), pharmacy technician and surgical technologist. For nursing we offer clinical practicums for baccalaureate, masters, or doctoral-level nursing students in affiliation with the University of Massachusetts, University of Connecticut, Yale University, and other schools of nursing. Baystate Medical Center's high quality nursing care earned re-designation as a Magnet Hospital for Nursing Excellence by the American Nurses Credentialing Center (ANCC) - one of 170 in the nation and only five in Massachusetts

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Additional Data

Software ID: Software Version:

EIN: 22-2519813

Name: Baystate Wing Hospital Corporation

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

Baystate Wing Hospital
Corporation

Part V, Section B, Line 1j The CHNA report also described collaborating organizations BWH collaborated with each of the hospital facilities that are members of the Coalition of Western Massachusetts Hospitals for its CHNA BWH also collaborated with organizations that participated in a "Design Team" established by the Coalition Representatives from the Collaborative for Community Health, Inc , the Franklin Regional Council of Governments, the Massachusetts Department of Public Health, and the Springfield Department of Health and Human Services participated on this Team Many individuals provided input for this assessment Lists of interviewees are included in the report

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 13, 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.

Explanation

Form and Line Reference	Explanation
Baystate Wing Hospital Corporation	Part V, Section B, Line 3. Community input was gathered through interviews, a community survey, and community listening sessions. Interviews were conducted with public health experts, representatives of healths, social services, or other departments or agencies, community leaders, health care providers, and persons representing the broad interests of the community. The interviews were structured to help identify the most pressing health status and access issues in the community. The interviews were structured to help identify the most pressing health status and access issues in the community. BWH also sought input from the public regarding the health of the community through an online and paper-based survey. A website link to the survey (in both English and Spanish) was made available from January through February 2013. Paper copies of the survey were distributed at various local organizations and clinics in multiple languages. Efforts were made toreach those without internet access as well as vulnerable populations such as real and ethnic minorities, low-income groups, individuals with low literacy levels, and non-English speakers. The survey was publicized via flyers, social media, human services organizations, boards of health, newspapers, email listservs, and other methods. A listening session was held during which community members reviewed and discussed preliminary findings from this assessment. Discussion at the listening session was helpful in that it validated assessment findings and contributed to the prioritization process. The survey consisted of 48 questions about a range of health status and access issues and respondent demographic characteristics. 1,277 residents from the Wing community participated in the survey. Seventy-five percent of respondents were female and 50 percent were between the ages of 45 and 64 Seventy-six percent were White and 12 percent identified as Hispanic (or Latino). The majority of respondents reported being in good or very good overall health (70 percent), married (53 pe

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	
Baystate Wing Hospital Corporation	Part V, Section B, Line 4 Baystate Wing Hospital is a member of the Coalition of Western Massachusetts Hospitals, a partnership between eight (8) non-profit hospitals in western Massachusetts, Baystate Medical Center, Baystate Franklin Medical Center, Baystate Mary Lane Hospital, Baystate Wing Hospital, Cooley Dickinson Hospital, Holyoke Medical Center, Mercy Medical Center (a member of Sisters of Providence Health System), Shriners Hospitals for Children Springfield, and Health New England, a local health insurer whose service areas covers the four counties of western Massachusetts. The Coalition formed in 2012 to bring hospitals within western Massachusetts together to share resources and work in partnership to identify and address the health needs of their communities through regional community health assessments. Following feedback from key community stakeholders during the community health needs assessment process, the Coalition has taken its unique collaboration to the next level by identifying a shared health priority that it will address in partnership across the region. The shared health priority the Coalition selected was behavioral health.	

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 13, 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	
Baystate Wing Hospital Corporation	Part V, Section B, Line 5d Explanation for Line 4d- Baystate Wing Hospital made its CHNA report widely available to the public via an email distribution, with links to the hospital's website, to all key informant interviewees, listening session participants and an internal communication to hospital employees	

1ງ, 3, 4, 5d, ຄ	Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 51, 7, 10, 11, 121, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions ity in a facility reporting group, designated by "Facility A," "Facility B," etc.
Form and Line Reference	Explanation
Baystate Wing Hospital Corporation	Part V, Section B, Line 61 Community benefit activities in FY 2014 related to the areas being addressed by the 2013-2015 Community Benefits Implementation Strategy included Education on Substance Abuse and Improve Access to Services through community outreach about substance abuse at National Night Out event Promote Healthy Diet & Exercise through community outreach about nutrition and exercise at WAMDA 5K, community outreach about nutrition at annual Stroke Fair, outreach to community and employees during National Nutrition Month, "Eating Well With Diabetes" Community lecture at local senior center, "Marvelous Meals" community lecture at local lecture series, blood pressure screening for local masons group, blood pressure and sugar screening at local senior center Education on Mental Health and Improve Access to

workshops, and computer classes that include health literacy (medical forms, labels and medication bottles)

Services through a support program for people who struggle with weight loss to discuss the behavioral health components, Wing representative sits on the Palmer Domestic Violence Task Force, which focuses on helping victims of domestic violence seek professional help, maintain domestic violence resource line for community residents. Improve Access to Education Services as It Relates to Health Literacy through high school shadow program, where high school students follow a healthcare professional around and learn more about health and health care, a Wing representative sits on the Board of Top Floor Learning, an organization that provides a wide range of adult literacy programs and lifelong learning courses,

1j, 3, 4, 5d, 6ı	ipplemental Information for Part V, Section B.Provide descriptions required for Part V, Section B, lines , 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions y in a facility reporting group, designated by "Facility A," "Facility B," etc.
Form and Line Reference	Explanation
Baystate Wing Hospital Corporation	Part V, Section B, Line 7 No community hospital facility can address all of the health needs present in its community BWH is committed to adhering to its mission and remaining financially healthy so that it can continue to enhance its clinical excellence and to provide quality community benefit programs. The hospital's Implementation Strategy does not address the following priority community health needs identified in the 2013 CHNA due to no new funding or resources, other hospitals or community organizations within service area are already addressing the need or the need falls outside of the hospital's mission or capacity. These health priorities include basic needs insecurity (financial hardship, housing, and food

physical and social isolation

access), high rates of asthma, pediatric disability, high rates of unsafe sex and teen pregnancy, prevalent infant health risk factors, racial and ethnic disparities, poor community safety, poor built environment, low educational achievement and efile GRAPHIC print - DO NOT PROCESS | As Filed Data -

Schedule I

(Form 990)

Department of the Treasury

Internal Revenue Service

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

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

Attach to Form 990

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

OMB No 1545-0047

2013

DLN: 93493223020185

Open to Public Inspection

vame of the organization						Employer identifi	ication number
Baystate Wing Hospital Corpora	ition					22-2519813	
Part I General Inform	nation on Grants	and Assistance				,	
 Does the organization ma the selection criteria used Describe in Part IV the or 	d to award the grants o	orassistance?			ity for the grants or ass	ıstance, and	⊮ Yes
		Governments and recipient that receive					d "Yes" to
(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) A mount 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) YMCA of Greater Spfld Live Strong Program 275 Chestnut St Springfield, MA 011043498	04-1859893	501 (c)(3)	20,000	0			Assistance for Livestrong program
(2) Palmer Council on Aging 1029 Central Street Palmer, MA 01069	04-6001261	501 (c)(3)	5,500	0			Assistance for the Purchase of Emergency Preparedness kits
(3) Belchertown EMS Association 9 East Walnut Street Belchertown, MA 01007	04-3527065	501 (c)(3)	9,900	0			Assistance for Training firefighthers to EMT-B level
2 Enter total number of sect	tion 501(c)(3) and go	vernment organizations	listed in the line 1 tabl	e		🕨	3

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

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

(a)Type of grant or assistance	(b) Number of recipients	(c) A mount of cash grant	(d)A mount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
Part IV Supplemental Informa	tion. Provide the info	ormation required in Pa	rt I, line 2, Part III, col	umn (b), and any other a	dditional information.

Return Reference

Part I, Line 2

Part I, #2 Baystate Wing Hospital's process for monitoring the use of grant funds consists of the following Grant application requests are accepted on a periodic basis Applications must include a description of the intended use of Grant funds and the amount requested A review of the grant requests received is done by the Grant Committee, and decisions are forwarded to the Board of Directors for a final vote Grant funds are made to the recipient's upon receipt of documentation of expenses

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DLN: 93493223020185

OMB No 1545-0047

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. Open to Public Inspection

Name of the organization Baystate Wing Hospital Corporation **Employer identification number**

22-2519813

Pa	Questions Regarding Compensation					
					Yes	No
1a	Check the appropriate box(es) if the organization provide 990, Part VII, Section A, line 1a Complete Part III to		· · · · · · · · · · · · · · · · · · ·			
	First-class or charter travel	Г	Housing allowance or residence for personal use			
	Travel for companions	Γ	Payments for business use of personal residence			
	Tax idemnification and gross-up payments	Γ	Health or social club dues or initiation fees			
	Discretionary spending account	Γ	Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organ	ızatı	on follow a written policy regarding payment or			
	reimbursement or provision of all of the expenses descr			1b		
2	Did the organization require substantiation prior to reim directors, trustees, officers, including the CEO/Executive			2		
3	Indicate which, if any, of the following the filing organiza organization's CEO/Executive Director Check all that a used by a related organization to establish compensation	appl	y Do not check any boxes for methods			
	Compensation committee	Γ	Written employment contract			
	Independent compensation consultant	Γ	Compensation survey or study			
	Form 990 of other organizations	Γ	Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part or a related organization	VII	, Section A , line 1a with respect to the filing organization			
а	Receive a severance payment or change-of-control pay	men	t?	4a		Νo
b	Participate in, or receive payment from, a supplemental	non	qualified retirement plan?	4b	Yes	
С	Participate in, or receive payment from, an equity-based	d co	mpensation arrangement?	4c		Νo
	If "Yes" to any of lines 4a-c, list the persons and provide	de th	e applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must o	comp	olete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line compensation contingent on the revenues of	e 1 a	, did the organization pay or accrue any			
а	The organization?			5a		Νo
b	,			5b		Νo
	If "Yes," to line 5a or 5b, describe in Part III					
6	For persons listed in Form 990, Part VII, Section A, line compensation contingent on the net earnings of	e 1 a	, did the organization pay or accrue any			
а	The organization?			6a		Νo
b	Any related organization?			6b		Νo
	If "Yes," to line 6a or 6b, describe in Part III					
7	For persons listed in Form 990, Part VII, Section A, line payments not described in lines 5 and 6? If "Yes," desc			7		No
8	Were any amounts reported in Form 990, Part VII, paid					
	subject to the initial contract exception described in Re	gula	tions section 53 4958-4(a)(3)? If "Yes," describe			
	ın Part III			8		Νo
9	If "Yes" to line 8, did the organization also follow the rel section 53 4958-6(c)?	butt	able presumption procedure described in Regulations	9		

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

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

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

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

Schedule J (Form 990) 2013

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

The state of the s	
Return Reference	Explanation
Part I, Line 3	During calendar year 2013, the process to determine and approve the compensation for Dr. Charles Cavagnaro, CEO of Baystate Wing Hospital, was controlled by UMass Memorial, the former parent of Baystate Wing Hospital. At UMass Memorial, all compensation matters for CEO's throughout the system were governed and overseen by the Board of Trustees of the Parent. The Board approved a compensation philosophy that governed all such decisions. The philosophy included the objectives of the program, components of CEO compensation, the relevant market, positioning in the market, factors considered in setting CEO compensation and the importance of tying such compensation to performance. The Board established a Compensation Committee, made up of desinterested trustees, who were given the authority to establish compensation for all CEO's, within the parameters of the philosophy, and with full and complete reporting to the full Board. The Compensation Committee performed its work pursuant to its charter and a compensation policy that established the process the Committee would follow in reviewing and approving CEO compensation each year. The Committee ensured that its process met the rebuttable presumption of reasonableness established by the IRS. In order to assist the Committee in its responsibilities, the Compensation Committee hired independent, outside compensation consultants to advise the Committee and the Board on the reasonableness of overall executive compensation program, including compensation of the CEO's. These consultants reported directly to the Committee and not to management. The Committee worked with these consultants, and with Umass Legal Counsel, to ensure that all compensation paid, as well as the process followed to determine such compensation, was reasonable, met all regulatory requirements and was competitive with the relevant market.
Part I, Line 4b	Line 4b Dennis W Chalke - Supplemental Retirement of \$135,242 is included in column E This amount was earned in 2013 Mark A Keroack, MD Supplemental Retirement of \$145,453 is included in column E This amount was earned in 2013 Douglas S Brown, JD Supplemental Retirement of \$38,688 is included in column F This amount was earned in 2013 Todd A Keating Supplemental Retirement of \$39,801 is included in column F This amount was earned in 2013

Schedule J (Form 990) 2013

Software ID: Software Version:

EIN: 22-2519813

Name: Baystate Wing Hospital Corporation

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

Form 990, Schedule J, P	arτ.	<u> 11 - Officers, Direc</u>	<u>:tors, Trustees, Ke</u>	<u>:y Empioyees, and</u>	Hignest Compen	sated Employees			
(A) Name		(B) Breakdown of	f W-2 and/or 1099-MIS	C compensation	(C) Deferred	(D) Nontaxable	(E) Total of columns	(F) Compensation reported in prior Form	
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) O ther compensation	compensation	benefits	(B)(ı)-(D)	990 or Form 990-EZ	
Charles E Cavagnaro III MD President & Trustee	(I) (II)	0 315,930	0 137,750	0 4,982	0 598,775	0 34,558	0 1,091,995	0 0	
Douglas Brown JD Director 10/1/13 - 8/31/14	(I) (II)	0 431,069	0 52,526	0 38,688	0 95,114	0 23,506	0 640,903	0 38,688	
Dennis Chalke Director 9/09/14 - 9/30/14	(I) (II)		0 159,840	0 215,381	0 53,098	0 21,934	0 844,197	0 0	
Todd Keating Director	(I) (II)		0 57,873	0 39,801	0 881,071	0 16,677	0 1,474,161	0 39,801	
Mark Keroack MD Director 9/09/14 - 9/30/14	(I) (II)	0 537,949	0 223,630	0 15,318	0 165,853	0 13,458	0 956,208	0 0	
David L Maguire MD Director	(I) (II)		9,900 0	762 0	9,996 0	300 0	260,959 0	0 0	
Linda J Schoonover MD Director	(I) (II)		59,788 0	258 0	7,521 0	23,065 0	211,670 0	0	
Keary T Allicon CFO & Treasurer	(I) (II)		0 10,439	0	0 -851	0 21,980	0 178,326	0	
Janice Kucewicz EVP/Chief Hospital Operations	(I) (II)		13,134 0	258 0	8,357 0	9,664 0	223,625 0	0	
Brian Laliberte MD Physician	(I) (II)		2,220 0	138 0	10,200 0	27,007 0	426,141 0	0	
David Wexler MD Physician	(I) (II)	340,788 0	11,603 0	138 0	10,200 0	25,023 0	387,752 0	0	
Ricardo Rivera MD Physician	(I) (II)		29,575 0	90 0	10,200 0	9,464 0	343,929 0	0 0	
Zachary Zıchıttella MD Physician	(I) (II)		23,219 0	54 0	10,200 0	21,702	338,081 0	0	
Thomas Canto MD Physician	(I) (II)	191,976 0	104,101	138 0	10,200 0	22,840 0	_	0	

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DLN: 93493223020185

Employer identification number

OMB No 1545-0047

Open to Public Inspection

Schedule L

(Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Name of the organization

► 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.

Transactions with Interested Persons

► 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.

Baystate Wing Ho	spitai Corporati	on					22	-251	.9813			
		it Transactio									40h	
	piete if the o ne of disquali	rganization answ fied person (b		on Form 990, hip between o		(c) Descr					<u>40В</u> (d) Corr	ected?
			person	and organiza	tion						Yes	No
										-+		
	amount of ta	x incurred by org	anızatıon m	anagers or dı	squalified pers	ons during the	e year u	ınder	section			
4958 .	· · · ·	· · · · · · x, ıf any, on line 2	· · · ·		the organization			•	► \$ ► \$			
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		d/or From Ir organization and)0 EZ Dort V	lina 20a ar E	orm 00	0 Da	r+ T\/		r if tha	
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(a) Name of	(b)	(c) Purpose	of (d) Loai		(e)Original	(f)Balance			(h)		(i)Wr	
ınterested person	Relationsh with	ıp loan	organizat		principal amount	due	default	. ′	A pprov	rea	agreer	nent
	organizatio	on							board or			
									commit	ttee?		
			То	From	20.000	10.201	Yes	No	Yes	No	Yes	No
(1) RICHARD H SCHEFER		CSV OF LIFE INSURANCE		X	26,660	10,304		Νo	Yes		Yes	
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otal	•	▶ \$		'	•	10,304					<u> </u>	
Part III Gr	ants or As	ssistance Benne organization	efitting I	Interested	Persons.	et IV Juno 27	,					
(a) Name of i		(b) Relationshi			of assistance	(d) Type (tanc	e (e)	Purpos	e of ass	istance
perso		interested pers	on and the									
		organiza	ion									
						- -						
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Part IV Business Transactions Involving Interested Persons

Complete if the organ	nızatıoı	n answered "Yes" on I	Form 990, Part IV, lin	e 28a, 28b, or 28c.		
(a) Name of interested person	1	(b) Relationship between interested person and the organization	(c) A mount of transaction	(d) Description of transaction	(e) Sh of organiz reveni	f zatıon's
					Yes	No
						<u> </u>
					+	
					+	
Part V Supplemental Info		on or responses to question	s on Schedule L (see ins	tructions)		
Return Reference			Explanat	ion		
Business Transactions Involving Interested Persons	FORN INSU \$10,	1ER CEO OF WING MEM RANCERICHARD H SH 304AMOUNTS DUE FRO	IORIAL CORP (C) PÙŔP EFFER, FORMER CEO O M CURRENT AND FOR	RELATIONSHIP WITH ORGANIZ OSE OF LOAN CSV OF LIFE F WING MEMORIAL CORP \$26 MER OFFICERS PERTAIN TO SP NDIVIDUALS THESE POLICIES	,660, LIT DO	

OR DESCOUNTED CUMULATIVE PREMIUMS PAID

ORIGINATED AT VARIOUS TIMES DURING THE INSURED'S EMPLOYMENT WITH UMASS MEMORIAL HELATH CARE, INC THE CORRESPONDING POLICY PREMIUMS WERE FUNDED BY THE EMPLOYER AS AN EMPLOYEE BENEFIT IN ACCORDANCE WITH IRS NOTICE 2002-8, TREASURY REGULATION 1 61-22 AND TREASURY REGULATION 1 77872-15, THESE PAYMENTS REQUIRE CLASSIFICATION AS LOANS DUE FROM THE INSURED THESE LOAN BALANCES ARE REFLECTED AT THE LOWER OF THE DISCOUNTED CASH SURRENDER VALUE

Schedule L (Form 990 or 990-EZ) 2013

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As Filed Data -

DLN: 93493223020185

Supplemental Information to Form 990 or 990-EZ

Department of the Treasury Internal Revenue Service

(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	Employer identification number
Baystate Wing Hospital Corporation	
	22-2519813

Return Reference	Explanation
Form 990, Part VI, Section A, line 2	2013 - COOLIDGE, KATHERINE, BOARD MEMEBER, EDWARD NOONAN (BUSINESS), JAMES PHANEUF (BUSINESS), PAUL SCULLY (BUSINESS) 2013 - PHANEUF, JAMES, BOARD MEMBER, CHARLES CAVAGNARO (BUSINESS), EDWARD NOONAN (BUSINESS), ROBERT S HAVELES (BUSINESS), JAMES ST AMAND (BUSINESS), PAUL SCULLY (BUSINESS), KATHERINE COOLIDGE (BUSINESS) 2013 - NOONAN, EDWARD, BOARD MEMBER, CHARLES CAVAGNARO (BUSINESS), JAMES PHANEUF (BUSINESS), ROBERT S HAVELES (BUSINESS), JAMES ST AMAND (BUSINESS), PATRICK TURLEY (BUSINESS), KATHERINE COOLIDGE (BUSINESS), LAUREN MILLER (BUSINESS), ELAINE ANDERSON (BUSINESS) 2013 - TURLEY, PATRICK, BOARD MEMBER, EDWARD NOONAN (BUSINESS), PAUL SCULLY (BUSINESS) 2013 - HAVELES, ROBERT, BOARD MEMBER, EDWARD NOONAN (BUSINESS), JAMES ST AMAND (BUSINESS), PAUL SCULLY (BUSINESS), JAMES PHANEUF (BUSINESS) 2013 - CHRISTENSEN RON, BOARD MEMBER, PATRICK TURLEY (BUSINESS), MARK BORSARI (Business) 2013 - BORSARI MARK, BOARD MEMBER, RON CHRISTENSEN (Business) 2013 - SCULLY, PAUL, BOARD MEMBER, CHARLES CAVAGNARO (BUSINESS), JAMES PHANEUF (BUSINESS), ROBERT S HAVELES (BUSINESS), RON CHRISTENSEN (BUSINESS), PATRICK TURLEY (BUSINESS), KATHERINE COOLIDGE (BUSINESS), ELAINE ANDERSON (BUSINESS) 2013 - ANDERSON, ELAINE, BOARD MEMBER, EDWARD NOONAN (BUSINESS)

Return Reference	Explanation
Form 990, Part VI, Section A, line 4	The filing organization amended it's Articles of Organization to change its name from Wing Memorial Hospital Corporation to Baystate Wing Hospital Corporation. The organization also amended its bylaws to (1) reflect the name change, change its sole member to Baystate Health, Inc. ("BH"), (2) change the identity of the four ex officio members of the Board of Directors, (3) rename its finance committee as the Finance and Compliance Committee and remove its separate audit and compliance committee, and (4) clarify that the trustee of a certain trust that benefits the organization has the right to designate one individual to serve on the Board of Directors, pursuant to the terms of the applicable trust document

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	As of September 1, 2014 the filing organization has one member, Baystate Health, Inc (BH) Prior to September 1, 2014, the filing organization was included in a group return with UMass Memorial Medical Center, Inc - Group Exemption #3642

Return Reference	Explanation			
	Four of the directors of the filing organization serve ex officio based on positions they hold with BH or the filing organization and the remaining directors are elected by BH as the organization's sole member. The trustee of a certain trust of which the organization is the beneficiary has the right to designate one individual to serve on the Board of Directors pursuant to the terms of the trust document and the organization's bylaws			

Return Reference	Explanation
Form 990, Part VI, Section A, line 7b	The bylaws of the filing organization provide that the following matters are subject to the approval of BH as a member (1) the appointment or removal of the President and the Treasurer of the Corporation, (2) the adoption or amendment of annual operating and capital budgets, (3) approval of any unbudgeted expenditure in excess of \$250,000, (4) the issuance of indebtedness, loans, guarantees or other encumbrances in excess of \$1,000,000, (5) adoption of the organization's Strategic Plan and significant changes thereto, (6) and amendment of the organization's medical staff bylaws, (7) the making of any significant change to clinical services provided by the organization, (8) the filing of a Determination of Need application under Massachusetts law, (9) the creation of a corporate affiliation with a health care provider not affiliated with BH, (10) engaging the services of a certified public accountant or attorney, and (11) any merger, consolidation, change in control, dissolution, liquidation, or transfer of interest in all or substantially all of the organization's assets or operations

Return Reference	Explanation
1 ' '	THE ORGANIZATIONS MANAGEMENT TEAM WORKS CLOSELY WITH AN OUTSIDE ACCOUNTING FIRM, DELOITTE TAX LLP, WHOM IT ENGAGES TO REVIEW THE RETURN THE FINAL DRAFT OF THE FORM 990 IS REVIEWED BY THE MANAGEMENT TEAM AND DELOITTE TAX LLP THE ENTIRE BOARD RECEIVES A COPY OF THE RETURN PRIOR TO FILING

Return Reference	Explanation
Form 990, Part VI, Section B, Iine 12c	THE CONFLICT OF INTEREST POLICY REQUIRES BOARD MEMBERS AND MANAGEMENT TO COMPLETE ANNUAL DISCLOSURE STAMENTS FOR SIGNIFICANT CHANGES IN THEIR OUTSIDE GOVERNANCE AND PROFESSIONAL ACTIVITIES OR, FINANCIAL RELATIONSHIPS AS APPROPIATE. ANNUAL DISCLOSURE STATEMENTS ARE REVIEWED BY THE CHIEF COMPLIANCE OFFICER OF THE PARENT ENTITY, CONSULTING WITH LEGAL COUNSEL AND THE CEO, TO DETERMINE WHAT ACTIONS SHOULD BE TAKEN TO REDUCE, ELIMINATE OR MANAGE THE CONFLICTS OF INTEREST REPORTS OF POTENTIAL CONFLICTS OF INTEREST, AND PROPOSED RESOLUTIONS THEREOF, ARE REPORTED TO THE BOARD OF TRUSTEES/DIRECTORS OF BOTH THE PARENT ORGANIZATION AND THE HOSPITAL ENTITY ANNUALLY ADDITIONALLY, ALL TRANSACTIONS INVOLVING BOARD MEMBERS OR MANAGEMENT AND THE ORGANIZATION ARE REQUIRED TO BE APPROVED BY THE FINANCE AND COMPLIANCE COMMITTEE OF THE BOARD AND, THERE IS ACTIVE MONITORING AND COMMUNICATION TO ENSURE INDIVIDUALS WITH OUTSIDE RELATIONSHIPS DO NOT INAPPROPRIATELY PARTICIPATE IN BUSINESS DECISIONS OF THE ORGANIZATION, PURCHASING OR RESEARCH DECISIONS

PRIOR TO SEPTEMBER 1, 2014 OPERATING AS WING MEMORIAL HOSPITAL, ALL COMPENSATION MATTERS FOR THE SENIOR Part VI, Section B, Iline 15b PRIOR TO SEPTEMBER 1, 2014 OPERATING AS WING MEMORIAL HOSPITAL, ALL COMPENSATION MATTERS FOR THE SENIOR EXECUTIVES THROUGHOUT THE SYSTEM (INCLUDING ALL "DISQUALIFIED PERSONS") WERE GOVERNED AND OVERSEEN BY THE BOARD OF TRUSTEES OF THE FORMER PARENT (UMASS) THE BOARD APPROVED A COMPENSATION PHILOSOPHY INCLUDED THE OBJECTIVES OF THE PROGRAM COMPONENTS OF EXECUTIVE COMPENSATION THE RELEVANT MARKET POSITIONING IN THE MARKET FACTORS CONSIDERED IN SETTING EXECUTIVE COMPENSATION AND THE IMPORTANCE OF TYING SUCH COMPENSATION TO PERFORMANCE. THE BOARD EXTABLISHED AC COMPENSATION COMMITTEE MADE UP OF DISINTERESTED TRUSTEES WHO WERE GIVEN THE AUTHORITY TO ESTABLISHED AC COMPENSATION FOR ALL SENIOR EXECUTIVES WITHIN THE PARAMETERS OF THE PHILOSOPHY AND WITH FULL AND COMPLETE REPORTING TO THE FULL BOARD THE COMPENSATION COMMITTEE PROFORMED ITS WORK PURSUANT TO ITS CHARTER AND A COMPENSATION FOR ALL SENIOR EXECUTIVES WITHIN THE PARAMETERS OF THE PHILOSOPHY AND WITH FULL AND COMPLETE REPORTING TO THE FULL BOARD THE COMPENSATION COMMITTEE PROFORMED ITS WORK PURSUANT TO ITS CHARTER AND A COMPENSATION OF REASONABLENESS ESTABLISHED BY THE IRS IN ORDER TO ASSIST THE COMMITTEE IN ITS RESPONSIBILITIES THE COMMITTEE AND THE BOARD ON THE REASONABLENESS OF OVERALL EXECUTIVE COMPENSATION PROCRAM INCLUDING COMPENSATION OF THE SPECIFIC EXECUTIVES THESE CONSULTANTS REPORT DIRECTLY TO THE COMMITTEE AND NOT TO MANAGEMENT THE COMMITTEE WORKED WITH HESE CONSULTANTS REPORT DIRECTLY TO THE COMMITTEE AND NOT TO MANAGEMENT THE COMMITTEE WORKED WITH HESE CONSULTANTS REPORT DIRECTLY TO THE COMMITTEE AND THE RESPONSATION PROCRAM INCLUDING COMPENSATION PROCRAM INCLUDING COMPENSATION AND THE BAYSTATE COMPENSATION COMMITTEE THE COMMITTEE IN THE PROCRAM COMPENSATION AND THE BAYSTATE WING HOSPITAL THE RELEVANT MARKET AS OF SEPTEMBER 1, 2014 AND OPERATING AS BAYSTATE WING HOSPITAL, OPPICES AND KEY EMPLOYEDS COMPENSATION I

Return Reference	Explanation
· '	BAYSTATE WING HOSPITAL GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST ON A CASE-BY-CASE BASIS

Return Reference	Explanation						
Form 990, Part IX, line 11g	Fees for services Program service expenses 7,997,812 Management and general expenses 719,314 Fundraising expenses 10,772 Total expenses 8,727,898						

Return Reference	Explanation
990 Part IX Line 11g	Other Fees Professional Med Services \$3,291,445 Management Services \$4,805 Purchased Services \$3,882,022 Purchased Temp Services \$684,747 Collection Agency Fees \$257,476 Fees, Laboratory & Clinical \$45,732 Recruitment Fees \$75,600 Outside Lab Services \$15,606 Transcription Services \$470,465 Total \$8,727,898

Return Reference	Explanation
	Other Expenses Uniforms \$ 13,070 Other Direct Expenses \$ 575,641 Membership Dues \$ 223,444 Taxes/Fees/Fines and Lic \$ 27,161 Food \$ 562,851 Professional Fees \$ 435,957 Total \$1,838,124

Return Reference	Explanation
Form 990, Part XI, line 9	Adjustment on Re-evaluation of Assets -8,338,984 Unrealized Gain/Loss on Temp Restricted 15,891 Change in Beneficial Interest and Perpetual Trust -20,314

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -**SCHEDULE R**

(Form 990)

Department of the Treasury

Internal Revenue Service

Name of the organization Baystate Wing Hospital Corporation **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.

DLN: 93493223020185 OMB No 1545-0047

2013

Open to Public Inspection

Employer identification number

22-2519813

(a)	(b)	answered "Yes" or (c)	(d)	(e)	(f)			
Name, address, and EIN (if applicable) of disregarded entity	Primary activity	Legal domicile (state or foreign country)	Total income	End-of-year assets	Direct controlling entity			
Part II Identification of Related Tax-Exempt Organiza or more related tax-exempt organizations during the		he organization ar	nswered "Yes"	on Form 990, P	Part IV, line 34 beca	nuse it had	d one	е
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state	(d) Exempt Code sect			rolling Se	(g ection	512(ե
		or foreign country)		(if section 501	.(c)(3)) entity	(1	13) cor enti	ty?
ee Additional Data Table		or foreign country)		(if section 501	.(c)(3)) entity	(1	entr	
e Addıtıonal Data Table		or foreign country)		(if section 501	.(c)(3)) entity	(1	entr	ty?
e Additional Data Table		or foreign country)		(if section 501	.(c)(3)) entity	(1	entr	ty?
ee Additional Data Table		or foreign country)		(if section 501	.(c)(3)) entity	(1	entr	ty?
ee Additional Data Table		or foreign country)		(if section 501	.(c)(3)) entity	(1	entr	ty?
ee Additional Data Table		or foreign country)		(if section 501	.(c)(3)) entity	(1	entr	ty?
ee Additional Data Table		or foreign country)		(if section 501	.(c)(3)) entity	(1	entr	ty?

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)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
	Name, address, and EIN of	Primary activity	Legal	Direct	Predominant	Share of		Disproprtionate			
	related erganization	1	I domicilo I	controlling	I incomo/rolated	Itatal incoma	land of year	Lallocatione2	amount in	I managing I	0144

(1) UMass Memorial Investment Partnership LP Investment Management Investment Management Investment Management Investment Management Investment Management MA Related Extuded 514 Related For Compiler or Trust Resonance Imaging Related Resonance Imaging Investment MA Magnetic Resonance Imaging Related Related Resonance Imaging Investment MA Related Related Related Related Related Related Resonance Imaging Investment MA Related R									
Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete If the organization streated as a corporation or trust during the tax yes (a) Name, address, and EIN of related organization (a) Name, address, and EIN of related organization (b) Name, address, and EIN of related organization (a) Manas Memonal MRI of Mariborough (b) Name, address, and EIN of related organization (c) Organization (d) Direct controlling entity (c) Organization (d) Type of entity (c) Organization Street And Street Street or Foreign (d) Type of entity (c) Organization (d) Type of entity (d) Organization (e) Organization (d) Orga		Share of Share of Share of	are of Dispro of-year alloc ssets	(h) proprtionate pcations?	te (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	Gene man part 1	naging tner?	(k) Percenta ownersh	age
Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete If the organization streated as a corporation or trust during the tax yes (a) Name, address, and EIN of related organization (a) Name, address, and EIN of related organization (b) Name, address, and EIN of related organization (a) Manas Memonal MRI of Mariborough (b) Name, address, and EIN of related organization (c) Organization (d) Direct controlling entity (c) Organization (d) Type of entity (c) Organization Street And Street Street or Foreign (d) Type of entity (c) Organization (d) Type of entity (d) Organization (e) Organization (d) Orga	<u> </u>		Yes	_		Yes			
(2) UMass Memonal MRI of Marlborough LLC 157 Union Street Marlborough, MA 01752 20-293995 (3) UMass Memonal Health Aliance MRI Center Inc 60 Hospital Road Leominister, MA 01453 04-3561571 Magnetic Resonance Imaging MA Related Related Related Related Related Related Related Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organizations at a corporation or trust during the tax year (a) Name, address, and EIN of related organization Related MA Related Related Related MA Related Related MA Related Related Resonance Imaging MA Related Related Resonance Imaging MA Related Related Resonance Imaging MA Related Related The seconance Imaging Related Resonance Imaging MA Related Related The seconance Imaging Related Resonance Imaging MA Related Resonance Imaging MA Related Related Related Resonance Imaging MA Related Related Related Resonance Imaging NA Related Related Related Resonance Imaging MA Related Related Related Resonance Imaging MA Related Resonance Imaging MA Related Resonance Imaging Related Resonance Imaging MA Related Resonance Imaging NA Related Resonance Imaging Related Resonance Imaging NA Related Resonance Imaging Related Resonance Imaging NA Related Resonance Imaging Related Resonance Imaging				No			No		
Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete If the organizations are completed as a corporation or trust during the tax years. (a) Name, address, and EIN of related organization (b) Primary activity Legal domicile (state or foreign (c) Legal domicile (state or foreign (d) Direct controlling entity (C corp, S corp, S) Share of te income				No			No		
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 Negative to the tax year (a) Primary activity Legal organization Composition Legal off Adomicile of the tax year (b) Norect controlling of the tax year (c) Type of entity of the tax year (c) Type of entity of the tax year (c) Share of to the tax year (c) Share of to the tax year (c) Share of to the tax year (c) Income of the tax year (c) Type of entity of the tax year (c) Income of the tax year (c) Type of entity of the tax year (c) Type of entity of the tax year (c) Income of tax year (c) Incom				No			No		
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 Negative to the tax year (a) Primary activity Legal organization Composition Legal off Adomicile of the tax year (b) Norect controlling of the tax year (c) Type of entity of the tax year (c) Type of entity of the tax year (c) Share of to the tax year (c) Share of to the tax year (c) Share of to the tax year (c) Income of the tax year (c) Type of entity of the tax year (c) Income of the tax year (c) Type of entity of the tax year (c) Type of entity of the tax year (c) Income of tax year (c) Incom									
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 Negative to the tax year (a) Primary activity Legal organization Composition Legal off Adomicile of the tax year (b) Norect controlling of the tax year (c) Type of entity of the tax year (c) Type of entity of the tax year (c) Share of to the tax year (c) Share of to the tax year (c) Share of to the tax year (c) Income of the tax year (c) Type of entity of the tax year (c) Income of the tax year (c) Type of entity of the tax year (c) Type of entity of the tax year (c) Income of tax year (c) Incom									
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 Negative to the tax year (a) Primary activity Legal organization Composition Legal off Adomicile of the tax year (b) Norect controlling of the tax year (c) Type of entity of the tax year (c) Type of entity of the tax year (c) Share of to the tax year (c) Share of to the tax year (c) Share of to the tax year (c) Income of the tax year (c) Type of entity of the tax year (c) Income of the tax year (c) Type of entity of the tax year (c) Type of entity of the tax year (c) Income of tax year (c) Incom									
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 Negative to the tax year (a) Primary activity Legal organization Composition Legal off Adomicile of the tax year (b) Norect controlling of the tax year (c) Type of entity of the tax year (c) Type of entity of the tax year (c) Share of to the tax year (c) Share of to the tax year (c) Share of to the tax year (c) Income of the tax year (c) Type of entity of the tax year (c) Income of the tax year (c) Type of entity of the tax year (c) Type of entity of the tax year (c) Income of tax year (c) Incom									
Name, address, and EIN of Primary activity Legal Direct controlling Type of entity Share of to domicile entity (C corp, S income (state or foreign corp,			n answer	red "Ye	es" on Forn	n 990), Part	:IV,	
	total Shar ne o	(f) Share of total Income	(g) Share of e of-year assets	ar	(h) Percentage ownership	CO E	(i) ction 512 b)(13) ontrolled entity? 'es	No	
Gee Additional Data Table			+	\dashv		<u> </u>			

ľ	ote. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule					Yes	No
1 Dui	ing the tax year, did the orgranization engage in any of the following transactions with one or more r	elated organızatıons lı	sted in Parts II-IV?				
а	eceipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity				1a		No
b	Gift, grant, or capital contribution to related organization(s)				1b		No
C	ift, grant, or capital contribution from related organization(s)				1c		No
d	oans or loan guarantees to or for related organization(s)				1d		No
e	oans or loan guarantees by related organization(s)				1e		No
f	ovidends from related organization(s)				1f		No
g	ale of assets to related organization(s)				1 g		No
h	urchase of assets from related organization(s)				1h		No
i E	xchange of assets with related organization(s)				1 i		No
j l	ease of facilities, equipment, or other assets to related organization(s)				1j	Yes	
k	ease of facilities, equipment, or other assets from related organization(s)				1k		No
I F	erformance of services or membership or fundraising solicitations for related organization(s)				11		No
m F	erformance of services or membership or fundraising solicitations by related organization(s)				1m		No
n S	haring of facilities, equipment, mailing lists, or other assets with related organization(s)				1n	Yes	
0	haring of paid employees with related organization(s)				10		No
р	teimbursement paid to related organization(s) for expenses				1р	Yes	
q	teimbursement paid by related organization(s) for expenses				1q		No
r	ther transfer of cash or property to related organization(s)				1r		No
s	ther transfer of cash or property from related organization(s)				1s		No
2 1	f the answer to any of the above is "Yes," see the instructions for information on who must complete (a)	(b)	1	(d)			
	Name of related organization	Transaction type (a-s)	(c) Amount involved	Method of determining amo	ount II	nvolved	İ

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

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

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

revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships													
(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512- 514)		(e) all partners section 501(c)(3) anizations?	(f) Share of total Income	(g) Share of end-of-year assets	(h) Disproprtiona allocations ⁷	_	(i) Code V ² UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	_	(k) Percentage ownership
			314)	Yes	No			Yes	No		Yes	No	
												1	
													_
			<u> </u>				l					<u> </u>	

Schedule R (Form 990) 2013

Part VII Supplemental Information

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

Return Reference Explanation

Schedule R (Form 990) 2013

04-2560754

Software ID: Software Version:

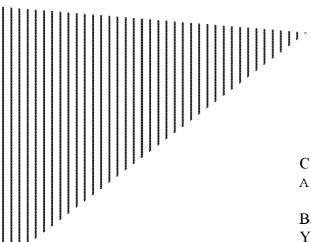
EIN: 22-2519813

Name: Baystate Wing Hospital Corporation

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations (f) (b) (c) (d) (e) (g) Name, address, and EIN of related organization Primary activity Legal domicile Exempt Code Public charity Direct controlling Section 512 (state section status (b)(13) entity (if section 501(c) controlled or foreign country) entity? (3)) Yes (1) Baystate Administrative Services Inc Baystate Health Inc Administrative services МΑ 501 (c)(3) 11c, IIIc Νo 759 Chesnut Street Springfield, MA 01199 22-2747685 (1) Baystate Franklin Medical Center Hospital МΑ 501 (c)(3) Baystate Health Inc Νo 164 High Street Greenfield, MA 01301 04-2103575 (2) Baystate Health Foundation Inc МΑ 501 (c)(3) Baystate Health Inc Νo Fundraising 759 Chesnut Street Springfield, MA 01199 04-3549011 (3) Baystate Health Systems Inc Health & Wefare Benefit Plan Voluntary Employees МΑ 501 (c)(9) Baystate Health Inc Νo Benefit Association 759 Chesnut Street Springfield, MA 01199 22-2531644 (4) Baystate Mary Lane Hosptial Corporation Hospital МΑ 501 (c)(3) Baystate Health Inc Νo 85 South Street Ware, MA 01082 04-2103584 (5) Baystate Health Inc Healthcare System МΑ Baystate Health Inc 501 (c)(3) Νo arent 759 Chesnut Street Springfield, MA 01199 04-2105941 Baystate Health Inc (6) Baystate Medical Ceneter Inc Acute Care Teaching МΑ 501 (c)(3) Νo Hospital 759 Chesnut Street Springfield, MA 01199 04-2790311 (7) Baystate Total Home Care Inc Real Estate and Other МΑ 501 (c)(3) 11c, IIIc Baystate Health Inc Νo 50 Maple Street Springfield, MA 01199 20-3260764 МΑ Baystate Health Inc (8) Visiting Nurse Assn and Hospice of Wester New England Inc Homehealth and Hospice 501 (c)(3) Νo 50 Maple Street Springfield, MA 01199 04-2105803 (9) Health New England Inc HMO/Insurance МΑ c Corp Baystate Health Inc Νo Monarch Place Suite 1500 Springfield, MA 011441500 04-2864973 (10) HNE of Connecticut Inc HMO/Insurance СТ 501 (c)(4) Health New England Νo Inc Monarch Place Suite 1500 Springfield, MA 011441500 45-5190134 501 (c)(3) (11) Caitlin Raymond International Registry Inc МΑ Umass Memorial A comprehensive Νo resource for patients and Health Care Inc 306 Belmont Street physicians conducting a Worcester, MA 01604 search for 06-1749208 (12) Central Massachusetts Magnetic Imaging Center Inc Provide diagnostic 501 (c)(3) Umass Memorial МΑ Νo services to patients Health Care Inc 367 Plantation Street using magnetic imaging Worcester, MA 01605 process 04-2981362 Corporation established (13) Central New England HealthAlliance Inc (CNEHA) 501 (c)(3) Umass Memorial Nο to Improve the health of Health Care Inc 60 Hospital Road people in the community Leominster, MA 01453 04-3172496 (14) Clinton Hospital Foundation Inc МΑ 501 (c)(3) Umass Memorial Νo Health Care Inc 306 Belmont Street Worcester, MA 01604 04-3357881 (15) Community HealthLink Inc Comprehensive provider МΑ 501 (c)(3) Umass Memorial Νo of mental health and Health Care Inc 72 Jaques Avenue substance abuse Worcester, MA 01610 services 04-2626179 (16) Coordinated Primary Care Inc 501 (c)(3) Physician Practices МΑ Umass Memorial Νo Health Care Inc 60 Hospital Road Leominster, MA 01453 04-3210002 (17) HealthAlliance Home Health and Hospice Inc Medicare-certified home МΑ 501 (c)(3) Umass Memorial Νo health agency Health Care Inc 25 Tucker Road Leominster, MA 01453 04-2932308 (18) HealthAlliance Hospitals Inc Full service community МΑ 501 (c)(3) Umass Memorial Νo Health Care Inc hospital 60 Hospital Road Leominster, MA 01453 04-2103555 (19) HelathAlliance Realty Corp N/A N/A Real Estate Management МΑ 501 (c)(2) Νo 60 Hospital Rd Leominster, MA 01473

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations (d) (e) (f) (g) Exempt Code Section 512 Name, address, and EIN of related organization Primary activity Legal domicile Public charity Direct controlling status (b)(13) (state section entity or foreign country) (if section 501(c) controlled (3)) entity? Yes No (21) Marlborough Hospital Full service community MΑ 501 (c)(3) Umass Memorial Νo hospital Health Care Inc 157 Union Street Marlborough, MA 01752 04-2104693 (1) The Clinton Hospital Association MΑ 501 (c)(3) Umass Memorial Νo Health Care Inc 201 Highland Street Clinton, MA 01510 04-1185520 (2) UMass Memorial Accountable Care Organization Inc Physician srvices МΑ 501 (c)(3) Umass Memorial Νo provided for under a Health Care Inc 306 Belmont Street new payment model Worcester, MA 01604 that rewards care c 46-2871359 (3) UMass Memorial Behavioral Health System Inc Provedes behavioral МΑ 501 (c)(3) Umass Memorial Νo health-nurse care Health Care Inc 306 Belmont Street management services Worcester, MA 01604 to CNEHA 04-3374724 (4) Umass Memorial Foundation Inc МΑ 11c N/A Fundraising Support 501 (c)(3) Νo 333 South Street Shrewsbury, MA 01545 04-3108190 (5) UMass Memorial Health Care Inc (Parent) Supports the МΑ 501 (c)(3) Umass Memorial Νo advancement of Health Care Inc 306 Belmont Street knowledge, education Worcester, MA 01604 and reasearch of health 04-3358566 car (6) UMass Memorial Health Ventures Inc Parent corp of Venture MΑ 501 (c)(3) Umass Memorial Νo Health Care Inc entities 306 Belmont Street Worcester, MA 01604 22-2605679 (7) UMass Memorial Hospitals Inc Corporation established МΑ 501 (c)(3) Umass Memorial Νo to Improve the health of Health Care Inc 306 Belmont Street people in the Worcester, MA 01604 community 04-3296271 (8) UMass Memorial Medical Center Inc A teaching hospital МΑ 501 (c)(3) Umass Memorial Νo providing medical and Health Care Inc 306 Belmont Street surgical care to Worcester, MA 01604 persons residing 04-3358564 (9) UMass Memorial Medical Group Inc МΑ 501 (c)(3) Umass Memorial Physician services Νo Health Care Inc 306 Belmont Street Worcester, MA 01604 04-2911067 (10) UMass Memorial Realty Inc Management of real МΑ 501 (c)(3) Umass Memorial Νo estate Health Care Inc 306 Belmont Street Worcester, MA 01604 04-2805630

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust									
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total Income	(g) Share of end-of-year assets	(h) Percentage ownership	Section	ntrolled
								Yes	No
Monarch Place Suite 1500 Springfield, MA 011441500 04-3012347	A dministrative Services		England Inc	С	!				No
Monarch Place Suite 1500 Springfield, MA 011441500 04-3183019	Ancialliary Insurance		Health New England Inc	С					No
Monarch Place Suite 1500 Springfield, MA 011441500 46-4620480	Dormant		Health New England Inc	С					No
Monarch Place Suite 1500 Springfield, MA 011441500 44-4462433	Health Insurance Services for Mass Medicare Sup		Health New England Inc	С					No
Health New England of Conneticut Monarch Place Suite 1500 Springfield, MA 011441500 06-1398662	Dormant		Health New England Inc	С					No
759 Chesnut Street Springfield, MA 01199 04-3016257	Health care and other business activities		Inc	С					No
Baystate Health System Ambulance Inc 759 Chesnut Street Springfield, MA 01199 04-3018550	Ambulance Svs		Ingraham Corporation	С					No
	Offshore captive insurance	CJ	N/A	С					No
Commonwealth Professional Assurance Company Ltd PO Box 1051 GT Grand Cayman CJ 98-0226143	Insurance	CJ	N/A	С					No
Memorial Office Condominium Trust 306 Belmont Street Worcester, MA 01604 04-6616900	Condominium Association		UMass Memorial Medical Center Inc	Т					No
215 West Street Milford, MA 01757 04-2708828	Clinical Laboratory		Health Ventures Inc	S					No
• •	Condominium Association		UMass memorial Realty Inc	c					No



CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

Baystate Health, Inc. and Subsidiaries Years Ended September 30, 2011 and 2010 With Report of Independent Auditors

Ernst & Young LLP



Consolidated Financial Statements and Other Financial Information

Years Ended September 30, 2011 and 2010

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Consolidated Statements of Financial Position Consolidated Statements of Operations Consolidated Statements of Changes in Net Assets Consolidated Statements of Cash Flows Notes to Consolidated Financial Statements				2 3 4 5 6
Other Financial Information				
Auditors' Report on Other Financial Information				43
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Baystate Medical Center and Subsidiary				
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Other Entities				
Consolidating Schedule of Assets Consolidating Schedule of Liabilities and Net Assets Consolidating Schedule of Operations Consolidating Schedule of Changes in Net Assets Consolidating Schedule of Cash Flows	٠	٠		54 55 56 57 58
Ingraham Corporation and Subsidiary				
Consolidating Schedule of Assets Consolidating Schedule of Liabilities and Net Assets Consolidating Schedule of Operations			 	,60



Ernst & Young LLP 200 Clarendon Street Boston, Massachusetts 02116-5072

Tel + 1 617 266 2000 Fax + 1 617 266 5843 www.ey.com

Report of Independent Auditors

The Board of Trustees Baystate Health, Inc

We have audited the accompanying consolidated statements of financial position of Baystate Health, Inc. and Subsidiaries (Baystate Health) as of September 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Baystate Health's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Baystate Health's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Baystate Health's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Baystate Health, Inc. and Subsidiaries at September 30, 2011 and 2010, and the consolidated results of their operations, changes in net assets and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles

December 22, 2011

Ernst + Young LLP

Consolidated Statements of Financial Position (In Thousands)

	September 30				30			
	2011		2010			2011		2010
Assets				Liabilities and net assets		_		
Current assets				Current liabilities				
Cash and cash equivalents	\$ 123,615	\$	125,187	Accounts pay able	\$	113,093	\$	102,754
Investments	299,523		269,043	Medical claims payable		41,173		37,059
Accounts receivable, patients, less				Accrued salaries and wages		74,843		67,943
allowance for uncollectible accounts				Accrued interest payable		2,271		2,439
of \$30,171 in 2011 and \$28,700 in 2010	108,968		105,932	Estimated final settlements payable		68,571		49,640
Accounts receivable, other	38,997		33,417	Refundable advances		327		2,344
Estimated final settlements receivable	25,483		13,352	Short-term obligations		7,290		8,194
Inventories	18,064		16,344	Deferred revenue		12,873		7,766
Prepaid expenses and other current assets	15,186		11,584	Current portion of long-term debt		5,837		5,631
Total current assets	629,836		574,859	Total current liabilities		326,278		283,770
Long-term investments				Long-term debt		423,295		428,961
Investments	50,440		51,617	Pension liability		153,177		120,913
Equity investment in unconsolidated affiliates	1,886		1,790	Insurance liability loss reserves		98,416		90,197
Note receivable	65,504		64,755	Other liabilities		17,348		16,313
Deferred expense and other long-term assets	9,384		9,029	Total liabilities		1,018,514		940,154
Land, buildings, and equipment, net	533,761		440,846					
0 11	660,975		568,037	-				
Assets whose use is limited				Net assets				
Board-designated funds.				Unrestricted.				
Cash and investments	198,836		206,477	Operating		769,185		745,028
Investments of captive insurance company	87,721		87,311	Pension adjustment		(247,379)		(200,012)
Investments held by trustee under debt	,			Total Unrestricted		521,806		545,016
agreements	36,724		119,192	Temporarily restricted		57,574		55,230
Beneficial interest in perpetual trusts	30,077		31,600	Permanently restricted		46,275		47,076
	353,358		444,580	Total net assets		625,655		647,322
Total assets	\$ 1,644,169	\$	1,587,476	Total liabilities and net assets	\$	1,644,169	\$	1,587,476

See accompanying notes

Consolidated Statements of Operations (In Thousands)

Operating revenues 2011 2010 Net patient service revenue (exclusive of standard charges for charity care of \$46,512 in 2011 and \$42,483 in 2010) \$ 1,015,951 \$ 1,051,34 Premiums 452,817 357,88 0ther revenue 70,242 53,16 Net assets released from restrictions for operations 5,126 4,98 Total operating revenues 1,544,136 1,467,32 Operating expenses. Salaries and wages 623,287 600,73 Supplies and expense 490,802 447,22 Medical claims and capitation 307,762 263,20 Depreciation and amortization 49,160 50,63 Bad debts 22,147 19,83 Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,84 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Net realized gain on investments 8,415 8,27 Net unrealized (loss) gain on investments <		Year Ende	d September 30
Net patient service revenue (exclusive of standard charges for charity care of \$46,512 in 2011 and \$42,483 in 2010) \$ 1,015,951 \$ 1,051,32 Premiums 452,817 357,88 Other revenue 70,242 53,10 Net assets released from restrictions for operations 5,126 4,98 Total operating revenues 1,544,136 1,467,32 Operating expenses. 8 623,287 600,73 Supplies and expense 490,802 477,22 Medical claims and capitation 307,762 263,20 Depreciation and amortization 49,160 50,65 Bad debts 22,147 19,83 Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,84 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 1 3,492 Investment income 8,415 8,22 Net unrealized glain on investments (19,60			
for charity care of \$46,512 in 2011 and \$42,483 in 2010) \$1,015,951 \$1,051,32 Premiums 452,817 357,88 Other revenue 70,242 53,16 Net assets released from restrictions for operations 5,126 4,98 Total operating expenses. 4,647,32 Operating expenses. 623,287 600,73 Supplies and expense 490,802 477,22 Medical claims and capitation 307,762 263,20 Depreciation and amortization 49,160 50,63 Bad debts 22,147 19,83 Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,82 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 1 8,415 8,22 Net unrealized gain on investments 8,427 3,66 Net unrealized (loss) gain on investments (19,605) 21,21 <td< td=""><td>Operating revenues</td><td></td><td></td></td<>	Operating revenues		
Premiums 452,817 357,88 Other revenue 70,242 53,10 Net assets released from restrictions for operations 5,126 4,98 Total operating revenues 1,544,136 1,467,32 Operating expenses. Salaries and wages 623,287 600,73 Supplies and expense 490,802 477,22 Medical claims and capitation 307,762 263,26 Depreciation and amortization 49,160 50,63 Bad debts 22,147 19,83 Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,82 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 8,415 8,22 Investment income 8,415 8,22 Net unrealized (loss) gain on investments (19,605) 21,21 Equity gain in unconsolidated affiliates 1,047 1,04 <td< td=""><td></td><td></td><td></td></td<>			
Other revenue 70,242 53,10 Net assets released from restrictions for operations 5,126 4,98 Total operating revenues 1,544,136 1,467,32 Operating expenses. Salaries and wages 623,287 600,73 Supplies and expense 490,802 477,24 Medical claims and capitation 307,762 263,20 Depreciation and amortization 49,160 50,65 Bad debts 22,147 19,83 Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,82 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 8,415 8,22 Net unrealized (loss) gain on investments 8,427 3,66 Net unrealized (loss) gain on investments (19,605) 21,21 Equity gain in unconsolidated affiliates 1,047 1,09 Net interest cost on swap agreements (2,816)			' '
Net assets released from restrictions for operations 5,126 4,98 Total operating revenues 1,544,136 1,467,32 Operating expenses. 8 623,287 600,73 Supplies and wages 623,287 600,73 263,20 Medical claims and capitation 307,762 263,20 263,20 Depreciation and amortization 49,160 50,63 50,63 Bad debts 22,147 19,83 1,417,84 Interest expense 6,025 6,17 50,61 Total operating expenses 1,499,183 1,417,84 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 8,415 8,22 Net unrealized (loss) gain on investments 1,960,50 21,21 Net unrealized (loss) gain on investments 1,960,50 21,21 Equity gain in unconsolidated affiliates 1,047 1,09 Net interest cost on swap agreements (2,816)		•	357,883
Total operating revenues			53,107
Operating expenses. Salaries and wages 623,287 600,73 Supplies and expense 490,802 477,22 Medical claims and capitation 307,762 263,26 Depreciation and amortization 49,160 50,63 Bad debts 22,147 19,83 Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,84 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 8,415 8,22 Net realized gain on investments 8,427 3,66 Net unrealized (loss) gain on investments (19,605) 21,21 Equity gain in unconsolidated affiliates 1,047 1,05 Net interest cost on swap agreements (2,816) (2,95 Change in fair value of swap agreements (459) (3,56 Income taxes and other (15,481) (9,52 Total non-operating (expense) income (20,472)	Net assets released from restrictions for operations		4,985
Salaries and wages 623,287 600,73 Supplies and expense 490,802 477,24 Medical claims and capitation 307,762 263,20 Depreciation and amortization 49,160 50,65 Bad debts 22,147 19,83 Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,82 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 8,415 8,22 Investment income 8,415 8,22 Net realized gain on investments (19,605) 21,21 Equity gain in unconsolidated affiliates 1,047 1,05 Net interest cost on swap agreements (2,816) (2,95 Change in fair value of swap agreements (459) (3,56 Income taxes and other (15,481) (9,52 Total non-operating (expense) income (20,472) 18,04 Excess of r	Total operating revenues	1,544,136	1,467,323
Supplies and expense 490,802 477,24 Medical claims and capitation 307,762 263,20 Depreciation and amortization 49,160 50,65 Bad debts 22,147 19,85 Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,86 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 8,415 8,22 Investment income 8,415 8,22 Net realized gain on investments 19,605 21,21 Equity gain in unconsolidated affiliates 1,047 1,05 Net interest cost on swap agreements (2,816) (2,95 Change in fair value of swap agreements (459) (3,56 Income taxes and other (15,481) (9,55 Total non-operating (expense) income (20,472) 18,04 Excess of revenues over expenses 20,620 67,53			
Medical claims and capitation 307,762 263,20 Depreciation and amortization 49,160 50,63 Bad debts 22,147 19,83 Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,84 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 1 8,415 8,22 Net realized gain on investments 8,427 3,66 3,66 Net unrealized (loss) gain on investments (19,605) 21,21 21,21 Equity gain in unconsolidated affiliates 1,047 1,05 2,95 Change in fair value of swap agreements (2,816) (2,95 Change in fair value of swap agreements (459) (3,56 Income taxes and other (15,481) (9,54 Total non-operating (expense) income (20,472) 18,04 Excess of revenues over expenses 20,620 67,53	-	•	600,737
Depreciation and amortization 49,160 50,65 Bad debts 22,147 19,85 Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,84 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 8,415 8,22 Investment income 8,415 8,22 Net realized gain on investments (19,605) 21,21 Equity gain in unconsolidated affiliates 1,047 1,05 Net interest cost on swap agreements (2,816) (2,99 Change in fair value of swap agreements (459) (3,56 Income taxes and other (15,481) (9,54 Total non-operating (expense) income (20,472) 18,04 Excess of revenues over expenses 20,620 67,53	Supplies and expense	490,802	477,245
Bad debts 22,147 19,83 Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,84 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 8,415 8,22 Investment income 8,415 8,22 Net realized gain on investments (19,605) 21,21 Equity gain in unconsolidated affiliates 1,047 1,05 Net interest cost on swap agreements (2,816) (2,95 Change in fair value of swap agreements (459) (3,56 Income taxes and other (15,481) (9,54 Total non-operating (expense) income (20,472) 18,04 Excess of revenues over expenses 20,620 67,53	Medical claims and capitation		263,200
Interest expense 6,025 6,17 Total operating expenses 1,499,183 1,417,84 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 8,415 8,22 Investment income 8,415 8,22 Net realized gain on investments (19,605) 21,21 Net unrealized (loss) gain on investments (19,605) 21,21 Equity gain in unconsolidated affiliates 1,047 1,05 Net interest cost on swap agreements (2,816) (2,95 Change in fair value of swap agreements (459) (3,56 Income taxes and other (15,481) (9,54 Total non-operating (expense) income (20,472) 18,04 Excess of revenues over expenses 20,620 67,53	•	49,160	50,651
Total operating expenses 1,499,183 1,417,84 Income from operations before other expense 44,953 49,48 Other expense 3,861 1 Income from operations after other expense 41,092 49,48 Non-operating income (expense) 8,415 8,22 Investment income 8,415 8,22 Net realized gain on investments (19,605) 21,21 Equity gain in unconsolidated affiliates 1,047 1,047 Net interest cost on swap agreements (2,816) (2,99 Change in fair value of swap agreements (459) (3,56 Income taxes and other (15,481) (9,54 Total non-operating (expense) income (20,472) 18,04 Excess of revenues over expenses 20,620 67,53	Bad debts	22,147	19,832
Income from operations before other expense Other expense Income from operations after other expense Non-operating income (expense) Investment income Net realized gain on investments Net unrealized (loss) gain on investments Equity gain in unconsolidated affiliates Net interest cost on swap agreements Change in fair value of swap agreements Income taxes and other Total non-operating (expense) Excess of revenues over expenses 44,953 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 41,092 49,48 4	Interest expense	6,025	6,175
Other expense 3,861 Income from operations after other expense 41,092 49,48 Non-operating income (expense) Investment income 8,415 8,22 Net realized gain on investments 8,427 3,66 Net unrealized (loss) gain on investments (19,605) 21,21 Equity gain in unconsolidated affiliates 1,047 1,05 Net interest cost on swap agreements (2,816) (2,99 Change in fair value of swap agreements (459) (3,56 Income taxes and other (15,481) (9,54 Total non-operating (expense) income (20,472) 18,04 Excess of revenues over expenses 20,620 67,53	Total operating expenses	1,499,183	1,417,840
Income from operations after other expense Non-operating income (expense) Investment income Net realized gain on investments Net unrealized (loss) gain on investments Equity gain in unconsolidated affiliates Net interest cost on swap agreements Change in fair value of swap agreements Income taxes and other Total non-operating (expense) income (20,472) 49,48 8,427 3,66 (19,605) 21,21 20,99 (2,816) (2,99 (3,56) (15,481) (9,54 Total non-operating (expense) income (20,472) Excess of revenues over expenses	Income from operations before other expense	44,953	49,483
Non-operating income (expense) Investment income Net realized gain on investments Net unrealized (loss) gain on investments Equity gain in unconsolidated affiliates Net interest cost on swap agreements Change in fair value of swap agreements Income taxes and other Total non-operating (expense) income Non-operating income (expense) 8,415 8,22 8,427 3,66 19,605) 21,21 20,816 (2,995 (2,816) (2,995 (3,56) (15,481) (9,54) (9,54) Excess of revenues over expenses 20,620 67,53	Other expense	3,861	_
Investment income Net realized gain on investments Net unrealized (loss) gain on investments Equity gain in unconsolidated affiliates Net interest cost on swap agreements Change in fair value of swap agreements Income taxes and other Total non-operating (expense) income Excess of revenues over expenses 8,427 3,66 (19,605) 21,21 1,05 (2,816) (2,99 (3,56 (459) (3,56 (15,481) (9,54 Excess of revenues over expenses 20,620 67,53	Income from operations after other expense	41,092	49,483
Net realized gain on investments8,4273,66Net unrealized (loss) gain on investments(19,605)21,21Equity gain in unconsolidated affiliates1,0471,05Net interest cost on swap agreements(2,816)(2,95Change in fair value of swap agreements(459)(3,56Income taxes and other(15,481)(9,54Total non-operating (expense) income(20,472)18,04Excess of revenues over expenses20,62067,53	Non-operating income (expense)		
Net unrealized (loss) gain on investments Equity gain in unconsolidated affiliates Net interest cost on swap agreements Change in fair value of swap agreements Income taxes and other Total non-operating (expense) income (19,605) 21,21 1,047 1,05 (2,816) (2,99 (3,56) (15,481) (9,54) Excess of revenues over expenses 20,620 67,53	Investment income	8,415	8,229
Equity gain in unconsolidated affiliates Net interest cost on swap agreements Change in fair value of swap agreements Income taxes and other Total non-operating (expense) income Excess of revenues over expenses 1,047 1,05 (2,816) (2,816) (3,56 (15,481) (9,54 18,04 Excess of revenues over expenses 20,620 67,53	Net realized gain on investments	8,427	3,665
Net interest cost on swap agreements Change in fair value of swap agreements Income taxes and other Total non-operating (expense) income Excess of revenues over expenses (2,816) (2,99) (3,56) (15,481) (9,54) (20,472) (15,481) (9,54) (20,472) (15,481) (9,54) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,481) (15,	Net unrealized (loss) gain on investments	(19,605)	21,212
Change in fair value of swap agreements Income taxes and other (15,481) (9,54) Total non-operating (expense) income (20,472) Excess of revenues over expenses 20,620 67,53	Equity gain in unconsolidated affiliates	1,047	1,051
Income taxes and other Total non-operating (expense) income Excess of revenues over expenses (15,481) (9,54) (20,472) 18,04 Excess of revenues over expenses 20,620 67,53	Net interest cost on swap agreements	* '	(2,999)
Total non-operating (expense) income (20,472) 18,04 Excess of revenues over expenses 20,620 67,53	Change in fair value of swap agreements	(459)	(3,566)
Excess of revenues over expenses 20,620 67,53	Income taxes and other	(15,481)	(9,543)
	Total non-operating (expense) income	(20,472)	18,049
	Excess of revenues over expenses	20,620	67,532
Other changes in unrestricted net assets	Other changes in unrestricted net assets		
		3,893	4,400
•	-	•	(280)
	Pension adjustment	, ,	43,009
	· · · · · · · · · · · · · · · · · · ·		(11)

Consolidated Statements of Changes in Net Assets (In Thousands)

	Year Ended September 30					
	2011	2010				
Unrestricted net assets:						
Excess of revenues over expenses	\$ 20,620	\$ 67,532				
Net assets released from restrictions for capital	3,893	4,400				
Transfers to restricted net assets	(173)	(280)				
Pension adjustment	(47,367)	43,009				
Other	(183)	(11)				
(Decrease) increase in unrestricted net assets	(23,210)	114,650				
Temporarily restricted net assets:						
Restricted investment income	238	257				
Net realized and unrealized gain on investments	202	3,278				
Contributions	10,814	14,674				
Transfers from unrestricted net assets	173	280				
Net assets released from restrictions						
For operations	(5,126)	(4,985)				
For capital	(3,893)	(4,400)				
Other	(64)	(36)				
Increase in temporarily restricted net assets	2,344	9,068				
Permanently restricted net assets:						
Contributions	722	39				
Change in value of perpetual trusts	(1,523)	1,175				
(Decrease) increase in permanently restricted net assets	(801)	1,214				
(Decrease) increase in net assets	(21,667)	124,932				
Net assets at beginning of year	647,322	522,390				
Net assets at end of year	\$ 625,655	\$ 647,322				

See accompanying notes.

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended September 30				
		2011		2010	
Operating activities					
Change in net assets	\$	(21,667)	\$	124,932	
Adjustments to reconcile change in net assets to cash provided					
by operating activities					
Depreciation and amortization		49,160		50,651	
Pension adjustment		47,367		(43,009)	
Net realized and unrealized (gain) loss on investments		11,435		(24,589)	
Provision for bad debts		22,147		19,832	
Change in beneficial interest of perpetual trusts		1,523		(1,175)	
Restricted contributions		(11,536)		(14,713)	
Changes in equity investment of affiliate		(1,047)		(1,051)	
Increase in accounts receivable, patients		(25,183)		(20,615)	
Net change in estimated final settlements		6,800		25,136	
Change in accounts payable and accrued expenses		17,071		22,644	
Change in accrued pension liability, net		(15,103)		(16,711)	
Increase in medical claims payable		4,114		11,171	
Increase in insurance liability loss reserves		8,219		4,096	
Other		(6,960)		(19,556)	
Net cash provided by operating activities		86,340		117,043	
Investing activities					
Proceeds from sale and maturities of investments		498,636		626,742	
Purchase of investments	(-	449,216)		(624,017)	
Purchase of land, buildings, and equipment	(141,580)		(127,691)	
Net cash used in investing activities		(92,160)		(124,966)	
Financing activities					
Proceeds from restricted contributions		11,536		14,713	
Increase in note receivable		(749)		(32,137)	
Proceeds from debt issuance				37,917	
Repayments of short-term obligations		(904)		(689)	
Repayment of long-term debt		(5,635)		(5,900)	
Net cash provided by financing activities		4,248		13,904	
Net increase in cash and cash equivalents		(1,572)		5,981	
Cash and cash equivalents at beginning of year		125,187		119,206	
Cash and cash equivalents at end of year	\$	123,615	\$	125,187	

See accompanying notes.

Notes to Consolidated Financial Statements

September 30, 2011

1. Organization

Baystate Health, Inc (Baystate Health or BH), based in Springfield, Massachusetts, is the parent corporation of an integrated healthcare delivery system with the mission "to improve the health of the people in our community every day, with quality and compassion."

Baystate Health currently includes the following.

- Baystate Medical Center, Inc (BMC), located in Springfield, Massachusetts, is the largest of the three hospitals in the Baystate Health system BMC, the leading health facility in western Massachusetts, is the only tertiary care referral medical center and Level I trauma center in the region. It is also home to western New England's only neonatal and pediatric intensive care units BMC is a 653-bed, tax-exempt, not-for-profit, academic teaching hospital that serves as the western campus of Tufts University School of Medicine
- Baystate Total Home Care, Inc (BTHC) is a tax-exempt, not-for-profit corporation which is organized to benefit, support, and further the charitable activities of BMC by holding, leasing, improving, and managing real estate held by, or acquired on behalf of, BMC BTHC serves as the operating entity in connection with the new markets tax credit financing for the BMC Hospital of the Future project
- Baystate Franklin Medical Center, Inc (BFMC) located in Greenfield, Massachusetts, is a 90-bed, tax-exempt, not-for-profit, acute care community hospital BFMC serves the northern tier of northwestern Massachusetts and southern Vermont
- Baystate Mary Lane Hospital Corporation (BMLH) located in Ware, Massachusetts, is a 31-bed, tax-exempt, not-for-profit, acute care community hospital BMLH provides services to more than 16 central Massachusetts communities.
- Baystate Medical Practices, Inc. (BMP) is a tax-exempt, not-for-profit organization formed in 2010 through a merger of Baystate Medical Education and Research Foundation, Inc (BMERF), Baystate Affiliated Practice Organization, Inc (BAPO), and Baystate Vascular Services, Inc (BVS) The merger was effective September 30, 2010 for the purposes of consolidation, and was legally effective on January 1, 2011

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

BMP includes a multi-specialty academic group practice established to support the educational and research programs of Baystate Health, as well as numerous primary care and outreach services BMP also includes community-based primary care (internists and pediatricians), medical and surgical practices, obstetrical and gynecological, and hospitalist physicians dedicated to the care and management of patients hospitalized at BH-affiliated hospitals BMP also provides preventative, diagnostic, and therapeutic health services enhancing the cardiovascular clinical, educational, community, and research activities for BH and its service area.

- Baystate Visiting Nurse Association & Hospice (BVNAH) is a tax-exempt, not-for-profit
 organization that provides comprehensive home healthcare committed to providing the
 highest quality care to patients and families, primarily in the home setting BVNAH
 meets individual needs by bringing experienced nurses, rehabilitation therapists, social
 workers, and home care aides to patients' homes
- Health New England, Inc (HNE) is a for-profit, taxable health maintenance organization located in Springfield, Massachusetts, approximately 97% of which is owned by BH, the remaining 3% is owned by BH-affiliated physicians HNE's service area in Massachusetts includes Franklin, Berkshire, Hampden, and Hampshire counties, and part of Worcester County HNE also serves Hartford, Litchfield, and Tolland counties in Connecticut
- Ingraham Corporation (IC) is a for-profit, taxable corporation that currently serves as a holding company for Baystate Health Ambulance, Inc
- Baystate Health Ambulance, Inc (BHA) is a for-profit, taxable corporation that delivers the latest in mobile critical care providing 24-hour service throughout western New England
- Baystate Administrative Services, Inc. (BAS) is a tax-exempt, not-for-profit corporation that provides management support for the BH subsidiaries, including human resources, marketing, strategic planning, information services, and financial services
- Baystate Health Foundation, Inc (BHF) is a tax-exempt, charitable organization established for the purpose of fund-raising for healthcare-related activities, in support, and for the benefit, of BH and those subsidiaries of BH that are tax-exempt, not-for-profit corporations, and to hold endowment, charitable donations, and other funds for their benefit

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

• Baystate Health Insurance Company, Ltd (BHIC) is a captive insurance company organized and licensed in the Cayman Islands, British West Indies BHIC provides professional liability and other insurance coverage to the corporate members of BH and their employees In 2004, BHIC began offering malpractice insurance to members of BH's medical staff who meet criteria for participation

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of BH and its subsidiaries noted above. All intercompany and subsidiary accounts and transactions have been eliminated

Use of Estimates

The preparation of financial statements in conformity with U S generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made in the areas of the allowance for uncollectible patient accounts receivable, reserve for contractual allowances, investment valuation, accruals for settlements with third-party payors, medical claims payable, accrued insurance liability loss reserves, pension costs, and accrued compensation and benefits

Net Assets

Baystate Health and its subsidiaries report net assets and revenues, expenses, gains, and losses based upon the existence or absence of donor-imposed restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into the following categories.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Unrestricted Net assets that are not subject to donor-imposed stipulations

Net assets may be designated for specific purposes by action of the Board of Trustees, or may otherwise be limited by

contractual agreements with outside parties.

Temporarily restricted Net assets whose use by Baystate Health and its subsidiaries

are subject to donor-imposed stipulations that can be fulfilled by actions of Baystate Health and its subsidiaries, or that expire by the passage of time. At September 30, 2011 and 2010, temporarily restricted net assets consist of amounts restricted as to spending for various purposes, such as education, research, clinical, and healthcare programs, as well as cumulative net appreciation of permanent endowment

funds

Permanently restricted Net assets subject to donor-imposed stipulations that they be

maintained permanently by Baystate Health and its subsidiaries. At September 30, 2011 and 2010, permanently restricted net assets consist of the original cost of permanent

endowment gifts and beneficial interests in perpetual trusts.

Revenues from sources other than donor-restricted contributions are reported as increases in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law Expirations of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service

Contributions, including unconditional promises to give and grant awards, are recognized as revenues in the period received. Contributions received with donor-imposed restrictions are reported as permanently or temporarily restricted revenues, depending upon the specific restriction. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair values at the date of the gift. Contributions to be received after one year are discounted at a risk-free rate commensurate with the expected payment term. Amortization of the discount is recorded as contribution revenue in the appropriate net asset category. Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant information.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased.

Investments

Investments, including funds held by trustees under bond indenture agreements, are recorded at fair value in the consolidated statements of financial position. The fair value of investments is estimated using quoted market values. Interest and dividends on investments are included in other revenue or non-operating income in the statements of operations unless the income or loss is restricted by donor or law Realized gains and losses and unrealized gains and losses on investments are included in non-operating income or temporarily restricted net assets, as applicable. Investment-related expense, such as custodial fees and investment fees, are netted against investment revenues and are immaterial for the year ended September 30, 2011.

Investments include mutual funds, fixed income and equity securities, as well as interests in limited partnerships, common collective trusts, and limited liability corporations. Baystate Health has also entered into partnership agreements with limited partnerships, the majority of which are in private markets, whereby they have agreed to certain capital commitments. Baystate Health's policy is to record its ownership interest in these investments of less than 5% at the lower of cost or market. As of September 30, 2011, approximately \$40,230,000 of total capital commitments, including those held within the pension plan assets discussed at Note 14, remain outstanding. Certain of the partnerships may hold some securities without readily determinable fair values and, consequently, the general partner may estimate fair value for such securities. These estimates may differ significantly from the values that would have been used had a ready market existed, and may also differ significantly from the values at which such investments may be sold, and the differences could be material. For those funds where the ownership interest is more than 5%, the ownership interests are reported using the equity method of accounting. Under the equity method, Baystate Health recognizes its share of the increase or the decrease of the investment's fair value in non-operating income.

Investments are included in pooled investment funds. Current market value is used to determine the percent of each fund in the pool. Income from investments of a pool, including gains or losses, is allocated to participating funds based on the respective fund's percentage of the pool.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost (principally first-in, first-out method) or market

Note Receivable

In December and May 2009, BMC loaned \$31,186,783 and \$32,617,500 respectively, to a third party relating to project costs of approximately \$252,000,000 for the construction of a new hospital facility at 759 Chestnut Street, Springfield, Massachusetts (the Hospital of the Future, or HOF) The loans are part of a financing arrangement that utilizes new markets tax credits (NMTC) to reduce cash required by BMC to construct this new facility. Each loan bears interest at 2 139% annually, with annual cash payments during the first seven years of the thirty-three year term based on an interest rate of 1 00%. The notes are recorded as notes receivable in the statement of financial position as of September 30, 2011 and 2010.

Equity Investment in Unconsolidated Affiliates

Baystate Health participates in joint ventures, with 50% or less ownership, and accounts for the investment in these unconsolidated affiliates as equity investments

Deferred Expenses and other long-term assets

Deferred expense includes unamortized bond issuance expenses, which are amortized over the weighted-average terms of the bonds, and deferred tax assets of HNE

Goodwill held at BH related to the acquisition of HNE is included within long-term assets and is assessed annually for indicators of impairment on July 1 of each year. There were no such indicators in the year-ended September 30, 2011

Assets Whose Use is Limited

Assets whose use is limited include assets held by the trustee under indenture agreements and designated assets set aside by the Board of Trustees for future capital improvements and other strategic initiatives which are in furtherance of Baystate Health and its subsidiaries' exempt and charitable purposes. Also included are investments of the captive insurance company and beneficial interests in perpetual trusts.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost, less depreciation and amortization determined on the straight-line basis.

Maintenance and repairs are charged to expense as incurred Betterments and major renewals are capitalized. Cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and the resulting gain or loss is included in other revenue. Buildings and equipment under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life. Useful life is assigned in accordance with the American Hospital Association's guide for Estimated Useful Lives of Depreciable Hospital Assets. Such amortization is included in depreciation and amortization in the consolidated financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Statements of Operations

All activities of Baystate Health deemed by management to be ongoing and central to the provision of healthcare services are reported as operating revenues and expenses. Other activities are considered non-operating, and include board-designated investment income and realized gains and losses, unrealized gains and losses on investments, changes in BHIC loss reserves, equity gains in unconsolidated affiliates, losses on extinguishment of debt, interest savings on swap agreements, changes in fair value of swap agreements, and income taxes

The consolidated statements of operations include excess of revenues over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from excess of revenues over expenses include net assets released from restrictions for capital, transfers to restricted net assets, and the pension adjustment

Other Expenses

Other expenses are presented separately from the natural classification of expenses reported in the consolidated statements of operation. Other expenses are considered non-recurring and are comprised of severance and benefit costs resulting from a reduction in workforce.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Contracts, laws, and regulations governing Medicare, Medicaid, Blue Cross, and the Health Safety Net programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Blue Cross and other managed care plans have negotiated with Baystate Health and its subsidiaries various forms of contractual payment rates. The most common payment rates include discounted charges, per case, per diems, and fee schedules

Medicaid payment rates are negotiated between the Division of Medical Assistance and individual hospitals Medicare Prospective Payment System (PPS) regulations determine payment due acute care hospitals for inpatient services provided to Medicare beneficiaries. Medicare payments for outpatient services are a blend of PPS and fee schedules

During 2011 and 2010, Baystate Health recorded adjustments to amounts accrued for settlements related to prior fiscal years. The net effect of such adjustments was to increase net patient service revenue by approximately \$7,385,000 and \$8,695,000 in 2011 and 2010, respectively

Medicare and Medicaid Electronic Health Record (EHR) Program

Certain health care providers can earn up to four incentive payments between federal fiscal years 2011 and 2016 if certain specific program criteria are met. The providers are required to establish an EHR system and maintain its meaningful use status for a continuous 90-day period. In subsequent years, such meaningful use must be maintained for the entire 365 day federal fiscal year.

Baystate Health records the revenue related to this program when management is reasonably assured that Baystate Health has complied with the terms of the program

Baystate Health has included \$10,676,000 in other revenue related to the program in fiscal year 2011. The estimate is based on cost report data which is subject to audit and the amounts recognized are subject to change. Baystate Health's attestation of compliance with the meaningful use criteria is subject to audit by the Federal or State government or its designee.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Premium Revenue

Premium revenue represents insurance membership contract revenue at HNE. The contracts generally cover a 12-month period, and are subject to cancellation by the employer group or HNE upon 30 days' written notice. Premiums are due monthly, and are recognized as revenue during the period in which HNE is obligated to provide services to members.

Health Safety Net

In April 2006, the Commonwealth passed Chapter 58 of the Acts of 2006, An Act Providing Access to Affordable, Quality, Accountable Health Care, the goal of which is to provide near-universal health insurance coverage to Massachusetts residents through a combination of Medicaid expansions, subsidized private insurance programs, insurance market reforms, and the Health Safety Net

The Health Safety Net reimburses hospitals for uncompensated care based on actual services provided at rates approximating the Medicare Prospective Payment System, subject to available funds Like its predecessor, the Uncompensated Care Pool, the Health Safety Net is partially funded by acute hospitals through an assessment on gross charges billed to non-governmental payors

Charity Care and Community Support

It is the policy of Baystate Health to provide care to any patient in need of medical care, regardless of the patient's ability to pay for such care Based upon the patient's financial capability to pay, such care is provided free of charge or at amounts below normal charges Because amounts determined to qualify as charity care are not pursued, they are not reported as revenue. The amounts of such care at standard charges were approximately \$46,512,000 and \$42,483,000 for the years ended September 30, 2011 and 2010, respectively

In addition to the charity care provided to patients, Baystate Health and its subsidiaries have ongoing community outreach initiatives in the areas of health services access, education, safety, and community reinvestment. The initiatives include free-standing health centers, improving school-based health services, implementing an immunization tracking system to link preschool aged children to primary care providers, youth development programs, increasing minority employment, improving the community's health status, wellness, health and safety programs for senior citizens, and health screenings and forums

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Income Taxes

All of Baystate Health's consolidated entities are recognized by the Internal Revenue Service as tax-exempt, not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code, except for BHIC, IC and its subsidiary, and HNE and its subsidiaries

Recent Accounting Pronouncements

In May 2009, the Financial Accounting Standards Board (FASB) issued FASB Statement No 164, Not-for-Profit Organizations: Mergers and Acquisitions (codified in Subtopic 958-805 from ASU 2010-07 – Not-for-Profit Entities: Mergers and Acquisitions) This guidance is applied prospectively to (a) mergers for which the merger date is on or after 15 December 2009 and (b) acquisitions for which the acquisition date is October 1, 2010 for Baystate Health The amendments in this Accounting Standards Update provide guidance on accounting for combinations of not-for-profit entities Those transactions or other events include mergers of two or more not-for-profit entities and acquisitions by a not-for-profit entity that result in its initially recognizing another not-for-profit entity, a business, or a nonprofit activity in its financial statements. There was no material impact to Baystate Health's financials upon the adoption of this standard

In September 2009, the FASB issued Accounting Standards Update (ASU) 2009-12, which provides amendments to Topic 820 for the measurement of investments in certain entities that calculate net asset value per share, or equivalent. This Update also requires additional fair value disclosures related to these investments. The amendments in this update were effective for Baystate Health beginning October 1, 2010 and did not have a material impact to Baystate Health's financials upon the adoption of this standard

In January 2010, the FASB issued ASU 2010-06 to amend ASC 820, Fair Value Measurements and Disclosure The guidance in ASU 2010-06 was effective for Baystate Health beginning October 1, 2010 and required additional discussion and disclosures related to fair value measurements The adoption of this standard did not have a material impact to Baystate Health's financials.

Recently Issued Accounting Standards Not Yet Adopted

In August 2010, the FASB issued ASU 2010-24, Topic 954, *Presentation of Insurance Claims and Related Insurance Recoveries* The amendments in this update clarify that a healthcare entity should not net insurance recoveries against a related claim liability. Additionally, the amount of

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

the claim liability should be determined without consideration of insurance recoveries. The amendments in this update permit retrospective application, and are effective for fiscal years beginning after December 15, 2010. Baystate Health has not yet determined the effect that the adoption of ASU 2010-24 will have on its financial statements.

On October 1, 2011 (effective for fiscal years beginning on or after December 15, 2010), Baystate Health will adopt amendments to ASC 954, Health Care Entities, that change the disclosure requirements around the measurement of charity care provided. The amendments require charity care to be measured at cost, defined as the direct and indirect cost of providing services. Companies may derive the cost of providing services directly from a cost accounting system or, in the absence of such a system, through reasonable estimation techniques. The method used to identify or estimate such costs must also be disclosed. The cost of charity care provided should not be reduced by any reimbursements received to offset or subsidize charity services provided, such as through government programs or private grants, rather, these amounts should be separately disclosed. Baystate Health will include the new charity care disclosures in its 2012 audited financial statements. Baystate Health will be required to apply the disclosures retrospectively to all periods presented.

In May 2011 the FASB issued ASU 2011-04 to amend ASC 820, Fair Value Measurement The amendments in this update require an entity to disclose information that helps users of its financial statements assess (a) the valuation techniques and inputs used to develop measurements of fair value of assets and liabilities measured on a recurring or nonrecurring basis, and (b) the effect of the measurements on changes in net assets for recurring fair value measurements using significant unobservable inputs (Level 3) The disclosure requirements of this update are effective for the annual period beginning October 1, 2012.

In July 2011, the FASB issued ASU 2011-07, Topic 954, Presentation and Disclosure of Patient Service Revenue, Provision of Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities. The amendments in this update require an entity that recognizes significant amounts of patient service revenue at the time the services are rendered but does not assess whether patients are able to pay to reclassify its provision for bad debts from an operating expense to a deduction from patient service revenue, net of contractual allowances and discounts. The amendments further requires enhanced disclosures surrounding revenue recognition policies, assessing bad debts, qualitative and quantitative information about changes in the allowances for doubtful accounts, and disclosure of patient service revenue, net of contractual allowances and discounts. The amendments in this update are effective for interim and annual periods beginning after December 15, 2012 for nonpublic entities.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Reclassifications

Certain reclassifications of prior period data have been made to conform to the current year's presentation.

3. Cash and Investments

The composition of cash and investments at September 30, 2011 and 2010 are as follows (in thousands)

	2011	2010
Cash and cash equivalents	\$ 165,910	\$ 261,384
Common and preferred stock	166,223	169,390
U S government and domestic fixed income securities	342,444	333,886
Real estate	14,136	13,857
Commodities and other investments	108,146	80,310
	\$ 796,859	\$ 858,827

Cash and investments at September 30, 2011 and 2010 are included in the consolidated statements of financial position as follows (in thousands)

	2011	2010
Cash and cash equivalents	\$ 123,615	\$ 125,187
Investments	299,523	269,043
Long-term investments	50,440	51,617
Board-designated cash and investments	198,836	206,477
Investments of captive insurance company	87,721	87,311
Investments held by trustee	36,724	119,192
	\$ 796,859	\$ 858,827
	2011	2010
Investment income included in other revenue	\$ 7,890	\$ 8,709

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements

Baystate Health calculates fair value as described in ASC 820-10 to value its financial assets and liabilities, when applicable Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820-10 establishes a three-level valuation hierarchy that prioritizes observables and unobservables inputs used to measure fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined 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

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

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, Baystate Health utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as consider counterparty credit risk in its assessment of fair value.

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

Financial assets and liabilities carried at fair value as of September 30, 2011 and 2010 are classified in the table below in one of the three categories described above (in thousands)

	Level 1	Level 2	Level 3	Total
Year ended September 30, 2011				
Assets	0 465040			<i>*</i> 46 = 040
Cash equivalents	\$ 165,910	O 107011		\$ 165,910
Common and preferred stock	41,209	\$ 125,014		166,223
U S government and domestic fixed income securities	222 020	0.615		242 444
Commodities and other investments	332,829 1,908	9,615 27,572		342,444 29,480
Alternative investments held at	1,900	27,372		29,400
market value			\$ 61,567	61,567
Beneficial interest in perpetual trusts	30,077		Φ 01,507	30,077
Beneficial interest in perpetual trusts	\$ 571,933	\$ 162,201	\$ 61,567	\$ 795,701
Alternative investments (held at lower	<u> </u>	Ψ 102,201	<u> </u>	4 //04/01
of cost or market)				31,235
Financial assets, including alternative				826,936
Liabilities				
Interest rate swap agreements	\$ -	\$ 10,424	\$ -	\$ 10,424
	Level 1	Level 2	Level 3	Total
Year ended September 30, 2010				
Assets				
Cash equivalents	\$ 261,384			\$ 261,384
Common and preferred stock	36,847	\$ 132,543		169,390
U.S. government and domestic fixed				
income securities	306,250	27,636		333,886
Commodities and other investments	<u>-</u>	19,349		19,349
Beneficial interest in perpetual trusts	31,600	-		31,600
	\$ 636,081	\$ 179,528	\$ -	\$ 815,609
Alternative investments (held at lower				
of cost or market)				74,818
Financial assets, including alternative				\$ 890,427
Liabilities				
Interest rate swap agreements	\$ -	\$ 9,965	\$ -	\$ 9,965
interest rate swap agreements	4, -	φ	ψ <u>-</u>	Ψ 2,203

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

The following is a description of Baystate Health's valuation methodologies for assets measured at fair value Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers, and brokers. Level 3 assets consist of direct investments in hedge funds and hedge fund of funds.

The valuation methodologies for liabilities measured at fair value are determined using models that consider interest rates and credit spreads. The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values Furthermore, while Baystate Health believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The amounts classified in the table above exclude assets invested in Baystate Health's defined benefit plan and limited partnership interests that Baystate Health has recorded at cost.

Level 3 investments, including direct investments in hedge funds and hedge fund of funds, utilize the investment strategies detailed by the fund managers and reported to Baystate Health on at least a quarterly basis. These investment strategies include investments designed to enhance returns with less correlation to traditional asset classes with less risk.

The following table is a rollforward of the statement of financial position amounts for financial instruments classified by Baystate Health in Level 3 of the valuation hierarchy defined above (in thousands).

	Level 3 Assets 2011		
Fair value at beginning of year	\$	-	
Transfers in		49,109	
Unrealized losses		(1,392)	
Realized gains		3,050	
Purchases		10,800	
Fair value at end of year	\$	61,567	

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

Transfers into Level 3 assets consist of alternative investments for which the initial lock up period has expired

5. Pledges Receivable

Pledges receivable at September 30, 2011 and 2010 are as follows.

	 2011	2010
Receivable in less than one year	\$ 4,410	\$ 2,807
Receivable in one to five years	8,755	7,153
Receivable in more than five years	100	250
Total pledges receivable	13,265	 10,210
Less allowance for uncollectible pledges	(1,331)	(1,167)
Net pledges receivable	\$ 11,934	\$ 9,043

Net pledges receivable are included in prepaid expenses and other current assets on the statements of financial position

6. Land, Buildings, and Equipment

Details of land, buildings, and equipment at September 30, 2011 and 2010 are as follows (in thousands).

	 2011	 2010
Land, land improvements, and leasehold		
improvements	\$ 35,894	\$ 33,166
Buildings	401,677	394,102
Fixed equipment	94,971	94,694
Moveable equipment	427,844	402,802
Assets under capital leases	10,009	8,637
Construction in progress	252,253	150,693
	1,222,648	 1,084,094
Less accumulated depreciation and amortization	(688,887)	(643,248)
Total land, buildings, and equipment, net	\$ 533,761	\$ 440,846

Depreciation expense for the year ended September 30, 2011 and 2010 was \$48,578,000 and \$50,053,000, respectively

Notes to Consolidated Financial Statements (continued)

7. Short-Term Obligations and Commitments

Baystate Health's commercial paper borrowings at September 30, 2011 were \$7,290,000 (\$8,194,000 at September 30, 2010), at an average interest rate of 0.61%. The carrying value of these short-term obligations approximates fair value. The bank letter of credit committed to support commercial paper borrowings of Baystate Health amounted to \$10,000,000 at September 30, 2011 and 2010. BMC has guaranteed the commercial paper borrowings.

Baystate Health has a 50% ownership in Baycare Health Partners, Inc , a physician hospital organization. Baystate Health has provided an unconditional guarantee for a \$1,000,000 line of credit from a financial institution. There were no amounts outstanding under the line of credit at September 30, 2011 and 2010.

8. Leases

Baystate Health and its subsidiaries lease certain real property and equipment under non-cancelable leases expiring at various dates through 2016 with varying renewal options. Rentals generally include insurance and maintenance costs

Future minimum lease payments at September 30, 2011 are as follows (in thousands).

Year Ending September 30	Capital Leases	perating Leases
2012	\$ 550	\$ 8,330
2013	550	3,765
2014	550	2,480
2015	550	1,448
2016	373	576
Thereafter	1,589	144
Total minimum lease payments	4,162	\$ 16,743
Less amount representing interest	(1,321)	
Present value of net minimum lease payments	2,841	
Less current portion	(297)	
Long-term portion	\$ 2,544	

Rental expense of operating leases amounted to approximately \$10,480,000 and \$9,744,000 for the years ended September 30, 2011 and 2010, respectively

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt

BMC and BFMC have loan agreements with the Massachusetts Health and Educational Facilities Authority (MHEFA) for construction projects and equipment

Long-term obligations issued consist of the following.

	Amount Outstanding September 30		
	2011	2010	
MHEFA issues:			
BMC Series I	\$ 63,380	\$ 63,380	
BMC Series J-1	45,000	45,000	
BMC Series J-2	45,000	45,000	
BMC Series K-1	20,045	20,045	
BMC Series K-2	26,365	26,365	
BMC Series M-2	8,782	9,268	
BMC Series H	6,889	7,555	
BFMC Series M-4A	7,141	7,498	
BMC Series G	55,910	58,825	
BMC Series F	41,290	42,230	
BTHC NMTC Debt	107,471_	107,341	
	427,273	432,507	
Less original issue discount	(982)	(1,027)	
Capital leases	2,841	3,112	
Total long-term debt	429,132	434,592	
Less current portion	(5,837)	(5,631)	
Long-term debt excluding current portion	\$ 423,295	\$ 428,961	

Summary information for each issue follows

Hospital of the Future MHEFA Bond Issuances

On June 25, 2009, BMC issued Series I, J-1, J-2, K-1, and K-2 MHEFA Revenue Bonds in a combined aggregate principal amount of \$199,790,000 Proceeds from the bonds were used to pay off the Bank of America, NA loan of \$65,000,000 (borrowed in October 2008), and fund the

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

construction, improvement, equipping, and other related capital expenditures of a seven-story building located at 759 Chestnut Street in Springfield, Massachusetts Details of the HOF-related MHEFA bond issuances follows:

Series I Bonds

BMC issued Series I MHEFA Revenue Bonds in the aggregate amount of \$63,380,000 Interest rates range from 5 5% to 5 75% Final maturity on the bonds is July 1, 2036

Series J-1 Bonds

BMC issued Series J-1 MHEFA Revenue Bonds in the aggregate amount of \$45,000,000 Interest on the bonds is variable and was 0.14% at September 30, 2011. Final maturity on the bonds is July 1, 2044. The bonds are secured by an irrevocable letter of credit issued by JPMorgan Chase Bank that terminates in June 2012.

Series J-2 Bonds

BMC issued Series J-2 MHEFA Revenue Bonds in the aggregate amount of \$45,000,000 Interest on the bonds is variable and was 0.14% at September 30, 2011. Final maturity on the bonds is July 1, 2044. The bonds are secured by an irrevocable letter of credit issued by JPMorgan Chase Bank that terminates in January, 2014.

Series K-1 Bonds

BMC issued Series K-1 MHEFA Revenue Bonds in the aggregate amount of \$20,045,000. The bonds are subject to mandatory tender on July 1, 2013. The initial interest on the bonds is fixed at 5.0% through June 30, 2013, with final maturity on July 1, 2039.

Series K-2 Bonds

BMC issued Series K-2 MHEFA Revenue Bonds in the aggregate amount of \$26,365,000. The bonds are subject to mandatory tender on July 1, 2015. The initial interest on the bonds is fixed at 5.0% through June 30, 2015, with final maturity on July 1, 2039.

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

Series M-2

On June 30, 2008, BMC entered into a loan commitment under a Capital Asset Program financed by MHEFA through the issuance of variable rate demand Revenue Bonds, Series M-2. Proceeds of \$10,158,000 were used to refund the then-outstanding Revenue Bonds, BMC Issue, Series J-2, which were issued in 1995 (Series J-2-1995) The Series J-2-1995 bonds were issued to reimburse and fund certain capital renovation and equipment expenditures, and fund the purchase of an office building Interest on the Series M-2 bonds is variable, and resets weekly to reflect current market rates, and was 0 22% at September 30, 2011 Final maturity of the bonds is June 15, 2023

Series H Bonds

On January 18, 2007, BMC issued Series H MHEFA Revenue Bonds in the aggregate principal amount of \$10,000,000 Proceeds from the bonds were used to reimburse and fund certain capital additions, and fund the construction of a new parking garage. Interest on the bonds is variable based on monthly resets, and was 0 94% at September 30, 2011 Final maturity of the bonds is January 1, 2022.

Series M-4A Bonds

On February 1, 2005, BFMC entered into a loan commitment under a Capital Asset Program financed by MHEFA through the issuance of variable rate demand Revenue Bonds, Series M-4A Proceeds of \$9,100,000 were used to fund certain capital additions, renovations, and equipment expenditures related to the emergency department, radiology department, and inpatient facilities Interest on the bonds is variable, and resets weekly to reflect current market rates, and was 0.22% at September 30, 2011 Final maturity of the bonds is June 15, 2024

Series G Bonds

On October 27, 2005, BMC issued Series G MHEFA Revenue Bonds in the aggregate principal amount of \$71,740,000 Proceeds from the bonds were used to advance refund a portion of the outstanding Revenue Bonds, BMC Issue, Series E The Series E bonds were issued to finance or refinance the following. (a) construction of a new 104,500 gross square foot Ambulatory Care Center, (b) construction of a new 100,000 gross square foot building to house the Ambulatory Surgery Center, Medical Library, and education space, (c) renovation of various existing spaces within BMC, and (d) acquisition of equipment for the new facilities Bond proceeds were also

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

used to finance routine capital construction, renovations, and equipping of various facilities of BMC Interest on the bonds is variable, and resets every 35 days and was 0.17% at September 30, 2011 Final maturity of the bonds is July 1, 2026

Series F Bonds

On June 1, 2002, BMC issued Series F MHEFA Revenue Bonds in the aggregate principal amount of \$47,640,000 Proceeds from the bonds were used to reimburse and fund certain capital renovation and equipment expenditures and fund the construction of a new interdisciplinary cancer center known as the D'Amour Center for Cancer Care Interest on the bonds ranges between 5.0% and 5.75%. Final maturity of the bonds is July 1, 2033.

New Markets Tax Credit Debt

In December and May 2009, BMC entered into financing arrangements with U S Bancorp Community Development Corporation (U S Bancorp), Banc of America Community Development Corporation (Banc of America), and MHIC New Markets Fund II, LLC (MHIC) to fund a portion of the costs of the construction of a new hospital facility (the Hospital of the Future) in Springfield, Massachusetts, using the New Markets Tax Credit Program (NMTC Program) The NMTC Program is a Program of the Community Development Financial Institutions Fund, a bureau of the United States Treasury The NMTC Program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs)

In connection with the December and May 2009 financing arrangements, BMC loaned \$23,580,283 and \$32,617,500, respectively, to USBCDE Investment Fund XXXIII, LLC (the investment fund), a wholly owned subsidiary of USB ancorp. The notes bear interest at 2 139% annually, with annual cash payments during the first seven years of each thirty-three year term based on an interest rate of 1 00%. Also in connection with the December 2009 financing arrangement, BMC loaned \$7,606,500 to MHIC. The note bears interest at 1% annually, with no cash payments during the first seven years of the thirty-three year term. The notes are recorded as notes receivable in the statement of financial position as of September 30, 2011 and 2010.

Under the December 2009 financing arrangement, BTHC has borrowed \$37,692,500 from four CDEs established for the purpose of providing funds under the NMTC Program US Bancorp through the Investment Fund controls two of the CDEs and MHIC controls the other two As of September 30, 2011, BTHC has outstanding loans of \$27,490,000 and \$10,202,500 due to US Bancorp CDEs and MHIC CDEs, respectively, related to the December 2009 financing The

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

loans were issued in four tranches from each of the controlling entities U S Bancorp loans were issued in tranches A, B, C, and D The U S Bancorp CDEs A loan totaled \$19,886,783, the B loan \$2,653,217, the C loan \$3,693,500, and the D loan \$1,256,500 Each of the loans have a thirty-three year term, and bear interest at rates ranging from 8911% to 18315% annually MHIC loans were issued in tranches A, B, Series 2, and Series 4 The MHIC CDEs A loan totaled \$7,606,500, the B loan \$1,366,000, the Series 2 loan \$1,000,000, and the Series 4 loan \$230,000 Each of the loans have a thirty-three year term, and bear interest at rates ranging from 100% to 1935%

Under the May 2009 financing arrangement, BTHC has borrowed approximately \$69,424,000 from CDEs established for the purpose of providing funds under the NMTC Program U S Bancorp through the Investment Fund controls four of the CDEs and Banc of America controls the other CDE. As of September 30, 2011, BTHC has outstanding loans of approximately \$43,340,000 and \$26,084,000 due to U S Bancorp CDEs and Banc of America CDE, respectively The loans were issued in two tranches, an A tranche and a B tranche The A loans from the U S Bancorp CDEs totaled \$32,617,500, have a thirty-three year term, and bear interest at rates ranging from 0 816% to 1 00% annually The B loans from the U S Bancorp CDEs totaled \$10,722,500, have a thirty-three year term, and bear interest at rates ranging from 0 5% to 1 2832% annually The A loan from the Banc of America CDE of \$20,000,000 has a seven-year term, and bears interest at 5 992% annually The B loan from the Banc of America controlled CDE of \$6,084,000 has a seven-year term, and provides that if there has been no default, the principal balance will be forgiven at the end of the seven-year term. The B loan bears interest at 2 00% annually. Interest payments are due quarterly

BMC recorded interest income of approximately \$1,318,000 in 2011 and \$1,329,000 in 2010, and BTHC recorded net interest capitalized of approximately \$2,164,000 in 2011 and \$1,962,000 in 2010, related to the financing arrangement agreements

In 2016, U.S. Bancorp may put its interest in the Investment Fund to BMC for a put price of \$1,000. If U.S. Bancorp does not exercise its put rights, BMC may call its interest in the Investment Fund for a call price equal to the fair value of U.S. Bancorp's interest in the Investment Fund.

Significant Debt Covenants

The bond agreements include various financial covenants, the most restrictive of which are a pledge of revenues and the maintenance of a ratio of Net Revenue Available to Meet Debt Service to Total Principal and Interest Requirements of at least 11 (as defined by the agreement) Baystate Health was in compliance with those covenants during the fiscal years ended September 30, 2011 and 2010, except as noted below

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

In the quarter ended June 30, 2011, Baystate Franklin Medical Center was in covenant default of the Series M-4A debt service coverage ratio requirement. Baystate obtained directly from the financial institution a waiver of this covenant default for the quarter ended June 30, 2011 and was no longer in default as of September 30, 2011.

Certain buildings and equipment have been pledged as collateral for the borrowings

The following funds and their balances at September 30, 2011 and 2010 have been established in accordance with these agreements (in thousands)

	2011	2010
Debt service fund Construction fund	\$ 3,163 33,561	\$ 4,303 114,889
	\$ 36,724	\$ 119,192

The combined aggregate future principal payments of all long-term borrowings are as follows (in thousands).

2012	\$ 5,837
2013	6,069
2014	6,307
2015	6,566
2016	6,646
Thereafter	398,689
	\$ 430,114

BMC has entered into a guaranty agreement on behalf of BFMC in connection with outstanding MHEFA bonds

The fair value of the bonds payable at September 30, 2011 approximates \$450,814,000

Interest paid was \$10,791,000 and \$11,366,000 for 2011 and 2010, respectively

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

Interest Rate Swap Agreements

BMC periodically enters into interest rate swap agreements to moderate its exposure to interest rate changes and to lower the overall cost of borrowings. Gains and losses realized on termination of contracts are deferred and amortized over the remaining life of the associated contract.

BMC entered into an interest rate swap agreement with a financial institution with an original notional amount of \$67,470,000. The notional amount outstanding at September 30, 2011 and 2010 was \$39,363,000 and \$43,997,000, respectively. Under the terms of the agreement, BMC pays a fixed rate of 3.26%, and receives variable payments based upon the SIFMA Rate. The agreement, in effect, converts \$39,363,000 of notional variable rate debt to fixed rate debt.

In September 2005, BMC, in anticipation of the issuance of the Series G bonds, entered into an interest rate swap agreement with a financial institution with an original notional amount of \$71,740,000. The notional amount outstanding at September 30, 2011 and 2010 was \$55,910,000 and \$58,825,000, respectively. The agreement provides for the financial institution to pay variable rate payments to BMC equal to 56.9% of one-month LIBOR plus 0.32%, and for BMC to pay the financial institution a fixed rate of 3.021%. The LIBOR rate was 0.23% and 0.26% at September 30, 2011 and 2010, respectively. The agreement, in effect, converts \$55,910,000 of variable rate debt to a fixed rate of interest. There are termination provisions to this contract for each party.

The fair value of these agreements resulted in swap liabilities of approximately \$10,425,000 and \$9,965,000 at September 30, 2011 and 2010, respectively, is included in other long-term liabilities in the consolidated statements of financial position

The net interest savings (cost) and the change in the fair value of the associated interest rate swaps are included in non-operating income in the consolidated statements of operations

10. Interest Expense

Baystate Health and its subsidiaries capitalize interest cost as part of the historical cost of acquiring certain significant qualifying assets. During the years ended September 30, 2011 and 2010, interest cost was as follows (in thousands).

	2011	
Total interest cost	\$ 10,662	\$ 10,691
Net interest cost capitalized	(4,637)	(4,516)
Net interest cost expensed	\$ 6,025	\$ 6,175

Notes to Consolidated Financial Statements (continued)

11. Insurance Liability Loss Reserves

BHIC, wholly owned by Baystate Health, insures the professional and general liability of substantially all of Baystate Health's subsidiaries, with the exception of HNE, on an indemnity basis Baystate Health and certain of its subsidiaries have also purchased excess professional and general coverage from other insurers. In addition, BHIC insures the workers' compensation, employer's liability, excess workers' compensation, and long-term disability of certain of Baystate Health's subsidiaries

Reserves have been provided with the assistance of a consulting actuary for asserted claims and for unasserted claims probable of assertion arising from both reported and unreported incidents which are based on historical experience and existing reported incidents

12. Medical Claims and Capitation Expense

Medical claims and capitation expense include the following components for the years ended September 30, 2011 and 2010 (in thousands)

	2011	2010
Physician and other outpatient specialty services	\$ 166,329	\$ 152,352
Inpatient care and same day surgery	59,272	51,072
Pharmacy	62,296	51,127
Primary care capitation	3,418	2,453
Other medical services	11,543	6,469
Coordination of benefits	(456)	(421)
Net reinsurance recoveries	(921)	1,021
	301,481	264,073
Provider risk sharing, net	6,281	(873)
Total medical claims and capitation expense	\$ 307,762	\$ 263,200

13. Income Taxes

Income tax expense for the year ended September 30, 2011, for HNE and its subsidiaries, was approximately \$10,904,000 Net federal and state deferred tax assets totaled approximately \$3,473,000 and \$3,248,000 as of September 30, 2011 and 2010, respectively

Notes to Consolidated Financial Statements (continued)

13. Income Taxes (continued)

Income tax expense for the year ended September 30, 2011 and 2010, for IC and its subsidiary, was approximately \$7,000 and \$3,000, respectively. As of September 30, 2011, operating loss carryforwards for federal income tax purposes totaled approximately \$1,244,000 and \$12,900,000 for IC and BMC, respectively, which expire in various years ranging from 2012 to 2028. This results in a deferred tax asset, however, because utilization of these net operating losses is not reasonably assured, IC and BMC have recorded a full valuation allowance offsetting this deferred tax asset.

14. Funds Held in Trust by Others

Baystate Health and its subsidiaries are beneficiaries of certain perpetual trusts (the Trusts), from which they receive unrestricted income. Appreciation or depreciation in the value of the Trusts is recorded as an increase or decrease to permanently restricted net assets. During fiscal years 2011 and 2010, Trust distributions of approximately \$1,037,000 and \$1,045,000, respectively, are included in operating revenue.

15. Pension Plans

Baystate Health and certain of its consolidated subsidiaries and other ownership interests participate in a non-contributory, defined benefit cash balance retirement plan (the plan) covering substantially all of their eligible employees

Baystate Health's policy is to fund amounts as are necessary on an actuarial basis to provide for benefits in accordance with the Employee Retirement Income Security Act of 1974, using the accrued benefit (net credit) actuarial cost method

ASC 715, requires plan sponsors of defined benefit pension and other postretirement benefit plans (collectively, postretirement benefit plans) to recognize the funded status of their postretirement benefit plans in the statement of financial position, measure the fair value of the assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures ASC 715 requires Baystate Health to measure defined benefit plan assets and obligations as of September 30, the date of its fiscal year-end statement of financial position.

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

The following table presents the change in the plan-projected benefit obligation, change in plan assets, and funded status of the plan as of September 30 (in thousands), net of unconsolidated other ownership interest

	2011	2010
Change in pension obligation		
Pension obligation at beginning of year	\$ 700,166	\$ 686,136
Service cost	28,839	27,556
Interest cost	39,946	39,420
Actuarial loss	51,035	11,295
Benefits paid	(27,147)	(21,346)
Plan amendments	_	(42,895)
Pension obligation at end of year	792,839	700,166
Change in plan assets		
Fair value of plan assets at beginning of year	578,634	504,601
Actual return on plan assets	47,401	55,379
Employer contributions	40,000	40,000
Benefits paid	(27,147)	(21,346)
Fair value of plan assets at end of year	638,888	578,634
Funded status		
Funded status of the plan	(153,951)	(121,532)
Pension liability	\$ (153,951)	\$ (121,532)
Amounts recognized in unrestricted net assets consist of		
Net actuarial loss	279,672	\$236,046
Prior service credit	(31,224)	(35,192)
Pension adjustment	\$ 248,448	\$ 200,854

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

Exclusive of other ownership interest, the underfunded status of the plan at September 30, 2011 is \$153,177,000, the change in the pension adjustment is \$47,367,000 and the total pension adjustment is \$247,379,000.

The net actuarial loss and prior service credit expected to be recognized in benefit cost in 2012 is approximately \$14,275,000 and \$3,969,000, respectively

The assumptions used to develop the projected benefit obligation as of September 30 are as follows:

	2011	2010
Measurement date	September 30, 2011	September 30, 2010
Discount rate	5.20%	5 60%
Rate of compensation increase	3.25%	3 25%

The accumulated benefit obligation was approximately \$696,502,000 and \$602,473,000 at September 30, 2011 and 2010, respectively

Net Periodic Pension Cost

Net pension cost for the defined benefit plan for the years ended September 30, 2011 and 2010 includes the following components (in thousands)

	2011	2010
Service cost	\$ 28,839	\$ 27,556
Interest cost	39,946	39,420
Expected return on plan assets	(50,385)	(48,291)
Amortization of prior service (credit) cost	(3,969)	(3,256)
Recognized net actuarial loss	10,394	7,780
Net pension cost	\$ 24,825	\$ 23,209

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

The assumptions used to determine net pension cost for the years ended September 30, 2011 and 2010 are as follows

	2011	2010
Discount rate	5.60%	6 20%
Expected return on plan assets	7.75	8 25
Rate of compensation increase	3.25	3 75

Plan Assets

The plan's investment objectives are to achieve long-term growth in excess of inflation, and to provide a rate of return that meets or exceeds the actuarial expected long-term rate of return on plan assets. In order to minimize risk, the plan attempts to minimize the variability in yearly returns. The plan diversifies its holdings among sectors, industries, and companies. The target allocations of assets at September 30, 2011, were equities 30%, fixed income 40%, and other 30%

To develop the expected long-term rate of return on plan assets assumption, Baystate Health considered the historical return and the future expectations for returns for each asset class, as well as the target asset allocation of the pension investment portfolio

Baystate Health's pension plan asset allocation by asset category, as of September 30, is as follows:

. . . .

	2011	
Common and preferred equity securities	26%	30%
U S government and domestic fixed income securities	46	42
Other investments	28	28
	100%	100%

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

Pension Disclosure

Financial assets invested in Baystate Health's defined benefit pension plan (the Plan) are classified in the table below in one of the three categories described previously as of September 30, 2011 and 2010 (in thousands)

Level 1 Level 2 Level 3 Total Money market \$ 1,571 \$ 2,952 \$ 4,523 Mutual funds \$ 2,960 \$ 24,960 \$ 24,960 Other \$ 24,960 \$ 29,858 \$ 29,858 Closed end real estate funds \$ 12,000 \$ 12,000 Common collective trusts. \$ 12,000 \$ 12,000 US government securities \$ \$ 29,858 \$ \$ 29,858 International stock \$ 13,324 \$ \$ 29,858 \$ \$ 29,858 US government securities \$ \$ 20,175 \$ \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175 \$ 20,175		Assets at Fair Value as of September 30, 2011			
Mutual funds 4.898 - 4.898 Other 24,960 - 24,960 Total mutual funds 29,858 - 29,858 Closed end real estate funds - - \$12,000 \$12,000 Common collective trusts. - - \$12,000 \$12,000 Common collective trusts. - - - - - US government securities - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - <t< th=""><th>_</th><th></th><th></th><th></th><th></th></t<>	_				
Corporate bond fund Other 4.898 24.960 - 24.960 Total mutual funds 29.858 - 29.858 Closed end real estate funds - - \$12,000 \$12,000 Common collective trusts. - - \$12,000 \$12,000 Common collective trusts. - - - - US government securities - - - - International stock 31,324 - - 31,324 Domestic equity index funds 73,705 - - 73,705 Commodity fund 20,175 - - 20,175 Total common collective trusts 125,204 - - 125,204 Limited partnership investments Private equity funds Seal estate funds	Money market	\$ 1,571	\$ 2.952		\$ 4.523
Other 24,960 - 24,960 Total mutual funds 29,858 - 29,858 Closed end real estate funds - - \$12,000 \$12,000 Common collective trusts. - - - - - US government securities - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Mutual funds				
Other 24,960 - 24,960 Total mutual funds 29,858 - 29,858 Closed end real estate funds - - \$12,000 \$12,000 Common collective trusts. - - - - - US government securities - - - - - International stock 31,324 - - 31,324 Domestic equity index funds 73,705 - - 73,705 Commodity fund 20,175 - - 20,175 Total common collective trusts 125,204 - - 125,204 Limited partnership investments - - 35,288 35,288 Real estate funds - - 35,288 35,288 Real estate funds - - 8,402 8,402 Hedge funds - - 98,840 98,840 Emerging markets equity 12,162 - 9,424 21,586 International stock	Corporate bond fund	4,898	-		4,898
Closed end real estate funds	•	24,960	-		24,960
Common collective trusts. US government securities - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Total mutual funds	29,858			29,858
US government securities	Closed end real estate funds	-	-	\$ 12,000	\$ 12,000
International stock 31,324 -	Common collective trusts.				
Domestic equity index funds 73.705 - - 73.705	US government securities	-	-	-	-
Commodity fund 20.175 - - 20.175 Total common collective trusts 125.204 - - 125.204 Limited partnership investments Private equity funds - - 35,288 35,288 Real estate funds - - 8,402 8,402 Hedge funds - - 98,840 98,840 Emerging markets equity 12,162 - 9,424 21,586 International stock 16,371 - - 16,371 Total limited partnership investments 28,533 151,954 180,487 Fixed income securities - 143,658 - 143,658 US government securities - 130,028 - 130,028 Total fixed income securities - 273,686 - 273,686	International stock	31,324	-	-	31,324
Total common collective trusts 125,204 - - 125,204 Limited partnership investments Private equity funds - - 35,288 35,288 Real estate funds - - 8,402 8,402 Hedge funds - - 98,840 98,840 Emerging markets equity 12,162 - 9,424 21,586 International stock 16,371 - - 16,371 Total limited partnership investments 28,533 151,954 180,487 Fixed income securities - 143,658 - 143,658 US government securities - 130,028 - 130,028 Total fixed income securities - 273,686 - 273,686	Domestic equity index funds	73,705	-	-	73,705
Limited partnership investments Private equity funds Real estate funds Hedge funds Emerging markets equity International stock Total limited partnership investments Corporate bond fund US government securities Total fixed income securities		20,175	-	-	20,175
Private equity funds - - 35,288 35,288 Real estate funds - - 8,402 8,402 Hedge funds - - 98,840 98,840 Emerging markets equity 12,162 - 9,424 21,586 International stock 16,371 - - 16,371 Total limited partnership investments 28,533 151,954 180,487 Fixed income securities - 143,658 - 143,658 US government securities - 130,028 - 130,028 Total fixed income securities - 273,686 - 273,686	Total common collective trusts	125,204			125,204
Real estate funds - - 8,402 8,402 Hedge funds - - 98,840 98,840 Emerging markets equity 12,162 - 9,424 21,586 International stock 16,371 - - 16,371 Total limited partnership investments 28,533 151,954 180,487 Fixed income securities Corporate bond fund - 143,658 - 143,658 US government securities - 130,028 - 130,028 Total fixed income securities - 273,686 - 273,686	Limited partnership investments				
Hedge funds	Private equity funds	-	-	35,288	35,288
Emerging markets equity 12.162 - 9,424 21,586 International stock 16.371 - - 16,371 Total limited partnership investments 28.533 151,954 180,487 Fixed income securities - 143,658 - 143,658 US government securities - 130,028 - 130,028 Total fixed income securities - 273,686 - 273,686	Real estate funds	-	-	8,402	8,402
International stock 16.371 - - 16.371 Total limited partnership investments 28.533 151,954 180,487 Fixed income securities - 143,658 - 143,658 US government securities - 130,028 - 130,028 Total fixed income securities - 273,686 - 273,686	Hedge funds	-	-	98,840	98,840
Total limited partnership investments 28.533 151,954 180,487 Fixed income securities 28.533 151,954 180,487 Corporate bond fund - 143,658 - 143,658 US government securities - 130,028 - 130,028 Total fixed income securities - 273,686 - 273,686		12,162	-	9,424	21,586
Fixed income securities Corporate bond fund US government securities Total fixed income securities - 143.658 - 143.658 - 130.028 - 130.028 - 273.686 - 273.686		16,371	-	-	16,371
Corporate bond fund - 143.658 - 143.658 US government securities - 130.028 - 130.028 Total fixed income securities - 273.686 - 273.686	Total limited partnership investments	28,533		151,954	180,487
US government securities - 130,028 - 130,028 Total fixed income securities - 273,686 - 273,686	Fixed income securities				
US government securities - 130.028 - 130.028 Total fixed income securities - 273.686 - 273.686	Corporate bond fund	_	143.658	_	143.658
Total fixed income securities - 273,686 - 273,686	US government securities	_		_	
Total accepts at forms also	Total fixed income securities				
10tal assets at fair value \$ 185,166 \$ 276,638 \$ 163,954 625,758	Total assets at fair value	\$ 185,166	\$ 276,638	\$ 163,954	
Pension assets at contract value13.130	Pension assets at contract value				12 120
Total pension plan assets\$ 638,888	Total pension plan assets				

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

Pension Disclosure

	Assets at Fair Value as of September 30, 2010			
- -	Level 1	Level 2	Level 3	Total
Money market	\$ 3.929	\$ 24		\$ 3,953
Mutual funds				
Corporate bond fund	4,754	-		4,754
Other	21,822	-		21,822
Total mutual funds	\$ 26,576	<u> </u>		26,576
Closed end real estate funds	-	-	\$ 8,141	\$ 8,141
Common collective trusts.				
US government securities	33,173	-	-	33,173
International stock	34,489	-	-	34,489
Domestic equity index funds	73,180	-	-	73,180
Commodity fund	44,717			44,717
Total common collective trusts	185,559			185,559
Limited partnership investments				
Private equity funds	-	-	28,143	28,143
Hedge funds	-	-	79,810	79,810
Emerging markets equity		-	18,804	18,804
International stock	23,985	-	-	23,985
Total limited partnership investments	23,985	<u> </u>	126,757	150,742
Fixed income securities				
Corporate bond fund	-	92,038	-	92,038
US government securities	-	99,013	-	99,013
Total fixed income securities		191,051		191,051
Total assets at fair value	\$ 240,049	\$ 191,075	\$ 134,898	\$ 566,022
Pension assets at contract value				12,612
				\$ 578,634
Total pension plan assets				\$ 376,034

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the years ended September 30, 2011 and 2010

	Level 3 Assets Year Ended September 30, 2011	Level 3 Assets Year Ended September 30, 2010
Balance at beginning of year Unrealized gains relating to investments still held at the	\$ 134,898	\$ 98,095
reporting date Purchases, sales, issuances, and	6,417	8,276
settlements (net)	22,639	28,527
Balance at end of year	\$ 163,954	\$ 134,898

Contributions

Baystate Health expects to contribute approximately \$40,000,000 to its pension plan in 2012

Estimated Future Benefit Payments

The following approximate benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next ten calendar years (in thousands):

Calendar Year	Pension Benefits		
- Curenam Tem	Denents		
2012	\$ 45,500		
2013	36,900		
2014	43,500		
2015	43,800		
2016	47,600		
Years 2017 - 2021	297,400		

Notes to Consolidated Financial Statements (continued)

15. Pension Plans (continued)

Defined-Contribution Plans

Baystate Health and certain of its consolidated subsidiaries and other ownership interest participate in a defined contribution retirement plan which covers all employees hired after December 31, 2004. Under this plan, Baystate Health contributes up to 7.5% of the employee's compensation based on age and years of service. Total expense under this plan was approximately \$8,980,000 in 2011 and \$6,620,000 in 2010.

HNE provides a 401(k) Retirement Plan (the Plan) Each year, employees may contribute up to 20% of pretax annual compensation, as defined in the Plan document. HNE matches 100% of the first 6% of employee contributions to the Plan. Additional contributions may be made by HNE at its discretion. Contributions and compensation levels are subject to certain limitations under the Internal Revenue. Code. The Plan expense amounted to approximately \$1,365,000 and \$1,168,000 in 2011 and 2010, respectively.

16. Concentrations of Credit Risk

Baystate Health and its subsidiaries grant credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2011 and 2010 are as follows.

	2011	2010
Medicare	16%	16%
Medicaid	13	14
Blue Cross	2	3
Health maintenance organizations	40	38
Commercial	14	15
Self-pay patients	15	14
	100%	100%

Notes to Consolidated Financial Statements (continued)

17. Functional Expenses

Baystate Health and its subsidiaries provide general healthcare services to residents within its geographic location Expenses related to providing these services for the years ended September 30, 2011 and 2010 are as follows (in thousands)

	<u>2011</u>	2010
Healthcare services	\$ 1,442,068	\$ 1,338,621
General and administrative	57,115	79,219
	\$ 1,499,183	\$ 1,417,840

18. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2011 and 2010 (in thousands of dollars)

	 2011		2010	
Research and education	\$ 12,058	\$	11,571	
Patient care services	45,516		43,659	
Total	\$ 57,574	\$	55,230	

Permanently restricted net assets are invested in perpetuity, the income from which is generally expendable to support the delivery of healthcare services

ASC 958-205, Endowment of Not-for-Profit Organizations, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) Massachusetts enacted UPMIFA on July 2, 2009 Baystate Health is subject to ASC 958-205 disclosure requirements regarding its endowment funds

Baystate Health's endowments consist of numerous individual funds established for a variety of purposes. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Baystate Health requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, Baystate Health classifies as permanently restricted net assets (a) the

Notes to Consolidated Financial Statements (continued)

18. Temporarily and Permanently Restricted Net Assets (continued)

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 funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure Baystate Health considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds (a) the duration and preservation of the fund, (b) the purpose of Baystate Health and the donor-restricted endowment fund, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, and (f) the investment policies of Baystate Health.

Endowment net asset composition by type of fund, as of September 30, 2011, consisted of the following

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds Board-designated endowment funds	\$ - 19,543	\$ 30.919	\$ 16,198 	\$ 47.117 19.543
Endowment net assets at September 30, 2011	\$ 19,543	\$ 30,919	\$ 16,198	\$ 66,660

For the year ended September 30, 2011, Baystate Health had the following endowment-related activities

	Unrestricte	Temporarily d Restricted	Permanently Restricted	Total
Endowment net assets at	Ф. 20.200	th 22.670	Ф 15 177	Ф <u>(0.21</u> 6
October 1, 2010	\$ 20,200	\$ 32,670	\$ 15,476	\$ 68,346
Investment return.				
Investment income	260	620	-	880
Net appreciation	101	190	-	291
Total investment return	361	810		1,171
Contributions	71	-	722	793
Net asset reclassifications	-	107	-	107
Amounts appropriated for expenditures	(1.089)	(2.668)	-	(3,757)
Total change in endowment funds	(657)	(1,751)		(1,686)
Endowment net assets at				
September 30, 2011	\$ 19,543	\$ 30,919	\$ 16,198	\$66,660

Notes to Consolidated Financial Statements (continued)

18. Temporarily and Permanently Restricted Net Assets

For the year ended September 30, 2010, Baystate Health had the following endowment-related activities

	_Un	restricted		mporarily estricted		rmanently estricted		Γotal
Endowment net assets at October 1, 2009	\$	19.678	\$	31.576	\$	15.437	\$	66,691
Investment return	Ψ	17,076	Ψ	31,370	ψ	15,757	ψ	00,071
Investment income		320		745		_		1,065
Net appreciation		1,316		3,136		-		4,452
Total investment return		1,636		3,881		-		5,517
Contributions		61		-		39		100
Net asset reclassifications		-		(32)		-		(32)
Amounts appropriated for expenditure		(1,175)		(2,755)		-		(3.930)
Total change in endowment funds		522		1,094		39	-	1,655
Endowment net assets at September 30, 2010	\$	20,200	\$	32,670	\$	15,476	\$	68,346

Baystate Health's investment and spending policies for endowment assets are intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Baystate Health must hold in perpetuity or for a donor-specified term. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that will generate an 8% total return annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, Baystate Health relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) Baystate Health targets a diversified asset allocation that consists of equities, fixed income, and alternative investments

Baystate Health has a policy of appropriating for distribution each year, no more than 5 0% of its endowment funds' current fair value. In establishing this policy, Baystate Health considered the long-term expected return on its endowments

Notes to Consolidated Financial Statements (continued)

18. Temporarily and Permanently Restricted Net Assets (continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Baystate Health to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets are \$254,000 and \$148,000 as of September 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations. The individual donor-restricted endowment funds with deficiencies will retain future income and appreciation to restore the required fair value of the assets.

19. State Surplus Revenue Retention

Through September 30, 2011, BMC had no surplus in excess of the Commonwealth of Massachusetts regulations governing the excess of state revenues over expenses for not-for-profit organizations. The total deficit attributable to state contracting for BMC was approximately \$70,000 (2010 - \$437,000). As of September 30, 2011, the cumulative deficit attributable to state contracting of approximately \$6,126,000 is included in the unrestricted net assets of BMC.

20. Subsequent to September 30, 2011 Events

On November 2, 2011, BMC issued Series L Massachusetts Development Finance Agency (MDFA) Revenue Bond in the aggregate principal amount of \$25,000,000 Proceeds from the bonds will be used to fund the construction of a new emergency department in conjunction with the Hospital of the Future project Interest on the bonds is initially fixed at 2 95% through November 1, 2021, with final maturity on July 1, 2041

On November 2, 2011, BMC entered into a tax-exempt lease financing agreement with MDFA and a financial institution in the amount of \$20,000,000 Proceeds from the financing will be used to fund certain equipment, some of which is related to the Hospital of the Future project Interest on the borrowing is fixed at 2 19% with principal and interest payments due monthly until maturity on November 2, 2018

Subsequent events have been evaluated for potential recognition in the financial statements through December 22, 2011, which is the date the financial statements were issued



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Auditors' Report on Other Financial Information

The Board of Trustees Baystate Health, Inc

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating balance sheets, statements of operations, changes in net assets, and cash flows are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole

December 22, 2011

Consolidating Schedule of Assets

September 30, 2011 (In Thousands)

	Consol						Consol	Other	Elim &	Consolidated
Assets	BMC	BFMC	BMLH	BMP	BVNAH	HNE	IC	Entities	Reclass	Totals
Current assets										
Cash and eash equivalents	\$ 51.615 \$	2.475 \$	406 \$	2.819 \$	127 \$	32,885	\$ 2.090	\$ 31.198 \$	s - \$	123,615
Investments	170,687	-	2,057	-	-	102,208	-	24,571	-	299,523
Accounts receivable, patients, net	80,276	7,313	2,872	15.028	3,139	-	340	-	-	108,968
Accounts receivable, other	8.226	25	47	4,598	16	9,073	83	16.929	-	38,997
Estimated final settlements receivable	20,945	2.584	1.954	-	-	-	-	-	-	25,483
Inventories	15.978	1.124	510	-	-	-	-	452	-	18,064
Prepaid expenses and other current assets	3.998	62	54	1.145	44	1,632	69	8.182	-	15,186
Due from affiliated companies	21.806	230	34	693	14	-	77	11.918	(34,772)	-
Line of ciedit, affiliate		-	-	-	-	-	-	6.891	(6,891)	
Total current assets	373,531	13,813	7.934	24,283	3,340	145,798	2.659	100,141	(41,663)	629,836
Long-term investments										
Investments	-	-	-	-	-	492	-	50,068	(120)	50,440
Equity investment in consolidated										
for-profit subsidiaries	-	-	-	-	-	-	-	62.406	(62,406)	-
Equity investment in unconsolidated										
affiliates	1.187	327	-	-	-	-	-	372	-	1.886
Note Receivable	65,504	-	-	-	-	-	-	-	-	65,504
Beneficial interest in net assets of BHF	23,674	9,422	625	-	552	-	-	-	(34,273)	-
Deferred expense	4,283	39	-	-	-	4,140	-	922	-	9,384
Land, buildings, and equipment, net	479,079	34,113	9,143	3,581	2,329	2,081	2,954	481	-	533,761
	573,727	43,901	9.768	3,581	2.881	6,713	2.954	114.249	(96,799)	660,975
Assets whose use is limited										
Board-designated funds										-
Cash and investments	159.653	-	-	-	-	-	=	39,183	=	198,836
Beneficial interest in net assets of BHF	-	-	145	-	311	-	-	1.618	(2,074)	-
Due from unrestricted funds	921	-	-	-	-	-	-	-	(921)	-
Investments of captive insurance company	-	-	-	-	-	-	=	87.721	=	87,721
Investments held by trustee under debt							-	-	-	
agreements	36,620	104	-	-	-	-	-	-	-	36,724
Beneficial interest in perpetual trusts	-	-	-	-	-	-	-	30,077	-	30,077
Beneficial interest in net assets of BHF	1,212	4.247	5,586	-	817	-	-	18,215	(30,077)	-
	198.406	4,351	5,731	-	1,128	-	-	176.814	(33,072)	353,358
Total assets	\$ 1.145.664 \$	62.065 \$	23,433 \$	27.864 \$	7.349 \$	152,511	\$ 5.613	\$ 391.204 \$	S (171.534) \$	5 1.644,169

Consolidating Schedule of Liabilities and Net Assets

September 30, 2011 (In Thousands)

	Consol						Consol	Other		`onsolidated
Liabilities and net assets (deficit)	BMC	BFMC	BMLH	BMP	BVNAH	HNE	IC	Entities	Reclass	Totals
Current liabilities										
Accounts payable	\$ 54.055 \$	2,435 \$	879 \$	5.994 \$	1.141 \$	32,324	\$ 436 \$	16.044 \$	(215) \$	113,093
Medical claims payable	-	-	-	-	-	41,173	-	-	-	41.173
Accrued salaries and wages	34,994	3,457	1,334	19,458	1,223	4,270	389	9.718	-	74,843
Accrued interest payable	2.271	-	-	-		-	-	-	-	2.271
Estimated final settlements payable	62.038	3.028	1.802	-	1.703	-	-	-	-	68.571
Refundable advances	327	-	-	-	-	-	-	-	-	327
Short-term obligations	-	-	-	-	-	-	-	7.290	-	7.290
Deferred revenue	1.064	-	29	388	463	10,897	32	-	-	12.873
Current portion of long-term debt	5,463	374	-	-	-	-	-	-	-	5.837
Due to affiliated companies	2,014	856	1,018	11,133	97	-	1.299	17,537	(33,954)	-
Line of ciedit, affiliate	3,069	-	-	1,002	1.556	-	1.264	-	(6.891)	-
Due to board-designated funds		-	-	-	-	-	-	921	(921)	
Total current liabilities	165,295	10.150	5.062	37.975	6,183	88,664	3,420	51,510	(41.981)	326,278
Long-term debt	416.528	6,767	-	-	-	-	-	-	-	423.295
Pension liability	83,004	12,416	3,117	33,728	3,281	-	1.627	16,004	-	153,177
Insurance liability loss reserves	5.718	130	77	6,397	-	-	-	19,037	67,057	98.416
Deposit liability	-	-	-	-	-	-	-	70,244	(70,244)	-
Other liabilities	15,295	-	-	-	-	-	-	46	2,007	17.348
Total liabilities	685,840	29,463	8.256	78,100	9,464	88,664	5,047	156.841	(43,161)	1.018.514
Net assets (deficit) Uniestricted Operating	579,881	37,701	13,413	588	1,118	63,847	2,811	130,775	(60.949)	769,185
Pension adjustment	(144,943)	(18,768)	(4,446)	(50,824)	(4,602)	_	(2,245)	(21,551)	-	(247,379)
Unrestricted	434.938	18.933	8.967	(50,236)	(3,484)	63,847	566	109.224	(60,949)	521,806
Temporarily restricted	20,909	5,914	454	(30,230)	127	05,647	300	60,649	(30,479)	57,574
Permanently restricted	3.977	7.755	5.756	- -	1.242	- -		64,490	(36,945)	46.275
Total net assets (deficit)	459,824	32.602	15.177	(50,236)	(2,115)	63,847	566	234,363	(128.373)	625,655
Total liabilities and net assets (deficit)	\$ 1.145,664 \$	62.065 \$	23,433 \$	27.864 \$	7.349 \$	152,511	\$ 5,613 5	391,204 \$	(171,534) \$	1,644,169

Consolidating Schedule of Operations

	Consol BMC	BFMC	BMLH	ВМР	BVNAH	HNE	Consol IC	Other Entities	Elim & C	onsolidated Totals
Operating revenues										
Net patient service revenue	\$ 830 037 \$	71 879 \$	26 638 \$	138 454 \$	20 990 \$	- \$	5 7 3 3 1 5	s - \$	(79.378) \$	1 015 951
Premiums	-	-	-	_	-	452 817	-	-	-	452 817
Other revenue	44 990	3 723	2 768	68 571	564	9 757	1 638	100 433	(162/202)	70 242
Net assets released from restrictions	1 005	550	134	288	79	-	-	3 070	-	5 126
Total operating revenues	876 032	76 152	29 540	207 313	21 633	462 574	8 969	103 503	(241 580)	1 544 136
Operating expenses										
Salaries and wages	336 434	33 669	13 310	156 463	12 366	21 302	4 329	45 414	-	623 287
Supplies and expense	443 046	39 455	14 955	59 077	9 498	26 489	3 416	58 993	(164 127)	490 802
Medical claims and capitation	-	-	-	-	-	387 140	-	-	(79.378)	307 762
Depreciation and amortization	40 355	4 275	1 257	1 001	370	1 064	421	417	-	49 160
Bad debts	13 534	2 193	1 144	4 501	60	187	528	-	-	22 147
Interest expense	5 831	96	-	7	49	32	10	-	-	6 025
Total operating expenses	839 200	79 688	30 666	221 049	22 343	436 214	8 704	104 824	(243 505)	1 499 183
Income (loss) from operations before other expenses	36 832	(3.536)	(1 126)	(13 736)	(710)	26 360	265	(1 321)	1 925	44 953
Other expense	2 749	169	296	102	-	-		545	-	3 861
Income (loss) from operations	34 083	(3.705)	(1.422)	(13.838)	(710)	26 360	265	(1 866)	1 925	41 092
Non-operating (expense) income										
Investment income	6 117	-	81	-	-	-	-	1 030	1 187	8 415
Net realized gain on investments	5 856	-	120	-	10	299	-	1 948	194	8 427
Net unrealized loss on investments	(12 793)	-	(150)	-	(8)	(866)	-	(3 036)	(2.752)	(19 605)
Equity gain in consolidated for-profit subsidiaries	-	-	-	-	-	-	-	14 372	(14.372)	-
Equity gain in unconsolidated affiliates	487	188	-	-	-	-	-	372	-	1 047
Net interest cost on swap agreements	(2.816)	-	-	-	-	-	-	-	-	(2.816)
Change in fair value of swap agreements	(459)	-	-	-	-	-	-	-	-	(459)
Income taxes and other		-	-	-	(13)	(10 899)	(7)	(1.080)	(3.482)	(15.481)
Total non-operating (expense) income	(3 608)	188	51	-	(11)	(11 466)	(7)	13 606	(19 225)	(20 472)
Excess (deficiency) of revenues over expenses	30 475	(3 517)	(1 371)	(13 838)	(721)	14 894	258	11 740	(17 300)	20 620
Other changes in net assets										
Net assets released from restrictions for capital	-	_	_	-	-	-	-	_	3 893	3 893
Transfers for the cost of land buildings and equipment	4 868	381	19	9	-	-	-	(134)	(5.143)	-
Transfers (to) from affiliated companies net	(12 246)	-	-	11 215	2 329	-	-	(1.400)	(71)	(173)
Pension adjustment	(27 755)	(3 072)	(1.303)	(10 111)	(806)	-	(324)	(3 996)	-	(47 367)
Other	<u> </u>	-	-	-		(60)	-	(123)	-	(183)
(Decrease) increase in unrestricted net assets	\$ (4658) \$	(6 208) \$	(2 655) \$	(12 725) \$	802 \$	14 834 - 8	§ (66) \$	6 087 \$	(18 621) \$	(23-210)

Consolidating Schedule of Changes in Net Assets

	Coi BN	isol JC	BFMC	BMLH	BMP	BVNAH	HNE	Consol IC	Other Entities	Elim & C Reclass	onsolidated Totals
Unrestricted net assets											
Excess (deficiency) of revenues over expenses	\$	30 475 \$	(3.517) \$	(1 371) \$	(13 838) \$	(721) \$	14 894 \$	258 \$	11.740 \$	(17 300) \$	20 620
Net assets released from restrictions for capital		-	-	-	-	-	-	-	-	3 893	3 893
Transfers for the cost of land buildings and equipment		4 868	381	19	9	-	-	-	(134)	(5.143)	-
Transfers (to) from affiliated companies net		(12/246)	-	-	11 215	2 329	-	-	(1.400)	(71)	(173)
Pension adjustment		(27.755)	(3.072)	(1.303)	(10 111)	(806)	-	(324)	(3 996)	-	(47 367)
Other		-	-	-	-	-	(60)	-	(123)	-	(183)
(Decrease) increase in unrestricted net assets		(4 658)	(6 208)	(2 655)	(12 725)	802	14 834	(66)	6 087	(18 621)	(23 210)
Temporarily restricted net assets											
Restricted investment income		-	-	-	-	-	-	-	238	-	238
Net realized and unrealized gain on investments		-	-	-	-	-	-	-	202	-	202
Contributions		-	-	-	-	-	-	-	13 135	(2.321)	10 814
Transfers for the cost of land buildings and equipment		-	-	-	-	-	-	-	(5.143)	5 143	-
Transfers from affiliated companies net		-	-	-	-	-	-	-	102	71	173
Net assets released from restrictions											
For operations		-	-	-	-	-	-	-	(5.126)	-	(5.126)
For capital		-	-	-	-	-	-	-	-	(3 893)	(3 893)
Change in value of beneficial interest in net assets of BHF		3 597	(520)	(11)	-	34	-	-	-	(3 100)	-
Other		-	-	=	-	=	-	-	(136)	72	(64)
Increase (decrease) in temporarily restricted net assets		3 597	(520)	(11)	-	34	-	-	3 272	(4 028)	2 344
Permanently restricted net assets											
Contributions		-	-	-	-	-	-	-	722	-	722
Change in value of perpetual trusts		-	-	-	-	-	-	-	(1.523)	-	(1.523)
Change in value of beneficial interest in net assets of BHF		13	(270)	(226)	-	(49)	-	-	(940)	1 472	
Increase (Decrease) in permanently restricted net assets		13	(270)	(226)	-	(49)	-	-	(1.741)	1 472	(801)
(Decrease) increase in net assets		(1 048)	(6 998)	(2.892)	(12 725)	787	14 834	(66)	7 618	(21 177)	(21 667)
Net assets (deficit) at beginning of vear		460 872	39 600	18 069	(37 511)	(2.902)	49 013	632	226 745	(107 196)	647 322
Net assets (deficit) at end of year	\$	459 824 \$	32 602 \$	15 177 \$	(50 236) \$	(2 115) \$	63 847 \$	566 \$	234 363 \$	(128 373) \$	625 655

Consolidating Schedule of Cash Flows

	Cons	sol						Consol	Other	Elim &	Consol
	BM	C	BFMC	BMLH	BMP	BVNAH	HNE	IC	Entities	Reclass	Totals
Operating activities											
Change in net assets	\$	(1 048) \$	(6 998) \$	(2.892) \$	(12 725) \$	-8- \$	14834 \$	(66) \$	-618 \$	(21 177) \$	(21.661)
Adjustments to reconcile change in net assets											
to cash provided by (used in) operating activities											
Depreciation and amortization		40 355	4 275	1 257	1 001	3"0	1 064	421	41 ~	-	49 160
Pension adjustment	3	27 755	3.072	1 303	10111	806	-	324	3 996	-	47 367
Net realized and unrealized loss (gain) on investments		⁻ 396	-	30	-	(2)	567	-	886	2 558	11 435
Provision for bad debts	1	13 534	2 193	1 144	4 501	60	18-	528	-	-	22 147
Change in beneficial interest in perpetual trusts		-	-	-	-	-	-	-	1 523	-	1.523
Restricted contributions		-	-	-	-	-	-	-	(13.857)	2 321	(11-536)
Changes in equity investment of affiliate		(487)	(188)	-	-	-	-	-	(14 ~44)	14372	(1.04°)
Change in accounts receivable patients	(1	14 901)	(2.380)	(1.290)	(5.430)	(524)	(187)	(471)	-	-	(25 183)
Net change in estimated final settlements		9 061	(1.512)	(1.188)	-	439	-	-	-	-	6 800
Change in accounts payable and accrued expenses		445	(1.315)	(260)	4 801	(149)	11 589	36	1 708	216	17 071
Change in accrued pension liability net		(8 849)	(980)	(415)	(3.224)	(257)	-	(104)	(1.274)	-	(15 103)
Change in medical claims payable		-	-	-	_	-	4 114	-	_	-	4 114
Transfers to (from) affiliated companies net	1	12 246	-	_	(11-215)	(2.329)	-	-	1 298	-	-
Transfers for the cost of land buildings, and equipment		(4 868)	(381)	(19)	(9)	_	-	-	5.277	-	_
Change in insurance liability loss reserves		459	12	(121)	246	_	_	_	2 191	5.432	8 219
Other		(6 061)	782	368	(543)	(1.177)	5 179	(46)	(5.063)	(399)	(6 960)
Net cash provided by (used in) operating activities	-	75 037	(3 420)	(2.083)	(12 486)	(1 976)	3~34~	622	(10 024)	3 323	86 340
Investing activities											
Proceeds from sale and maturities of investments	1'	20.067	8	14 000	_	2	26.917	_	37 642	_	498 636
Purchase of investments		43 778)	-	(12.581)	_	-	(58 826)	-	(31.473)	(2.558)	(449 216)
Purchase of land buildings and equipment, net		34 140)	(3.678)	(743)	(950)	(27)	(1.681)	(248)	(113)	(2 550)	(141 580)
Transfers for the cost of land buildings and equipment	(1.	4 868	381	19	9	(_ ,	-	(246)	(5.277)	_	(141.567)
Change in beneficial interest in net assets of BHF		(3.6](1)	-9u	236	9	- -	-	-	1 001	1 556	-
					-						-
Net cash (used in) provided by investing activities	(:	56 593)	(2 499)	931	(941)	2	(33 590)	(248)	1 780	(1 002)	(92 160)
Financing activities											
Proceeds from restricted contributions		-	-	-	-	-	-	-	13.857	(2.321)	11 536
Transfers (to) from attributed companies net	C	12 246)	-	-	11 215	2 329	-	-	(1.298)	-	-
Change in line of credit attiliate		(506)	-	-	(109)	(398)	-	(158)	1 171	-	-
Increase in note receivable		(749)	-	-	-	-	-	-	-	-	(~49)
Net repayments of short-term obligations		-	-	-	-	-	-	-	(904)	-	(904)
Repayment of long-term debt		(5.278)	(35")	-	-	-	(4 098)	-	4 098	-	(5 635)
Net cash (used in) provided by financing activities	(1	189)	(357)	-	11 106	1 931	(4 098)	(158)	16 924	(2.321)	4 248
Net (decrease) increase in cash and cash equivalents		(335)	(6 2 6)	(1 152)	(2 321)	(43)	(341)	216	8 680	-	(1.572)
Cash and cash equivalents at beginning of year	:	51 950	8 751	1 558	5 140	170	33 226	1 8-4	22 518	-	125 187
Cash and cash equivalents at end of year	\$:	51 615 \$	2.475 \$	406 \$	2819 \$	127 \$	32 885 \$	2 090 \$	31 198 \$	- \$	123 615

Consolidating Schedule of Assets – Baystate Medical Center and Subsidiary

September 30, 2011 (In Thousands)

Assets		ВМС		ВТНС	Elim. & Reclass	Consolidated Totals
Current assets		DIVIC		БПС	Reciass	Totals
Cash and cash equivalents	\$	51,593	\$	22 \$	_	\$ 51.615
Investments	4'	170,687	4'	-	_	170,687
Accounts receivable, patients, net		80.276		_	<u>-</u>	80,276
Accounts receivable, other		8,226		_	_	8,226
Estimated final settlements receivable		20,945		_	_	20,945
Inventories		15,978		-	_	15,978
Prepaid expenses and other current assets		3,998		25	(25)	3,998
Due from affiliated companies		129,556		-	(107,750)	21,806
Total current assets		481.259		47	(107.775)	373,531
Long-term investments						
Equity investment in unconsolidated						
affiliates		1,187		-	-	1.187
Note receivable		65,504		-	-	65,504
Beneficial interest in net assets of BHF		23,674		-	-	23,674
Deferred Expense		2.813		1,470	-	4,283
Land, buildings, and equipment, net		261,614		220,620	(3,155)	479,079
	\$	354,792	\$	222,090 \$	(3,155)	\$ 573.727
Assets whose use is limited						
Board-designated funds						
Cash and investments		159,653		-	-	159.653
Due from unrestricted funds		921		-	-	921
Investments held by trustee under bond		26.066		551		26.620
indenture agreements Beneficial interest in net assets of BHF		36,066		554	-	36.620
Deficient interest in het assets of Brit		1.212		-	_	1.212
		197.852		554	_	198,406
Total assets	\$	1,033,903	\$	222,691 \$	(110,930)	\$ 1,145,664

Consolidating Schedule of Liabilities and Net Assets – Baystate Medical Center and Subsidiary

September 30, 2011 (In Thousands)

Liabilities and net assets		ВМС	втнс	Elim. & Reclass	Consolidated Totals
Current liabilities	-				
Accounts payable	\$	54,055	5 - \$	-	\$ 54.055
Accrued salaries and wages		34,994	-	-	34,994
Accrued interest payable		2.271	-	-	2,271
Estimated final settlements payable		62,038	-	-	62,038
Refundable advances		327	-	-	327
Deferred revenue		1.089	-	(25)	1,064
Current portion of long-term debt		5,463	-	-	5,463
Due to affiliated companies		2,014	107,750	(107,750)	2.014
Line of credit, affiliate		3,069	-	-	3,069
Total current liabilities		165.320	107.750	(107.775)	165.295
Long-term debt		309,057	107.471	-	416,528
Pension liability		83,004	-	-	83,004
Insurance liability loss reserves		5.718	-	-	5.718
Other liabilities		15.295	-	-	15,295
Total habilities		578.394	215,221	(107,775)	685,840
Net assets					
Unrestricted					
Operating		575,566	7.470	(3,155)	579,881
Pension adjustment		(144,943)	-	-	(144,943)
Total unrestricted		430,623	7.470	(3,155)	434,938
Temporarily restricted		20,909	-	-	20,909
Permanently restricted		3.977	-	_	3.977
Total net assets		455,509	7,470	(3,155)	459.824
Total liabilities and net assets	\$	1,033,903	\$ 222.691 \$	(110,930)	\$ 1.145.664

Consolidating Schedule of Operations – Baystate Medical Center and Subsidiary

	BMC	I	ЗТНС	Elim. & Reclass	Consolidated Totals
Operating revenues					
Net patient service revenue	\$ 830,037	\$	- \$	-	\$ 830,037
Other revenue	48.245		5,313	(8.568)	44.990
Net assets released from restrictions	 1,005		-	-	1,005
Total operating revenues	879,287		5,313	(8.568)	876,032
Operating expenses					
Salaries and wages	336,434		-	-	336,434
Supplies and expense	448,306		153	(5.413)	443.046
Depreciation and amortization	40,261		94	-	40,355
Bad debts	13,534		-	-	13,534
Interest expense	 5,831		-	-	5,831
Total operating expenses	 844.366		247	(5.413)	839,200
Income from operations before other expenses	34.921		5.066	(3.155)	36.832
Other expense	 2,749		<u>-</u>		2.749
Income from operations	32,172		5,066	(3.155)	34.083
Non-operating income (expense)					
Investment income	6,117		-	-	6.117
Net realized gain on investments	5,856		-	-	5,856
Net unrealized loss on investments	(12,793)		=	=	(12.793)
Equity gain in unconsolidated affiliates	487		-	-	487
Net interest cost on swap agreements	(2.816)		-	-	(2.816)
Change in fair value of swap agreements Other	(459)		-	-	(459)
Total non-operating expense	(3,608)		-	-	(3.608)
Excess of revenues over expenses	28,564		5,066	(3.155)	30,475
Other changes in net assets					
Transfers for the cost of land, buildings, and equipment	4.868		-	-	4.868
Transfers to affiliated companies, net	(12,246)		-	-	(12.246)
Pension adjustment	 (27,755)		-	-	(27,755)
(Decrease) increase in unrestricted net assets	\$ (6,569)	\$	5.066 \$	(3,155)	\$ (4.658)

Consolidating Statement of Changes in Net Assets – Baystate Medical Center and Subsidiary

	ВМС	ВТНС	Elim. & Reclass	Consolidated Totals
Unrestricted net assets		-		
Excess of revenues over expenses	\$ 28,564 \$	5.066 \$	(3,155)	\$ 30.475
Transfers for the cost of land, buildings, and equipment	4.868	-	-	4.868
Transfers to affiliated companies, net	(12.246)	-	-	(12.246)
Pension adjustment	 (27.755)	-	-	(27.755)
(Decrease) increase in unrestricted net assets	(6,569)	5.066	(3,155)	(4.658)
Temporarily restricted net assets				
Change in value of beneficial interest in net assets of BHF	3.597	-	-	3.597
Increase in temporarily restricted net assets	3.597	-	-	3.597
Permanently restricted net assets				
Change in value of beneficial interest in net assets of BHF	 13	-	-	13
Increase in permanently restricted net assets	 13	-	-	13
(Decrease) increase in net assets	(2.959)	5.066	(3.155)	(1.048)
Net assets at beginning of year	 458,468	2,404	-	460,872
Net assets at end of year	\$ 455,509 \$	7.470 \$	(3,155)	\$ 459.824

Consolidating Schedule of Cash Flow – Baystate Medical Center and Subsidiary

	BMC	ВТ	HC'	Elim. & Reclass	Co	nsolidated Totals
Operating activities						
Change in net assets	\$ (2,959)	\$	5,066	\$ (3,155)	\$	(1.048)
Adjustments to reconcile change in net assets						
to eash (used in) provided by operating activities						
Depreciation and amortization	40,261		94	-		40,355
Pension adjustment	27,755		-	-		27,755
Net realized and unrealized loss on investments	7,396		-	-		7.396
Provision for bad debts	13,534		-	-		13,534
Changes in equity investment of affiliate	(487)		-	-		(487)
Increase in accounts receivable, patients	(14,901)		-	-		(14,901)
Net change in estimated final settlements	9,061		-	-		9,061
Increase in accounts payable and accrued expenses	445		-	-		445
Change in accrued pension liability, net	(8,849)		-	-		(8.849)
Transfers to affiliated companies, net	12,246		-	-		12.246
Transfers for the cost of land, buildings, and equipment	(4,868)		-	-		(4,868)
Increase in insurance liability loss reserves	459		-	-		459
Other	(96,689)		90,628	-		(6,061)
Net cash (used in) provided by operating activities	(17.596)		95,788	(3,155)		75,037
Investing activities						
Proceeds from sale and maturities of investments	419,967		100	=		420,067
Purchase of investments	(343,778)		-	-		(343,778)
Purchase of land, buildings, and equipment, net	(41,402)		(95,893)	3,155		(134,140)
Transfers for the cost of land, buildings, and equipment	4,868		-	-		4,868
Change in beneficial interest in net assets of BHF	(3,610)		-	-		(3.610)
Net cash provided by (used in) investing activities	36,045		(95,793)	3,155		(56,593)
Financing activities						
Transfers to affiliated companies, net	(12,246)		-	-		(12.246)
Increase in note receivable	(749)		-	-		(749)
Change in line of credit, affiliate	(506)		-	-		(506)
Repayment of long-term debt	 (5,278)		-	-		(5.278)
Net eash used in financing activities	(18,779)		-	-		(18,779)
Net decrease in eash and eash equivalents	(330)		(5)	-		(335)
Cash and eash equivalents at beginning of year	51.923		27	-		51,950
Cash and cash equivalents at end of year	\$ 51,593	\$	22	\$ -	\$	51.615

Consolidating Schedule of Assets – Other Entities

September 30, 2011 (In Thousands)

Assets	ВН	BAS	BHF	ВНІС	Other Entities Totals
Current assets	 D11	D 110		<u> </u>	10
Cash and cash equivalents	\$ 10,688	\$ 8,771	\$ 10,739	\$ 1,000	\$ 31,198
Investments	4,443	10,371	9,757	-	24,571
Accounts receivable, other	80	287	11,941	4,621	16,929
Inventories	_	452	-	-	452
Prepaid expenses and other current assets	9	8.076	42	55	8,182
Due from affiliated companies	2,275	9,610	33	-	11,918
Line of credit, affiliate	 6,891	-	-	-	6.891
Total current assets	24,386	37.567	32,512	5,676	100,141
Long-term investments					
Investments	1.012	-	49,056	-	50,068
Equity investment in consolidated					
for-profit subsidiaries	62,406	-	-	-	62,406
Equity investment in unconsolidated					
affiliates	372	-	-	-	372
Deferred Expense	922	-	-	-	922
Land, buildings, and equipment, net	 85	386	10	-	481
	64,797	386	49,066	-	114,249
Assets whose use is limited					
Board-designated funds					
Cash and investments	39,183	-	-	-	39,183
Beneficial interest in net assets of BHF	1,618	-	-	-	1.618
Investments of captive insurance company	-	-		87.721	87.721
Beneficial interest in perpetual trusts	-	=	30,077	-	30,077
Beneficial interest in net assets of BHF	18,215	-		-	18.215
	 59,016	-	30,077	87,721	176,814
Total assets	\$ 148,199	\$ 37,953	\$ 111,655	\$ 93,397	\$ 391,204

Consolidating Schedule of Liabilities and Net Assets – Other Entities

September 30, 2011 (In Thousands)

					Other Entities
Liabilities and net assets (deficit)	 ВН	BAS	BHF	BHIC	Totals
Current liabilities					
Accounts payable	\$ 1.991 \$	13.134 \$		811	·
Accrued salaries and wages	-	9,576	142	-	9.718
Short-term obligations	7,290	-	-	-	7.290
Deferred revenue	-	-	-	-	-
Due to affiliated companies	415	16,793	329	-	17.537
Due to board-designated funds	 921	-	-	-	921
Total current liabilities	10.617	39,503	579	811	51.510
Pension liability	-	15.600	404	-	16,004
Insurance liability loss reserves	-	-	-	19.037	19.037
Deposit liability	-	-	-	70,244	70,244
Other liabilities	 -	-	46	_	46
Total liabilities	10,617	55,103	1.029	90.092	156.841
Net assets (deficit)					
Unrestricted					
Operating	119,367	3.946	4,157	3.305	130,775
Pension adjustment	 -	(21,096)	(455)	-	(21.551)
Unrestricted	119,367	(17,150)	3.702	3.305	109,224
Temporarily restricted	-	-	60,649	-	60,649
Permanently restricted	 18,215		46,275	_	64,490
Total net assets (deficit)	 137.582	(17,150)	110.626	3.305	234,363
Total liabilities and net assets (deficit)	\$ 148.199 \$	37.953 \$	111.655 \$	93.397	\$ 391.204

Consolidating Schedule of Operations – Other Entities

	BH	BAS	ВНБ	вніс	Other Entities Totals
Operating revenues	 				
Other revenue	\$ 5.216 \$	90.461 \$	1.944 \$	2,812 \$	100.433
Net assets released from restrictions	965	-	2.105	-	3.070
Total operating revenues	6.181	90.461	4,049	2.812	103,503
Operating expenses					
Salaries and wages	680	43.378	1.356	-	45.414
Supplies and expense	8.095	46,137	2.551	2.210	58.993
Depreciation and amortization	 283	95	39	-	417
Total operating expenses	 9.058	89.610	3,946	2.210	104.824
(Loss) income from operations before other expenses	(2.877)	851	103	602	(1.321)
Other expense	 -	545	=	-	545
(Loss) income from operations	(2.877)	306	103	602	(1.866)
Non-operating income (expense)					
Investment income	514	261	255	-	1,030
Net realized gain on investments	1.235	341	324	48	1.948
Net unrealized loss on investments	(1.414)	(484)	(458)	(680)	(3.036)
Equity gain in consolidated for-profit subsidiaries	14.372	-	-	-	14.372
Equity gain in unconsolidated affiliates	372	-	-	-	372
Other	 (1.080)	=	=	=	(1.080)
Total non-operating income (expense)	 13.999	118	121	(632)	13,606
Excess (deficiency) of revenues over expenses	11.122	424	224	(30)	11.740
Other changes in net assets					
Transfers for the cost of land, buildings, and equipment	(134)	-	-	-	(134)
Transfers to affiliated companies, net	(1.400)	-	-	-	(1.400)
Pension adjustment	-	(3.943)	(53)	-	(3,996)
Other	(15)	-	(108)	-	(123)
Increase (decrease) in unrestricted net assets	\$ 9.573 \$	(3.519) \$	63 \$	(30) \$	6,087

Consolidating Schedule of Changes in Net Assets – Other Entities

	ВН	BAS	ВНГ	ВНІС	Other Entities Totals
Unrestricted net assets	 <i>D</i> 11	BAS	DIII	Diffe	101113
Excess (deficiency) of revenues over expenses	\$ 11.122 \$	424 \$	224 \$	(30) \$	11,740
Transfers for the cost of land, buildings, and equipment	(134)	-	-	-	(134)
Transfers to affiliated companies, net	(1.400)	-	-	-	(1.400)
Pension adjustment	-	(3,943)	(53)	-	(3,996)
Other	 (15)	=	(108)	-	(123)
Increase (decrease) in unrestricted net assets	9,573	(3.519)	63	(30)	6,087
Temporarily restricted net assets					
Restricted investment income	-	-	238	-	238
Net realized and unrealized gain on investments	-	-	202	-	202
Contributions	-	-	13,135	-	13,135
Transfers for the cost of land, buildings, and equipment	-	-	(5,143)	-	(5,143)
Transfers from affiliated companies, net	-	-	102	-	102
Net assets released from restrictions					
For operations	-	-	(5,126)	-	(5,126)
Other	 -	-	(136)	-	(136)
Increase in temporarily restricted net assets	-	-	3.272	-	3.272
Permanently restricted net assets					
Contributions	-	-	722	-	722
Change in value of perpetual trusts	-	-	(1,523)	-	(1.523)
Change in value of beneficial interest in net assets of BHF	 (940)	-	-	-	(940)
Decrease in permanently restricted net assets	 (940)	-	(801)	-	(1,741)
Increase (decrease) in net assets	8.633	(3.519)	2.534	(30)	7.618
Net assets (deficit) at beginning of vear	 128.949	(13.631)	108.092	3,335	226,745
Net assets (deficit) at end of year	\$ 137,582 \$	(17.150) \$	110.626 \$	3,305 \$	234,363

Consolidating Schedule of Cash Flows

	(1)	ii i iiousanus)				
		вн	BAS	внғ	вніс	Other Entities Totals
Operating activities						
Change in net assets	\$	8 633 \$	(3 519) \$	2 534 \$	(30) \$	7 618
Adjustments to reconcile change in net assets						
to cash (used in) provided by operating activities						
Depreciation and amortization		283	95	39	-	417
Pension adjustment		-	3 943	53	-	3 996
Net realized and unrealized loss (gain) on investments		179	143	(68)	632	886
Change in beneficial interest in perpetual trusts		-	-	1 523	-	1 523
Restricted contributions		-	-	(13 857)	-	(13 857)
Changes in equity investment of affiliate		(14 744)	-	-	-	(14 744)
(Decrease) increase in accounts payable and accrued expenses		(140)	1 714	(56)	190	1 708
Change in accrued pension liability net		-	(1 257)	(17)	-	(1 274)
Transfers to (from) affiliated companies net		1 400	-	(102)	-	1 298
Transfers for the cost of land buildings and equipment		134	-	5 143	-	5 277
Increase in insurance liability loss reserves		-	-	-	2 191	2 191
Other		(1 650)	378	(2 610)	(1 181)	(5 063)
Net cash (used in) provided by operating activities		(5 905)	1 497	(7 418)	1 802	(10 024)
Investing activities						
Proceeds from sale and maturities of investments		25 317	-	12 325	-	37 642
Purchase of investments		(19 012)	(252)	(11 167)	(1 042)	(31 473)
Purchase of land buildings and equipment net		=	(111)	(2)	=	(113)
Transfers for the cost of land buildings and equipment		(134)	-	(5 143)	-	(5 277)
Change in beneficial interest in net assets of BHF		1 001	-	-	-	1 001
Net cash provided by (used in) investing activities		7 172	(363)	(3 987)	(1 042)	1 780
Financing activities						
Proceeds from restricted contributions		-	-	13 857	-	13 857
Transfers (to) from affiliated companies net		(1 400)	-	102	-	(1 298)
Change in line of credit affiliate		1 171	-	-	-	1 171
Net repayments of short-term obligations		(904)	-	-	-	(904)
Repayment of long-term debt		4 098	-	-	-	4 098
Net cash provided by (used in) financing activities		2 965	-	13 959	-	16 924
Net increase (decrease) in cash and cash equivalents		4 232	1 134	2 554	760	8 680
Cash and eash equivalents at beginning of vear		6 456	7 637	8 185	240	22 518
Cash and cash equivalents at end of year	<u> </u>	10 688 \$	8 771 \$	10 739 \$	1 000 \$	31 198

Consolidating Schedule of Assets – Ingraham Corporation and Subsidiary

September 30, 2011 (In Thousands)

			Elim. &	Consolidated
Assets	 IC	BHA	Reclass	Totals
Current assets				_
Cash and cash equivalents	\$ 87 \$	2,003	\$ -	\$ 2,090
Accounts receivable, patients, net	-	340	-	340
Accounts receivable, other	74	9	-	83
Prepaid expenses and other current assets	40	29	-	69
Due from affiliated companies	 35	53	(11)	77
Total current assets	236	2,434	(11)	2.659
Long-term investments				
Equity investment in consolidated				
for-profit subsidiaries	724	-	(724)	-
Land, buildings, and equipment, net	2,302	652		2.954
Total assets	\$ 3.262 \$	3.086	\$ (735)	\$ 5.613

Consolidating Schedule of Liabilities and Net Assets – Ingraham Corporation and Subsidiary

September 30, 2011 (In Thousands)

			Elim. &	Consolidated
Liabilities and net assets	 IC	BHA	Reclass	Totals
Current liabilities				
Accounts payable	\$ 130 \$	306 \$	- \$	436
Accrued salaries and wages	-	389	-	389
Deferred revenue	32	-	-	32
Due to affiliated companies	1,270	40	(11)	1.299
Line of credit, affiliate	 1.264	-	_	1.264
Total current liabilities	2,696	735	(11)	3.420
Pension liability	 -	1.627	_	1.627
Total liabilities	2.696	2.362	(11)	5.047
Net assets				
Unrestricted				
Operating	566	2.969	(724)	2.811
Pension adjustment	 -	(2.245)	-	(2.245)
Total net assets	 566	724	(724)	566
Total liabilities and net assets	\$ 3.262 \$	3.086 \$	(735) \$	5.613

Consolidating Schedule of Operations – Ingraham Corporation and Subsidiary

	IC	ВНА	Elim. & C	Consolidated Totals
Operating revenues				
Net patient service revenue	\$ - \$	7.331 \$	- \$	7.331
Other revenue	1,424	214	_	1,638
Total operating revenues	1,424	7.545	-	8.969
Operating expenses				
Salaries and wages	324	4.005	-	4.329
Supplies and expense	907	2.509	-	3.416
Depreciation and amortization	128	293	-	421
Bad debts	-	528	-	528
Interest expense	10	-	-	10
Total operating expenses	 1,369	7.335	-	8.704
Income from operations	55	210	-	265
Non-operating (expense) income				
Equity gain in consolidated for-profit subsidiaries	(116)	-	116	-
Income taxes and other	(5)	(2)	-	(7)
Total non-operating (expense) income	 (121)	(2)	116	(7)
(Deficiency) excess of revenues over expenses	(66)	208	116	258
Other changes in net assets				
Pension adjustment	 -	(324)	-	(324)
(Decrease) increase in unrestricted net assets	\$ (66) \$	(116) \$	116 \$	(66)

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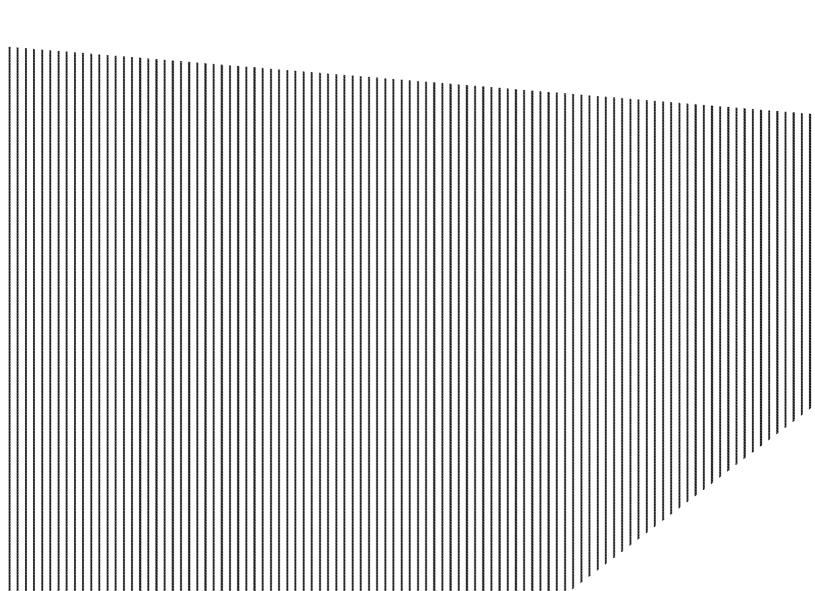
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UMass Memorial Health Care, Inc. and Affiliates

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

UMass Memorial Health Care, Inc. and Affiliates Index

September 30, 2014 and 2013

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Independent Auditor's Report

To the Board of Trustees of UMass Memorial Health Care, Inc.

We have audited the accompanying consolidated financial statements of UMass Memorial Health Care, Inc. and Affiliates (the "System"), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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

Other Matter

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

December 23, 2014

PRUEWaterhouse Coppers JSP

UMass Memorial Health Care, Inc. and Affiliates Consolidated Balance Sheets September 30, 2014 and 2013

(In thousands of dollars)		2014		2013
Assets				
Current assets				
Cash and cash equivalents	\$	121,684	\$	116,298
Short-term investments		36,926		36,502
Current portion of assets whose use is limited		6,705		6,358
Patient accounts receivable, net of allowance for doubtful accounts of \$58,323 in 2014 and \$71,172 in 2013		241,148		269,487
Inventories		24,763		25,013
Prepaid expenses and other current assets		44,682		33,798
Due from the University of Massachusetts		-		586
Estimated settlements receivable from third-party payors	_	212,262		160,650
Total current assets	_	688,170		648,692
Assets whose use is limited				
Funds held in escrow under bond indenture agreements, net of				
current portion		12,009		17,829
Restricted investments		81,889		81,278
Captive insurance company investments	_	172,258		168,768
Total assets whose use is limited		266,156		267,875
Long-term investments		431,473		407,768
Property and equipment, net		628,373		706,653
Beneficial interest in trusts Other assets		15,675 49,076		17,258 61,378
Other assets		49.070		01.3/0
-	_		_	
Total assets	\$	2,078,923	\$	2,109,624
Liabilities and Net Assets	\$		\$	
Liabilities and Net Assets Current liabilities	<u>-</u>	2,078,923	<u> </u>	2,109,624
Liabilities and Net Assets Current liabilities Accounts payable and accrued expenses	\$	2,078,923	\$	2,109,624
Liabilities and Net Assets Current liabilities Accounts payable and accrued expenses Accrued compensation	<u>-</u>	2,078,923 142,275 138,477	<u> </u>	2,109,624 175,240 139,707
Liabilities and Net Assets Current liabilities Accounts payable and accrued expenses Accrued compensation Estimated settlements payable to third-party payors	<u>-</u>	2,078,923 142,275 138,477 16,477	<u> </u>	2,109,624 175,240 139,707 20,229
Liabilities and Net Assets Current liabilities Accounts payable and accrued expenses Accrued compensation	<u>-</u>	2,078,923 142,275 138,477	<u> </u>	2,109,624 175,240 139,707
Liabilities and Net Assets Current liabilities Accounts payable and accrued expenses Accrued compensation Estimated settlements payable to third-party payors Current portion of long-term debt	<u>-</u>	2,078,923 142,275 138,477 16,477 27,772	<u> </u>	2,109,624 175,240 139,707 20,229 69,029
Liabilities and Net Assets Current liabilities Accounts payable and accrued expenses Accrued compensation Estimated settlements payable to third-party payors Current portion of long-term debt Due to the University of Massachusetts Total current liabilities	<u>-</u>	2,078,923 142,275 138,477 16,477 27,772 67,033	<u> </u>	2,109,624 175,240 139,707 20,229 69,029 61,762 465,967
Liabilities and Net Assets Current liabilities Accounts payable and accrued expenses Accrued compensation Estimated settlements payable to third-party payors Current portion of long-term debt Due to the University of Massachusetts	<u>-</u>	2,078,923 142,275 138,477 16,477 27,772 67,033 392,034	<u> </u>	2,109,624 175,240 139,707 20,229 69,029 61,762
Liabilities and Net Assets Current liabilities Accounts payable and accrued expenses Accrued compensation Estimated settlements payable to third-party payors Current portion of long-term debt Due to the University of Massachusetts Total current liabilities Estimated settlements payable to third-party payors, net of current portion	<u>-</u>	2,078,923 142,275 138,477 16,477 27,772 67,033 392,034 39,232 25,192 207,794	<u> </u>	2,109,624 175,240 139,707 20,229 69,029 61,762 465,967 38,944 26,569 182,918
Liabilities and Net Assets Current liabilities Accounts payable and accrued expenses Accrued compensation Estimated settlements payable to third-party payors Current portion of long-term debt Due to the University of Massachusetts Total current liabilities Estimated settlements payable to third-party payors, net of current portion Other noncurrent liabilities Accrued pension and postretirement benefit obligations Estimated self-insurance costs	<u>-</u>	2,078,923 142,275 138,477 16,477 27,772 67,033 392,034 39,232 25,192 207,794 171,955	<u> </u>	2,109,624 175,240 139,707 20,229 69,029 61,762 465,967 38,944 26,569 182,918 172,203
Liabilities and Net Assets Current liabilities Accounts payable and accrued expenses Accrued compensation Estimated settlements payable to third-party payors Current portion of long-term debt Due to the University of Massachusetts Total current liabilities Estimated settlements payable to third-party payors, net of current portion Other noncurrent liabilities Accrued pension and postretirement benefit obligations Estimated self-insurance costs Long-term debt, net of current portion	<u>-</u>	2,078,923 142,275 138,477 16,477 27,772 67,033 392,034 39,232 25,192 207,794 171,955 363,932	<u> </u>	2,109,624 175,240 139,707 20,229 69,029 61,762 465,967 38,944 26,569 182,918 172,203 362,671
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Liabilities and Net Assets Current liabilities Accounts payable and accrued expenses Accrued compensation Estimated settlements payable to third-party payors Current portion of long-term debt Due to the University of Massachusetts Total current liabilities Estimated settlements payable to third-party payors, net of current portion Other noncurrent liabilities Accrued pension and postretirement benefit obligations Estimated self-insurance costs Long-term debt, net of current portion Total liabilities Commitments and contingencies Net assets Unrestricted	<u>-</u>	2,078,923 142,275 138,477 16,477 27,772 67,033 392,034 39,232 25,192 207,794 171,955 363,932 1,200,139	<u> </u>	2,109,624 175,240 139,707 20,229 69,029 61,762 465,967 38,944 26,569 182,918 172,203 362,671 1,249,272
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The accompanying notes are an integral part of these consolidated financial statements

UMass Memorial Health Care, Inc. and Affiliates Consolidated Statements of Operations Years Ended September 30, 2014 and 2013

(In thousands of dollars)		2014		2013
Unrestricted revenues, gains and other support Net patient service revenue Less Provision for bad debts	\$ 2	2,152,087 (43,989)	\$	2,000,578 (44,375)
Net patient service revenue less provision for bad debts Net assets released from restrictions used for operations		2,108,098 2,985		1,956,203 5,713
Other revenue Total revenues, gains and other support		141,125 2,252,208	_	132,267 2,094,183
Expenses Salaries, benefits and contracted labor Supplies and other expense Depreciation and amortization Interest		1,293,021 798,014 92,905 14,441		1,278,126 767,548 91,421 14,395
Total expenses		2,198,381		2,151,490
Income (loss) from operations before nonrecurring income and expenses (Loss) gain on sale of business (Note 14) Expenses associated with sale of business (Note 14) Expenses associated with reduction in force (Note 15)		53,827 (9,155) 853 (16,478)		(57,307) 107,509 (17,718)
Income from operations after nonrecurring income and expenses		29,047		32,484
Nonoperating income (loss) Investment and other related income Net realized and unrealized gain on investments Actuarial change in the present value of annuities Total nonoperating income		5,490 26,115 190 31,795		6,728 33,773 (439) 40,062
Excess of revenues over expenses		60,842		72,546
Other changes in net assets Gain on sale from discontinued operations (Note 16) Loss on transfer of membership interest (Note 16) Net assets released from restrictions used for purchase of		1,439 (11,187)		1,260 -
property and equipment Pension-related changes other than net periodic benefit cost		2,560 (36,398)		1,496 177,915
Increase in unrestricted net assets		17,256		253,217
Unrestricted net assets, beginning of year		761,488	_	508,271
Unrestricted net assets, end of year	\$	778,744	\$	761,488

UMass Memorial Health Care, Inc. and Affiliates Consolidated Statements of Changes in Net Assets Years Ended September 30, 2014 and 2013

(in thousands of dollars)	Un	restricted	emporarily Restricted	ermanently Restricted		Total
Net assets - September 30, 2012	\$	508,271	\$ 41,628	\$ 53,625	\$	603,524
Excess of revenues over expenses Gain on sale from discontinued operations Contributions Investment and other related income Net assets released from restrictions		72,546 1,260 - -	2,519 1,305	- - -		72,546 1,260 2,519 1,305
Used for purchase of property and equipment Used for operations Net realized gain on sale of investments		1,496 - -	(1,496) (5,766) 2,210	- - -		- (5,766) 2,210
Contributions of property and equipment Change in unrealized gains and losses		-	99	-		99
on investments Change in beneficial interest in trusts and other Pension-related changes other than net		-	4,488 -	- 252		4,488 252
periodic benefit cost		177,915	 	 <u>-</u>		177,915
Total increase in net assets		253,217	 3,359	 252	_	256,828
Net assets - September 30, 2013		761,488	44,987	53,877		860,352
Excess of revenues over expenses Gain on sale from discontinued operations Loss on transfer of membership interest Contributions		60,842 1,439 (11,187)	- - (1,038) 3,674	- (2,195) -		60,842 1,439 (14,420) 3,674
Investment and other related income Net assets released from restrictions		-	1,110	-		1,110
Used for purchase of property and equipment Used for operations Net realized gain on sale of investments Change in unrealized gains and losses		2,560 - -	(2,560) (2,985) 5,609	- - -		(2,985) 5,609
on investments Change in beneficial interest in trusts and other Pension-related changes other than net		-	(891) -	- 452		(891) 452
periodic benefit cost		(36,398)		-		(36,398)
Total increase (decrease) in net assets		17,256	2,919	(1,743)		18,432
Net assets - September 30, 2014	\$	778,744	\$ 47,906	\$ 52,134	\$	878,784

UMass Memorial Health Care, Inc. and Affiliates Consolidated Statements of Cash Flows Years Ended September 30, 2014 and 2013

(in thousands of dollars)	2	014		2013
Cash flows from operating activities				
Change in net assets	\$	18,432	\$	256,828
Adjustments to reconcile change in net assets				
to net cash provided by (used in) operating activities				
Net unrealized loss (gain) on investments		504		(29,099)
Depreciation and amortization		92,905		95,010
Accretion on asset retirement obligation		575		497
Provision for bad debts		44,830		47,140
Net (gain) loss not yet recognized in net periodic pension cost		36,398		(177,915)
Actuarial change in the present value of annuities		(190)		439
Net realized (gain) loss on sale of investments		(38,050)		(16,779)
Restricted contributions		(3,274)		(2,195)
Loss (gain) on sale of business segment		9,155		(107,509)
Loss on disposal of assets		1,477		34
(Gain) loss on sale from discontinued operations		(266)		806
Loss on transfer of membership interest		14,420		(000)
Change in beneficial interest in trusts		(452)		(328)
(Decrease) increase in cash resulting from a change in		(04.070)		40.457
Patient accounts receivable		(21,676)		10,157
Inventories, prepaid expenses and other current assets		(11,194)		(124)
Contributions receivable		(400) (6,090)		(347) (6,288)
Accounts payable, accrued expenses and accrued compensation				(6,∠66) (154,176)
Estimated settlements with third-party payors Due to the University of Massachusetts		(64,327) 5,858		9,283
Other noncurrent assets and liabilities		12,988		(20,296)
Accrued pension and postretirement benefit obligations		(9,677)		(12,235)
Estimated self-insurance costs		415		21,755
Net cash used in operating activities of discontinuing operations		(1,431)		21,700
		80,930	_	(85,342)
Net cash provided by (used in) operating activities		60,930	_	(65,342)
Cash flows from investing activities				
Purchases of property and equipment		(68,615)		(90,069)
Cash associated with the sale of business segment		(853)		87,445
Proceeds on the transfer of membership interest		39,675		-
Net cash used in investing activities of discontinuing operations	,	(846)		(000 105)
Purchases of investments		463,057)		(299,165)
Proceeds from sales and maturities of investments		453,358		286,450
Proceeds from restricted contributions of securities		88		32
Net cash used in investing activities		(40,250)		(15,307)
Cash flows from financing activities				
Proceeds from restricted contributions		3,186		2,163
Payments on notes issued associated with sale of business segment		-		(4,623)
Net cash provided by financing activities of discontinuing operations		618		-
Cash received on contributions receivable for long-term purposes		855		614
Payments on long-term debt and capital lease obligations		(45,578)		(43,720)
Proceeds from borrowings under line of credit and long-term debt		5,625		46,514
Net cash (used in) provided by financing activities		(35,294)		948
Net increase (decrease) in cash and cash equivalents		5,386		(99,701)
Cash and cash equivalents, beginning of year		116,298	_	215,999
Cash and cash equivalents, end of year	\$	121,684	\$	116,298

1. Description of the Organization

UMass Memorial Health Care, Inc ("UMass Memorial"), a Massachusetts not-for-profit corporation, was formed in 1998 pursuant to state legislation to develop and coordinate an integrated health care delivery system. UMass Memorial was established through the combination of Memorial Health Care, Inc ("Memorial Health Care"), the University of Massachusetts (the "University") Medical School Teaching Hospital Trust Fund (the "Teaching Hospital"), the University of Massachusetts Clinical Services Division ("Clinical Services Division") and Worcester City Campus Corporation d/b/a UMass Health System ("WCCC") and their affiliates. The combination is referred to herein as the "Merger" UMass Memorial is the direct or indirect member, stockholder, owner, or partner of a number of corporations, limited liability companies, and partnerships (the "Affiliates") that provide a broad range of health care and related services to Worcester and the surrounding central Massachusetts communities. The accompanying consolidated financial statements include

Hospitals

UMass Memorial Medical Center, Inc. (the "Medical Center") operates a 779-bed acute care hospital located on two principal campuses and provides a full range of services, including all major specialties and subspecialties of inpatient care and ambulatory care

UMass Memorial Hospitals, Inc , a subsidiary of UMass Memorial, is the sole corporate member of Central New England HealthAlliance, Inc ("CNEHA") CNEHA is the parent organization of HealthAlliance Hospitals, Inc , which operates a general acute-care hospital facility on two campuses in Leominster and Fitchburg, Massachusetts, with a total of 110 beds

UMass Memorial Hospitals, Inc. is the sole corporate member of Clinton Hospital Association, a 41-bed community hospital located in Clinton, Massachusetts, and Marlborough Hospital, a 79-bed community hospital located in Marlborough, Massachusetts. UMass Memorial Hospitals, Inc. was the sole corporate member of Wing Memorial Hospital until September 1, 2014 (Note 16)

Physician Practices

UMass Memorial Medical Group, Inc. (the "Medical Group") is a UMass Memorial subsidiary that resulted from the merger of the Medical Group, UMass Community Physicians, Inc., and UMass Memorial Community Physician Group, Inc. The Medical Group is the principal provider of physician services to the System. The Medical Group consists of approximately 1,020 physicians who provide primary care and specialty services at various locations in and around Worcester, Massachusetts

Other Providers

UMass Memorial and its affiliates also operate a number of related health care businesses and support organizations

2. Summary of Significant Accounting Policies

Reporting Entity

The accompanying financial statements include the accounts of UMass Memorial and all of its majority-owned and controlled affiliates (the "System") Intercompany accounts and transactions have been eliminated in preparing the consolidated financial statements. The assets of any one of the members of the consolidated group may not be available to meet the obligations of other affiliates in the group

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. The System's significant estimates include the allowance for doubtful patient accounts receivable, valuation of its investments, estimated contractual allowances and settlements due from and to third-party payors, estimated professional liability costs, asset retirement obligations, estimated useful lives, pension and benefit obligations, and other reserves for self-insured claims. Actual results could differ from those estimates

Revenue Recognition

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Under the terms of various agreements, regulations, and statutes, certain elements of third-party reimbursement are subject to negotiation, audit and/or final determination by the third-party payors. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Differences between preliminary estimates of net patient service revenue and final third-party settlements are included in net patient service revenue in the year in which the settlement or change in estimate occurs. Changes in prior year estimates, excluding the impact of Special Medicaid Payments, increased net patient service revenue by approximately \$16,819,000 in 2014 and \$9,537,000 in 2013.

A portion of estimated settlements with third-party payors has been classified as noncurrent since such amounts, by their nature or by virtue of regulation or legislation, will not be paid within one year

Other Revenue

In fiscal years 2014 and 2013, the System received incentive payments relating to Electronic Health Records ("EHR") of \$12,773,000 and \$6,651,000, respectively, as part of the American Recovery and Reinvestment Act of 2009 ("ARRA") The provisions of the ARRA allow for incentive payments to eligible hospitals and providers that implement and meaningfully use EHR technology by 2014 Incentive payments are contingent upon meeting certain data capture and data sharing capabilities accompanied by additional requirements for meeting increased clinical quality measures. Management believes all contingencies have been met and therefore these incentives have been recorded within Other Revenue in the consolidated statement of operations.

UMass Memorial Health Ventures, Inc. ("Ventures"), an affiliate of UMass Memorial, has a joint venture ownership interest in Fairlawn Rehabilitation Hospital with HealthSouth Corporation. On June 1, 2014, Ventures sold a 30% partial interest of its ownership to its joint venture partner, HealthSouth Corporation. After completing this partial sale, Ventures has retained a 20% ownership interest in Fairlawn Rehabilitation Hospital. Ventures recognized a \$16,500,000 gain on the partial sale of its interest which has been recorded within Other Revenue in the consolidated statement of operations.

Fair Value of Financial Instruments

The carrying amounts of UMass Memorial and its affiliates' financial instruments, as reported in the accompanying consolidated balance sheets, other than long-term debt (Note 7), approximate their fair value

Testing Financial Assets for Impairment

The System conducts an annual assessment to determine whether it is more likely than not that the fair value of each of its intangible assets are less than their respective carrying values. If there are any such indications present, the System is required to make a formal estimate of the recoverable amount. This assessment did not have a material impact on the consolidated financial statements.

Income Taxes

The System follows a two-step approach for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. The substantial majority of UMass Memorial and its affiliate entities are recognized by the Internal Revenue Service as tax-exempt under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, these entities will not incur any liability for federal income taxes except for tax on unrelated business income. Certain affiliates are taxable entities. The measurement of the amounts recorded as a provision for income taxes based upon the aforementioned approach is not material and is recorded as part of supplies and other expense in the accompanying consolidated statements of operations. The System does not believe it has any significant uncertain tax positions.

Excess of Revenues Over Expenses

The consolidated statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets that are excluded from excess of revenues over expenses include the gain on sale from discontinued operations, loss on transfer of membership interest (see Note 16), contributions of long-lived assets (including assets acquired using contributions which, by donor restrictions, were used for the purposes of acquiring such assets), and pension-related changes other than net periodic benefit cost.

Cash and Cash Equivalents

Cash and cash equivalents include investments in certificates of deposit and highly liquid debt instruments with maturities of three months or less at the date of purchase, excluding amounts classified as assets whose use is limited and long-term investments

Inventories

Supplies and other inventories are stated at the lower of cost (based upon the first-in, first-out method) or market

Investment and Other Related Income

The System evaluates the fair values provided by its investment managers and assesses the valuation methods and assumptions used in determining their fair value. Those estimated fair values may differ significantly from the values that would have been used had a readily determinable market for these investments existed and the differences could be material. UMass Memorial and its affiliates have the ability to liquidate their investments periodically in accordance with the provisions of the respective fund agreements.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investments will

occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets and statements of operations

Investment related income, as well as realized and unrealized gains and losses on investments, are recorded within excess of revenues over expenses unless the income or loss is restricted by donor or law. Realized gains and losses are determined by use of average cost. Unrealized gains and losses reflect the period-to-period changes in the fair value of investments.

Assets Whose Use is Limited

Assets whose use is limited include assets held by trustees under indenture and malpractice agreements and restricted contributions from donors pooled for investment purposes

Donor Restricted Gifts

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value and are included in prepaid expenses and other current assets. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows in other assets. The discount on those amounts is computed using the interest rate applicable to the year in which the promises are received. Amortization of the discount is included in contribution revenue.

Unconditional promises to give are reported at fair value at the date the promise is received Conditional promises to give are reported at fair value at the date the conditions have been satisfied. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions

Split-Interest Agreement

UMass Memorial holds and administers an irrevocable charitable gift annuity. The contributed assets related to the annuity contract are recorded at fair value as part of investments. Contribution revenue is recognized as of the date that all donor conditions are met and a liability is recorded for the present value of the future estimated payments to the donor and/or other beneficiaries. The liability is adjusted during the term of the annuity contract consistent with the changes in the value of the assets and actuarial assumptions.

Property and Equipment

Property and equipment are recorded at cost (Note 6) or, if received by gift or donation, at fair value at the date of the gift. Depreciation is recorded over the estimated useful lives of each class of depreciable assets utilizing the straight-line method. Useful lives are determined based upon guidelines established by the American Hospital Association and range from 2 to 40 years. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Equipment under capital lease obligations is amortized utilizing the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is recorded in depreciation and amortization expense. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Gifts of long-lived assets such as property or equipment are reported as unrestricted support and are excluded from excess of revenues over expenses unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify

how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported and such assets are reclassified from temporarily restricted to unrestricted when the donated or acquired long-lived assets are placed in service

Asset Retirement Obligation

An asset retirement obligation ("ARO") is a legal obligation associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the System records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows.

Impairment of Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to dispose

Deferred Financing Costs

Deferred financing costs and any original issue discount or premium are amortized over the period the related obligation is outstanding using the effective interest method

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by UMass Memorial and its affiliates has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by UMass Memorial and its affiliates in perpetuity

UMass Memorial and its affiliates have interpreted Massachusetts' Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), as requiring realized and unrealized gains on permanently restricted net assets to be retained as temporarily restricted net assets until appropriated by the Board and expended UPMIFA allows the Board to appropriate an amount of the net appreciation as is prudent considering UMass Memorial and its affiliates' long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends and general economic conditions. Amounts appropriated by the Board for expenditure during the years ended September 30, 2014 and 2013 amounted to \$875,000 and \$2,325,000, respectively. These amounts are recorded as net assets released from restrictions.

Estimated Professional Liability Costs

Estimated professional liability costs consist of estimated liabilities for medical or general liability claims which have been reported, as well as a provision for claims incurred but not reported. It is UMass Memorial and its affiliates' policy to provide for such claims, to the extent self-insured, on a discounted basis

Pension, Postretirement and Postemployment Benefit Plans

The System recognizes the funded status of each defined pension, retiree health care and postemployment benefit plans

Self-Insurance

UMass Memorial and certain of its affiliates are self-insured for certain professional liability (Note 11), general liability, health insurance, and workers' compensation benefit claims, all of which are funded and insured through the Commonwealth Professional Assurance Company, Ltd ("CPAC"), a wholly-owned subsidiary of UMass Memorial, except for health insurance which is self-funded. Estimated losses and claims are accrued as incurred. UMass Memorial and its affiliates have provided for the cost of claims incurred during the current period, as well as estimates of the liability for claims incurred but not yet reported.

Provision for Bad Debts

Accounting guidance requires that health care entities present provision for bad debts associated with net patient service revenue as an offset to net patient service revenue within the statement of operations and changes in net assets. Additionally, the guidance requires qualitative and quantitative information about changes in the allowance for doubtful accounts. Bad debts associated with activities other than patient service revenue will continue to be reported as an operating expense.

Allowance for Doubtful Accounts

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

The consolidated balance sheets include patient accounts receivable, net of an allowance for doubtful accounts of \$58,323,000 and \$71,172,000 as of September 30, 2014 and 2013, respectively. Management attributes this change in the allowance for doubtful accounts due to a decrease in accounts receivable and improvement in the aging where more current accounts are reflected in the current year. Bad debt expense for nonpatient related accounts receivable is reflected in operating expense on the statements of operations. Patient related bad debt expense is reflected as a reduction in patient service revenue in the statements of operations.

Net patient service revenue, before the provision for bad debts for the years ended September 30, 2014 and 2013 is comprised of third-party payor revenue of \$2,131,438,000 and \$1,981,996,000 and self-pay revenue of \$20,649,000 and \$18,582,000, respectively

Supplemental Disclosures for Cash Flows

Following are disclosures related to the statement of cash flows

(in thousands of dollars)	2014	2013
Cash paid for interest Property and equipment included in accounts payable and	\$ 16,025	\$ 16,050
due to the University of Massachusetts	8,729	18,156

During fiscal year 2014, Central Massachusetts Magnetic Imaging Center, Inc , a wholly owned subsidiary of UMass Memorial, sold its operations to a partially owned joint venture entity. During fiscal year 2013, the Medical Center sold a business segment (Note 14). In conjunction with the sales, assets received and liabilities incurred were as follows.

(in thousands of dollars)		2013		
Prepaid expenses and other current assets Property and equipment Other assets	\$	874 (1,732) (9,744)	\$ (1,870) (2,647) 32,975	
Net assets received	\$	(10,602)	\$ 28,458	
Liabilities incurred	\$	2,300	\$ (3,771)	

3. Charity Care and Community Benefit Programs

Charity Care

UMass Memorial and its affiliates provide services to patients regardless of their ability to pay Certain uninsured and underinsured patients qualify for care without charge or care at reduced rates based on established policies of UMass Memorial and its affiliates. Patient eligibility under such policies is based on income using the federal poverty guideline levels or financial hardship if medical expenses to gross income meet predefined levels. Charges foregone under these policies are not reported as net patient service revenue.

Management estimates that the cost associated with the charity care provided by UMass Memorial and its affiliates was approximately \$33,967,000 and \$58,226,000 for the years ended September 30, 2014 and 2013, respectively Such costs have been estimated based on the ratio of expenses (excluding provision for bad debt expense) to established patient service revenue charges Massachusetts law provides coverage for healthcare services via the Health Safety Net During 2014 and 2013, the System received reimbursement from the Commonwealth of Massachusetts in the amounts of \$5,913,000 and \$16,808,000, respectively, from this program

In addition to providing direct patient charity care, UMass Memorial and its affiliates make other significant contributions to the community UMass Memorial and its affiliates file annual Community Benefit Reports with the Commonwealth of Massachusetts, pursuant to state Attorney General guidelines, which provides an overview of the major community programs it supports

Community Benefit Programs

UMass Memorial has a strong history of working closely with many stakeholders and supporting programs that address health disparities to improve the health and quality of life in Central Massachusetts through its community benefits programs

Building on the World Health Organization ("WHO") definition of health as a "state of complete physical, mental, and social well-being, and not merely the absence of disease", UMass Memorial and its affiliates, like WHO, understand that there are a host of social determinant factors that impact the ability to achieve optimal health

In adopting the definition of health, UMass Memorial charges themselves with the duty of improving access to care and responding to those socio-cultural and economic barriers that negatively impact the health and well-being of individuals and the community. UMass Memorial and its affiliates utilize quantitative and qualitative data to identify and develop strategies to address the needs of the medically-underserved in Central Massachusetts.

Working in collaboration with local health departments, neighborhood residents, community-based organizations, city and state officials, advocacy groups, schools, coalitions, churches and other stakeholders, UMass Memorial and its affiliates are involved in community benefits activities that target long-term solutions while addressing the root causes of disease

The Community Benefit Strategic Implementation Plan

UMass Memorial's Community Benefit Strategic Implementation Plan aligns with the priorities identified by the 2013-2015 Community Health Assessment and Community Health Improvement Plan ("CHIP") developed in collaboration with the Worcester Division of Public Health

Employing a broad definition of health, UMass Memorial and its affiliates have implemented programs and initiatives to address the needs of medically underserved patients as well as other identified priorities

UMass Memorial target populations include the following

- Underinsured/uninsured
- Populations living in poverty
- · Children and youth at risk
- · Ethnic and linguistic minorities
- Residents of targeted low-income neighborhoods
- Elders
- Overweight and obesity/healthy weight

A partial listing of the UMass Memorial programs include the following

• The UMass Memorial Asthma Home Visiting Intervention Pilot in Bell Hill was expanded under the Prevention and Wellness Trust Fund grant award to the City of Worcester to a comprehensive model Partners for the expanded program include, two community health centers, the Worcester Public Schools, the Worcester Head Start Program and Community Legal Aid This home visiting model is being implemented to address high rates of pediatric asthma in the City of Worcester Asthma is prevalent among low income populations living in public housing and older housing stock and particularly among Hispanic and Black populations This evidence-based pilot program links clinical and community partners and

utilizes culturally-competent Community Health Workers to assess and address asthma triggers in the home

- Working in collaboration with Clark University, UMass Memorial is supporting the
 establishment of an Academic Health Department that is going to support the Community
 Health Improvement Plan that is anchored at the Worcester Division of Public Health
- A Care Mobile program provides medical and dental services to vulnerable populations in ten
 neighborhood sites and a preventive dental service to 22 schools. These programs address
 the high incidence of dental caries due to a lack of fluoridation in the City's water supply.
- Programs and collaborative efforts that improve access to care (e.g. support of oral health initiatives, medical services for low-income elderly, outreach and support to immigrant/refugee communities, capacity building at community health centers)
- Provision of education and prevention programs and collaborative efforts that support community-based literacy and health literacy and screenings as a means to improving health
- Support of programs that promote positive development for at-risk youth as a way to address substance abuse, tobacco, mental health and violence prevention (e.g. after-school programming activities, academic enrichment, workforce initiatives, leadership development, advocacy and public health-related policy initiatives, social norms campaigns and onsite mental health services at youth-serving organizations)
- Development and support of strategies that enhance and strengthen local public health infrastructure and efforts with the City of Worcester Division of Public Health
- Obesity/healthy weight efforts (e.g. access to physical activity, food insecurity, community gardens, veggie mobile, cooking/nutrition education, body mass index measurements and related policy development)
- Programs that promote health equity by addressing health disparities (e.g. support community-based outreach initiatives for ethnic and linguistic populations, tobacco reduction efforts, substance abuse residential recovery program for Latino males, and elder medical care at public housing)
- Coalition building efforts and partnerships that engage local residents and community stakeholders in identifying and planning solutions to address community deficits and strengthening assets (e.g. development of Community Health Assessment ("CHA"), CHIP, collaboration with Common Pathways and the Worcester Free Clinics Coalition)
- Other efforts include, partnerships to improve access to healthy food, education that focuses on, heart health for elders, healthy aging for seniors and disabled

In partnership with community groups, each affiliate hospital is addressing identified needs and striving to improve the health and well-being needs of the residents of Central New England

4. Third-Party Reimbursement and Uncompensated Care

UMass Memorial and its affiliates have agreements with third-party payors that provide for payments at amounts different from their established rates. A summary of payment arrangements with major third-party payors follows

Medicare

Acute care hospitals are subject to a federal prospective payment system for most Medicare inpatient hospital services and for certain outpatient services. Under this arrangement, Medicare pays a prospectively determined per discharge or per visit rate for nonphysician services. These rates vary according to the severity based Diagnosis Related Group ("DRG") or Ambulatory Payment Classification ("APC") of each patient

Certain transplant services and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology, subject to certain limits. Hospitals are reimbursed for cost-reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. Certain other outpatient services are reimbursed according to fee screens.

Other Payor Arrangements

The System's acute care hospitals have entered into other payment arrangements with BlueCross BlueShield of Massachusetts ("Blue Cross"), the Massachusetts Executive Office of Health and Human Services ("EOHHS"), certain commercial insurance carriers, Health Maintenance Organizations ("HMO"), and preferred provider organizations. The basis for payment under these agreements include prospectively determined rates per discharge and per day, discounts from established charges and fee screens. Certain arrangements also include quality and performance initiatives that may result in additional payments if quality measures are achieved.

Risk Arrangement

During 2014, the System's acute care hospitals and Medical Group entered its second year in a risk arrangement with Blue Cross covering HMO members comprising of fully and self insured accounts. This agreement is referred to as the Alternative Quality Contract ("AQC") and is effective for four years.

Special Medicaid Payments

During 2014 and 2013, the Division of Medical Assistance ("DMA") revised certain of UMass Memorial's affiliates' standard Medicaid rates for unreimbursed charges related to providing services to patients eligible for medical assistance under Title XIX or to low-income patients ("Special Medicaid Payments") Special Medicaid Payments totaling \$240,000,000 in 2014 and \$176,750,000 in 2013, respectively, were recognized as net patient service revenue in the accompanying consolidated financial statements Special Medicaid Payments of \$212,000,000 and \$160,000,000 were recorded as a receivable as of September 30, 2014 and 2013 The 2013 Special Medicaid Payment was received in December 2013

Health Safety Net

The Commonwealth of Massachusetts operates a program called the Health Safety Net ("HSN") The program, which became effective October 1, 2007, is designed to reimburse hospitals for a portion of the uncompensated care provided to patients subject to certain eligibility rules. Hospitals are required to contribute to the Health Safety Net trust fund and are assessed a fee based upon estimates of the statewide cost of uncompensated care. The hospital has recorded its gross obligation to the HSN, net of reimbursement received as part of its net patient service revenue in the accompanying financial statements.

5. Assets Whose Use is Limited and Investments

UMass Memorial and certain of its affiliates have combined the management of certain of their investments in the UMass Memorial Investment Partnership, LLP (the "Partnership") Each of the participating affiliates reports its proportionate share of the Partnership's investments in its financial statements. Pooled investment income and gains and losses of the Partnership are allocated to the participating affiliates based on their respective units in the Partnership. Investments held within the Partnership totaled approximately \$457,383,000 and \$424,243,000 as of September 30, 2014 and 2013, respectively

Investments, including those held within the Investment Partnership, consist of the following at September 30

(in thousands of dollars)	2014	2013
Cash investments	\$ 68,544	\$ 74,605
Private equity funds	15,544	2,965
Hedge funds	150,192	115,987
Bonds and notes	138,845	220,464
Common stocks	64,119	67,790
Mutual funds	301,937	235,831
Other investments	2,079	861
Subtotal	741,260	718,503
Beneficial interest in trusts	15,675	17,258
Other assets	4,990	4,701
	\$ 761,925	\$ 740,462

Such amounts are reported in the consolidated balance sheets at September 30 as follows

(in thousands of dollars)	2014	2013
Short-term investments	\$ 36,926	\$ 36,502
Current portion of assets whose use is limited	6,705	6,358
Assets whose use is limited		
Funds held in escrow under bond indenture agreements		
Debt service funds	13	-
Debt service reserve funds	11,996	10,495
Project funds		7,334
	12,009	17,829
Restricted investments	81,889	81,278
Captive insurance company investments	172,258	168,768
Long-term investments	431,473	407,768
Subtotal	741,260	718,503
Beneficial interest in trusts	15,675	17,258
Other assets	4,990	4,701
	\$ 761,925	\$ 740,462

Funds held in escrow under bond indenture agreements include the debt service funds for payments of principal and interest, and project funds for property and equipment acquisitions included in total investments as of September 30, 2014 and 2013, were pending sales of \$578,000 and \$837,000 and purchases of \$742,000 and \$519,000, respectively

The composition of investment return for the years ended September 30 was as follows

(in thousands of dollars)	2014	2013
Interest, dividend and other related income		
Other operating revenue	\$ 2,948	\$ 3,925
Nonoperating revenue	5,490	6,728
Temporarily restricted	1,110	1,305
Net realized (losses) gains on sale of investments		
Other operating revenue	6,713	4,880
Nonoperating revenue	25,728	9,737
Temporarily restricted	5,609	2,210
Change in net unrealized gains and losses on investments		
Nonoperating revenue	387	24,036
Temporarily restricted	(891)	4,488
Permanently restricted	612	328
	\$ 47,706	\$ 57,637

UMass Memorial and its affiliates report investments at fair value Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between

market participants As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value.

- Level 1 Observable inputs such as quoted prices for identical assets and liabilities in active markets.
- Level 2 Inputs, other than the quoted prices for similar assets and liabilities, that are
 observable either directly or indirectly in active markets, and
- Level 3 Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions

The fair value hierarchy also requires UMass Memorial and its affiliates to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value

UMass Memorial primarily uses market values as provided by the custodian along with consideration of the prices as provided by the investment managers. These market values are set with reference to market activity for highly liquid assets such as U.S. Treasury and agency securities and agency residential mortgage-backed securities, and matrix pricing for other asset classes, such as commercial mortgage and other asset-backed securities. Values for corporate bonds, convertible bonds and municipal bonds may be determined using discounted cash flow pricing models considering adjustments for spreads and prepayments for the instruments. Prices for fixed income securities may also be priced using dealer quotes.

Management has ongoing procedures in place to evaluate and monitor new and ongoing third party valuations including regular communication with investment advisors, quarterly performance benchmarking, and the review of partnership financial statements

The following fair value hierarchy table presents information about the System's financial assets measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations as of September 30, 2014 and 2013

(in thousands of dollars)	Level 1		Level 2	Level 3	Sep	tember 30, 2014
Financial assets Investments						
Cash investments	\$ 68,544	\$	-	\$ -	\$	68,544
Private equity funds	-		-	15,544		15,544
Hedge funds	-		49,316	100,876		150,192
Bonds and notes	13,123		125,722	-		138,845
Common stocks Mutual funds	64,119 183,985		- 117,952	-		64,119 301,937
Other investments	1,443		636	- -		2,079
Total investments at fair value	331,214	_	293,626	116,420		741,260
Beneficial interest in trusts	_		_	15,675		15,675
Other assets	 4,990			 <u> </u>		4,990
Total financial assets at						
faır value	\$ 336,204	\$	293,626	\$ 132,095	\$	761,925
(ın thousands of dollars)	Level 1		Level 2	Level 3	Sep	otember 30, 2013
(in thousands of dollars) Financial assets	Level 1		Level 2	Level 3	Sep	
Financial assets Investments			Level 2	Level 3		2013
Financial assets Investments Cash investments	\$ Level 1 74,605	\$	Level 2	\$ -	Sep \$	2013 74,605
Financial assets Investments Cash investments Private equity funds	\$	\$	- -	\$ - 2,965		74,605 2,965
Financial assets Investments Cash investments Private equity funds Hedge funds	\$ 74,605 - -	\$	- - 42,506	\$ -		74,605 2,965 115,987
Financial assets Investments Cash investments Private equity funds Hedge funds Bonds and notes	\$ 74,605 - - 60,191	\$	- -	\$ - 2,965		74,605 2,965 115,987 220,464
Financial assets Investments Cash investments Private equity funds Hedge funds	\$ 74,605 - -	\$	- - 42,506	\$ - 2,965		74,605 2,965 115,987
Financial assets Investments Cash investments Private equity funds Hedge funds Bonds and notes Common stocks	\$ 74,605 - - 60,191 67,790	\$	- - 42,506 160,273 -	\$ - 2,965		74,605 2,965 115,987 220,464 67,790
Financial assets Investments Cash investments Private equity funds Hedge funds Bonds and notes Common stocks Mutual funds	\$ 74,605 - - 60,191 67,790 148,420	\$	- - 42,506 160,273 -	\$ - 2,965		74,605 2,965 115,987 220,464 67,790 235,831
Financial assets Investments Cash investments Private equity funds Hedge funds Bonds and notes Common stocks Mutual funds Other investments	\$ 74,605 - 60,191 67,790 148,420 861 351,867	\$	42,506 160,273 - 87,411	\$ - 2,965 73,481 - - - -		74,605 2,965 115,987 220,464 67,790 235,831 861 718,503 17,258
Financial assets Investments Cash investments Private equity funds Hedge funds Bonds and notes Common stocks Mutual funds Other investments Total investments at fair value	\$ 74,605 - - 60,191 67,790 148,420 861	\$	42,506 160,273 - 87,411	\$ 2,965 73,481 - - - - 76,446		74,605 2,965 115,987 220,464 67,790 235,831 861 718,503
Financial assets Investments Cash investments Private equity funds Hedge funds Bonds and notes Common stocks Mutual funds Other investments Total investments at fair value Beneficial interest in trusts	\$ 74,605 - 60,191 67,790 148,420 861 351,867	\$	42,506 160,273 - 87,411	\$ 2,965 73,481 - - - - 76,446		74,605 2,965 115,987 220,464 67,790 235,831 861 718,503 17,258

The following table presents the activity for the year for all assets categorized as Level 3 for the years ended September 30, 2014 and 2013

(in thousands of dollars)	Private Equity Funds	Hedge Funds	Bonds and Notes	Beneficial Interest in Trusts	Total
Fair Value, September 30, 2013	\$ 2,965	\$ 73,481	\$ -	\$ 17,258	\$ 93,704
Realized gains	420	(15)	-	-	405
Unrealized gains	224	5,726	-	-	5,950
Purchases	13,331	22,000	-	-	35,331
Sales	(1,396)	(316)	-	-	(1,712)
Change in value of beneficial interest in trusts		<u> </u>	-	(1,583)	(1,583)
Fair Value, September 30, 2014	\$ 15,544	\$ 100,876	\$ -	\$ 15,675	\$ 132,095

	Private Equity Funds	Hedge Funds	Bonds and Notes		Beneficial Interest in Trusts	Total
Fair Value, September 30, 2012	\$ 3,311	\$ 63,306	\$ 2,141	\$	16,930	\$ 85,688
Realized gains	350	5	6		_	361
Unrealized gains (losses)	(224)	6,302	-		-	6,078
Purchases	160	4,200	-		-	4,360
Sales	(632)	(332)	(2,147)		-	(3,111)
Change in value of beneficial interest in trusts		-	 -	_	328	 328
Fair Value, September 30, 2013	\$ 2,965	\$ 73,481	\$ -	\$	17,258	\$ 93,704

The System uses Net Asset Value (NAV) to determine the fair value of its investments which (a) do not have a readily determinable fair market value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table summarizes the key provisions for the System's alternative investments as of September 30, 2014 and 2013.

(in thousands of d	dollars)								
2014 Level 2 Investment	Strategy	NAV	# of Funds	Remaining Life	\$ Amount of Unfunded Commitments	Timing to Draw Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Hedge Fund	Multi-strategy, equities, commodities, currencies, and fixed income securities	\$ 49,316	3	N/A	\$ -	N/A	May withdraw all or any part of its distributable amount the first day of any fiscal period (first business day of the month) with 14 days advance written notice	Payments for withdrawals will be made no later than 30 business days after the effective date of withdrawal. A reasonable reserve for the Partner's share of any future expenses or definite or contingent liabilities of the Partnership that have not been taken into account will be held until the next occurring audit.	N/A
Mutual Fund	Portfolio primarily of senior floating rate loans (Senior Loans)	10,042	1	N/A	-	N/A	Redemption requests are generally paid one month after the redemption request contingent on Fund liquidation constraints	Redemption requests must be for amounts of \$100,000 or more	N/A
Mutual Fund	Capital growth through investment in a professionally managed portfolio of international securities	20,358	1	N/A	-	N/A	Requires written notice at least 5 business days prior to the dealing date	The redemption of Units is subject to certain restrictions and limitations set forth in the Trust Agreement (Suspension of Subscriptions, Redemptions and Valuations)	N/A
Mutual Fund	Exchange-traded funds, open-end, mutual funds, and private private investment funds	27,655	1	N/A	-	N/A	May be redeemed on any business day upon request	N/A	N/A
Mutual Fund	Combination of collective funds, Treasury bills and notes, corporate obligations, commercial paper, repurchase agreements, obligations of government sponsored enterprises, and the CF Charitable Temporary Investment Fund	24,403	1	N/A	-	N/A	May be redeemed within 2 business days upon written request	N/A	N/A
Mutual Fund	Common stocks, preferred stocks, convertible securities, depositary receipts and rights and warrants to buy common stocks	7,459	1	N/A	-	N/A	May be redeemed on each day that the NYSE is open	N/A	N/A
Mutual Fund	Senior secured debt, loans, notes, bonds	10,094	1	N/A	-	N/A	Monthly liquidity with 30 days written notice	N/A	N/A
Mutual Fund	International Commingled Funds	7,448	1	N/A	-	N/A	Liquidation allowed weekly	N/A	N/A
		\$ 156,775	10		<u> </u>				

(in thousands of de	ollars)								
2013 Level 2			#		\$ Amount of	Timing to			Redemption
Investment	Strategy	NAV	of Funds	Remaining Life	Unfunded Commitments	Draw Commitments	Redemption Terms	Redemption Restrictions	Restrictions in Place at Year End
Hedge Fund	Multi-strategy, equities, commodities, currencies, and fixed income securities	\$ 42,506	3	N/A	\$ -	N/A	May withdraw all or any part of its distributable amount the first day of any fiscal period (first business day of the month) with 14 days advance written notice	Payments for withdrawals will be made no later than 30 business days after the effective date of withdrawal. A reasonable reserve for the Partner's share of any future expenses or definite or contingent liabilities of the Partnership that have not been taken into account will be held until the next occurring audit.	N/A
Bonds and Notes	Portfolio primarily of senior floating rate loans (Senior Loans)	9,795	1	N/A	-	N/A	Redemption requests are generally paid one month after the redemption request contingent on Fund liquidation constraints	Redemption requests must be for amounts of \$100,000 or more	N/A
Mutual Fund	Capital growth through investment in a professionally managed portfolio of international securities	19,423	1	N/A	-	N/A	Requires written notice at least 5 business days prior to the dealing date	The redemption of Units is subject to certain restrictions and limitations set forth in the Trust Agreement (Suspension of Subscriptions, Redemptions and Valuations)	N/A
Mutual Fund	Exchange-traded funds, open-end, mutual funds, and private private investment funds	26,297	1	N/A	-	N/A	May be redeemed on any business day upon request	N/A	N/A
Mutual Fund	Combination of collective funds, Treasury bills and notes, corporate obligations, commercial paper, repurchase agreements, obligations of government sponsored enterprises, and the CF Charitable Temporary Investment Fund	36,949	1	N/A		N/A	May be redeemed within 2 business days upon written request	N/A	N/A
Mutual Fund	Common stocks, preferred stocks, convertible securities, depositary receipts and rights and warrants to buy common stocks	4,742	1	N/A	-	N/A	May be redeemed on each day that the NYSE is open	N/A	N/A
		\$ 139,712	8		\$ -				
NI/A = not applicab	No.								

(In thousands of dollars)										
2014 Level 3 Investment	Strategy		NAV	# of Funds	Remaining Life	\$ Amount of Unfunded Commitment	Draw	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Private Equity	Global private equity	\$	2,677	3	3 to 5 years 3 months	\$ 26	Term of agreement	Restricted	Amount, timing and form of distributions determined by the fund	Not redeemable
Hedge Fund	Arbitrage, distressed investments, long/short equity and fixed income		16,540	3	N/A		- N/A	Redemptions are valued one month after the repurchase request (the "Valuation Date") and generally paid one month after Valuation Date contingent on Fund liquidation constraints	Quarterly only if there has been a tender offer by the fund	Redemption restrictions have been met at year end
Hedge Fund	Arbitrage, hedged equity and special situations		49,132	4	N/A		- N/A	December 31 or on calendar quarter associated with investment date applicable to each class of shares each with 100 days notice	Redemptions are permitted on December 31 or on calendar quarter associated with investment date subject to 100 days written notice, after a lock-up period of 1 or 3 years If members do not redeem shares at end of lock-up, they will be subject to a new lock-up period of 1 or 3 years applicable to each class of shares	Lock up provisions reset December 31, 2013 through December 31, 2015
Hedge Fund	Private investments in funds and hedge funds		12,623	1	N/A		- N/A	Any calendar quarter on or after the 12th month of initial investment	95 days written notice	Redemption restrictions have been met at year end
Hedge Fund	Multi-strategy		336	5	N/A		- N/A	Currently liquidating positions	Distribution made as positions are liquidated	Redemptions are in process
Private Equity	Structured debt products		428	1	N/A	2,54	6 On call	N/A	N/A	N/A
Private Equity	Event Driven Strategy in stressed and distressed segments of corporate credit market		10,235	1	N/A		- N/A	Redemptions are valued at a per share price based on the Net Asset Value of series with 90 days written notice	As of the first calendar quarter-end occurring immediately after the end of the 11th month following the date of issuance	Redemption restrictions have not been met
Private Equity	Debt financing		2,204	1	N/A	48	On call	Redemptions are not permitted	Redemptions are not permitted	Redemption restrictions have not been met
Hedge Fund	Investment in securities and other investments to achieve above-average capital growth	_	22,245	1	N/A		- N/A	45 days written notice required for redemption	Class B Shares may not be redeemed until shares held for a continuous period of at least 12 months Thereafter, redeemable as of December 31 of each year on 45 days written notice	Redemption restrictions have not been met
		\$	116,420	20		\$ 3,29	<u> </u>			

(in thousands of	dollars)								
2013 Level 3				Remaining	\$ Amount of Unfunded	Timing to Draw	Redemption	Redemption	Redemption Restrictions in
Investment	Strategy	NAV	# of Funds	Life	Commitments	Commitments	Terms	Restrictions	Place at Year End
Private Equity	Global private equity	\$ 2,965	3	3 to 5 years 3 months	\$ 989	Term of agreement	Restricted	Amount, timing and form of distributions determined by the fund	Not redeemable
Hedge Fund	Arbitrage, distressed investments, long/short equity and fixed income	15,321	3	N/A	-	N/A	Redemptions are valued one month after the repurchase request (the "Valuation Date") and generally paid one month after Valuation Date continge on Fund liquidation constrain		Redemption restrictions have been met at year end
Hedge Fund	Arbitrage, hedged equity and special situations	45,619	4	N/A		N/A	December 31 or on calendar quarter associated with investment date applicable to each class of shares each with 100 days notice	Redemptions are permitted on December 31 or on calendar quarter associated with investment date subject to 100 days written notice, after a lock-up period of 1 or 3 years If members do not redeem shares at end of lock-up, they will be subject to a new lock-up period of 1 or 3 years applicable to each class of shares	Lock up provisions reset December 31, 2013 through December 31, 2015
Hedge Fund	Private investments in funds and hedge funds	11,867	1	N/A	-	N/A	Any calendar quarter on or after the 12th month of initial investment	95 days written notice	Redemption restrictions have been met at year end
Hedge Fund	Multi-strategy	674	2	N/A	-	N/A	Currently liquidating positions	Distribution made as positions are liquidated	Redemptions are in process
		\$ 76,446	13		\$ 989	1			

6. Property and Equipment

Property and equipment consist of the following at September 30

(in thousands of dollars)	2014			2013
Land and land improvements Buildings and building improvements Major movable and fixed equipment	\$	21,608 872,108 712,612	\$	23,375 898,037 692,069
		1,606,328		1,613,481
Less Accumulated depreciation and amortization		1,010,546		978,721
		595,782		634,760
Construction in progress		32,591		71,893
Property and equipment, net	\$	628,373	\$	706,653

Depreciation expense (excluding amortization of capital lease assets of \$657,000 and \$1,001,000 for the years ended September 30, 2014 and 2013, respectively) amounted to approximately \$91,866,000 and \$90,049,000 for the years ended September 30, 2014 and 2013, respectively

In connection with the Merger (Note 1), the University transferred to UMass Memorial substantially all of the assets of the Clinical Services Division, except to the extent that the assets were shared by the University. With respect to such shared assets, the University and UMass Memorial have entered into a 99-year occupancy and shared services agreement (the "Occupancy Agreement") under which the University has granted UMass Memorial the right to use such assets for the term of the agreement. UMass Memorial has agreed to maintain and be responsible for 50% of the capital costs under this agreement (Note 13). The Occupancy Agreement provides that if the University ceases operating a medical school, UMass Memorial and the University will enter into a lease at the then fair value of the related space, adjusted to give effect to any improvements subsequent to the Merger and the debt assumed by UMass Memorial at the date of the Merger.

UMass Memorial recorded its interest in the assets covered by the Occupancy Agreement utilizing the original cost and related accumulated depreciation, as reflected on the consolidated balance sheets of the Clinical Services Division on the date of the Merger The net book value of the assets covered by the Occupancy Agreement at the date of the Merger was approximately \$56,000,000

7. Long-Term Debt

Long-term debt consists of the following at September 30

	Interest Rate at				
	September 30,	Final			
(ın thousands of dollars)	2014	Maturity		2014	2013
Massachusetts Development Finance					
Agency ("MDFA") Revenue Bonds					
UMass Memorial, Series A	5 00%	2028	\$	33,275	\$ 33,275
UMass Memorial Variable Rate, Series B	0 290%	2023		13,700	14,800
UMass Memorial, Series D	5 0%-5 25%	2033		107,450	107,450
UMass Memorial Variable Rate, Series E	1 09%-1 10%	2035		27,290	28,015
UMass Memorial Variable Rate, Series F	1 31%	2035		27,290	28,015
UMass Memorial, Series G	4 0%-5 0%	2022		41,870	46,600
UMass Memorial, Series H	4 0%-5 5%	2031		80,140	85,900
Marlborough Hospital Variable Rate, Series A	2 44%	2034		8,445	8,663
Line of Credit	0 15%	2014		-	10,000
Master leases and subleases, and other notes payable	0%-6 34%	2014 - 2044		50,040	66,271
Capital lease obligations (Note 8)				872	 1,226
Total debt				390,372	430,215
Less Net unamortized original issue premium (discount)				1,332	1,485
Less Current portion			_	(27,772)	(69,029)
Long-term debt, net			\$	363,932	\$ 362,671

Revenue Bonds and Notes Payable

UMass Memorial and certain of its affiliates are obligated under various MDFA revenue bonds and notes payable. Under the terms of the loan agreements, the obligations are collateralized by property and equipment and gross receipts, as defined. The terms of the mortgage and trust agreements also require the establishment of certain reserve funds that are held by trustees (Note 5). The bonds require periodic interest and principal payments to these funds held in trust that are proportionate to the annual interest and principal payments or sinking fund installments. The revenue bonds are generally redeemable prior to maturity at premiums ranging up to 4%

Issuance of Debt

In May 2009, UMass Memorial and the Medical Center entered into an agreement with Massachusetts Health and Educational Facilities Authority ("MHEFA" currently MDFA) to issue MHEFA Variable Rate Demand Revenue bonds, Series F In February 2014, the Obligated Group entered into an agreement with the same financial institution to extend the tender date to May 2016

In August 2013, UMass Memorial and the Medical Center (the "Obligated Group") entered into a Master Lease and Sublease agreement with MDFA and a commercial bank. Proceeds from the agreement of \$20,000,000 are to be used for the purchase of medical equipment used in health care operations throughout the System. Principal and interest payments under the terms of the agreement will be due over a period of 72 months and will bear at least 1.15%. The acquired equipment collateralizes the borrowing under the agreement.

In January 2012, the Obligated Group entered into an agreement to remarket MDFA Revenue Bonds, Series E in the amount of \$29,370,000 under a new Index Floating Rate Mode effective through April 15, 2015 On December 22, 2014, UMass Memorial and the financial institution have agreed to extend this option date for a period of three to five years

In November 2014, Marlborough Hospital entered into an agreement with a commercial bank to amend its Series A debt (\$8,445,000 outstanding as of September 30, 2014) to waive its initial tender date of November 24, 2014 (the next tender date is November 24, 2019)

Certain of the affiliates have borrowed funds from other affiliates. Total outstanding notes payable between the affiliates was \$33,479,000 and \$27,799,000 at September 30, 2014 and 2013, respectively. The notes bear interest at rates ranging from 1 25% - 5 26% and are due between 2015 and 2044. The notes are recorded as notes receivable and notes payable to affiliates in the consolidated financial statements.

Line of Credit

The Medical Center had a revolving line of credit with a commercial bank to borrow up to \$25,000,000 at September 30, 2013 at a variable interest rate, which generally approximates the bank's prime rate. The amount outstanding under this agreement at September 30, 2013 was \$10,000,000. There was no amount outstanding at September 30, 2014. This line of credit expired in November 2014 and UMass Memorial opted not to renew it.

Debt Covenants

UMass Memorial and its affiliates' debt agreements contain limitations on additional indebtedness, mergers, and other covenants, including required debt service coverage ratios. In addition, the Obligated Group is required to maintain a specified amount of cash and unrestricted investments. Several of the debt agreements limit the transfer of assets outside of the Obligated Group. Accordingly, the assets of an affiliate included in the consolidated financial statements may not be available to meet the obligations of other affiliates.

Principal Payments and Sinking Fund Requirements

Annual principal payments and sinking fund requirements on long-term debt for the next five years and thereafter are as follows at September 30, 2014

(in thousands of dollars)	
2015	\$ 27,619
2016	25,610
2017	23,114
2018	21,400
2019	19,942
Thereafter	 272,687
Total long-term debt	\$ 390,372

Interest Paid

Total interest paid during 2014 and 2013 was approximately \$16,025,000 and \$16,050,000, respectively Interest capitalized as a component of the cost of assets constructed was approximately \$1,336,000 and \$1,986,000 in 2014 and 2013, respectively

Fair Value

The fair value of UMass Memorial and its affiliates' fixed rate revenue bonds is based on quoted market prices. Other debt instruments have variable interest rates and management believes that their carrying values approximate fair value. As of September 30, 2014 and 2013, the estimated fair values of bonds payable based on Level 2 inputs was \$402,082,000 and \$437,037,000, respectively. The fair value of bonds payable generally represents a mid-market estimate, a market bid and/or market ask, or any other price or estimate within a market spread.

8. Leases

UMass Memorial and its affiliates lease certain office and clinical equipment under leases with terms exceeding one year. Rent expense under operating leases was approximately \$27,364,000 and \$30,740,000 for the years ended September 30, 2014 and 2013, respectively

The following assets under capital leases are included in property and equipment (excluding assets covered under the Occupancy Agreement) at September 30

(in thousands of dollars)	2014	2013		
Property and equipment	\$ 20,709	\$	21,286	
Less Accumulated amortization	 17,644		17,564	
Net unamortized balance	\$ 3,065	\$	3,722	

Amortization of assets recorded under capital leases of approximately \$657,000 and \$1,001,000 in 2014 and 2013, respectively, is recorded in depreciation and amortization expense

Future minimum lease payments under noncancelable capital leases and operating leases consisted of the following at September 30, 2014

(in thousands of dollars)	Capital Leases	Operating Leases		
2015	\$ 302	\$	23,740	
2016	277		23,534	
2017	225		20,693	
2018	150		16,772	
2019	-		12,556	
Thereafter	 		84,994	
Total minimum lease payments	954	\$	182,289	
Less Amounts representing interest	 82			
Present value of net minimum lease payments	\$ 872			

Minimum payments have not been reduced by minimum sublease rentals of \$1,722,000 due in the future under noncancelable subleases

The Obligated Group has a 99-year office building lease through 2097 with the University, which requires UMass Memorial to make annual rental payments, which are included in the above table in addition to the rental component, the agreement requires the Obligated Group to pay certain operating expenses related to the leased building. During the years ended September 30, 2014 and 2013, operating expenses paid by the Obligated Group to the University amounted to approximately \$859,000 and \$990,000, respectively

9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets, including accumulated net realized and unrealized gains on permanently restricted net assets that are available for Board appropriation in accordance with state law, are available for the following purposes at September 30

(in thousands of dollars)	2014	2013		
Charity care	\$ 1,468	\$	1,395	
Medical education	2,476		2,367	
Research	7,326		6,789	
Health care services	12,927		11,110	
Buildings and equipment	2,258		3,848	
Accumulated gains available for Board appropriation				
for the use and purposes established by donors	 21,451		19,478	
	\$ 47,906	\$	44,987	

Permanently restricted net assets are restricted for the following at September 30

(in thousands of dollars)	2014	2013
Investments to be held in perpetuity, the income from which is expendable to support health care services or other purposes designated by the donor Beneficial interest in perpetual trusts	\$ 36,459 15,675	\$ 36,619 17,258
	\$ 52,134	\$ 53,877

Pledges

Pledges consist of unconditional written promises to contribute to the System in the future Pledges are reported at their present value, net of discounts and allowances, at discount rates ranging from 1 00% to 2 52% and 1 00% to 2 64% at September 30, 2014 and 2013, respectively At September 30, 2014 and 2013, pledges are expected to be received in the following time frame

(in thousands of dollars)	2014			2013	
In one year or less Between one year and five years More than five years	\$	\$ 575 881		768 1,437 10	
		1,456		2,215	
Less Discount to present value Less Allowance for unfulfilled pledges		(85) (95)		(130) (159)	
Pledges receivable, net	\$	1,276	\$	1,926	

Endowment

The System's endowment consists of approximately 184 individual funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The System has interpreted UPMIFA as requiring the preservation of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result, the System 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 in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the System in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the System considers the following factors in making a determination to appropriate or accumulate endowment funds

- The duration and preservation of the fund
- The purposes of the System and the donor restricted endowment fund

- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the System
- The investment policies of the System

Endowment net asset composition by type of fund as of September 30 is as follows

(in thousands of dollars)	2014						
	Tei	mporarily	Pei	rmanently			
		Restricted		estricted		Total	
Donor restricted endowment funds							
Income restricted	\$	7,705	\$	23,239	\$	30,944	
Income unrestricted		13,746		28,895		42,641	
	\$	21,451	\$	52,134	\$	73,585	
				2013			
	Tei	mporarily	Permanently				
	Re	Restricted		Restricted		Total	
Donor restricted endowment funds							
Income restricted	\$	7,167	\$	22,620	\$	29,787	
Income unrestricted		12,311		31,257	_	43,568	
	\$	19,478	\$	53,877	\$	73,355	

Changes in endowment net assets for the year ended September 30 are as follows

(in thousands of dollars)		2014						
	Temporarily Restricted		•			Total		
Endowment net assets, beginning of year Investment return	\$	19,478	\$	53,877	\$	73,355		
Investment and other related income		984		-		984		
Net appreciation (realized and unrealized)		3,533				3,533		
Total investment return		4,517		-		4,517		
Gifts		6		=		6		
Appropriation of endowment assets for expenditure		(2,550)		-		(2,550)		
Change in beneficial interest in trusts and other				(1,743)		(1,743)		
Endowment net assets, end of year	\$	21,451	\$	52,134	\$	73,585		

(in thousands of dollars)	2013							
	Temporarily Restricted					Total		
Endowment net assets, beginning of year Investment return	\$	17,584	\$	53,625	\$	71,209		
Investment and other related income		659		_		659		
Net appreciation (realized and unrealized)		4,604		_		4,604		
Total investment return		5,263		-		5,263		
Appropriation of endowment assets for expenditure		(3,369)		-		(3,369)		
Change in beneficial interest in trusts and other				252		252		
Endowment net assets, end of year	\$	19,478	\$	53,877	\$	73,355		

The primary long-term management objective for the System'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 an average annual return equal to or greater than an assumed 5% annual spending policy rate for the endowment funds plus the rate of inflation, net of all fees, including investment management and related fees and expenses, over the long-term. The endowment funds are invested to diversify their exposure.

10. Benefit Plans

UMass Memorial and its affiliates sponsor several noncontributory defined contribution plans and defined benefit pension plans covering substantially all employees who have met age and service requirements

Defined Contribution Retirement Plans

UMass Memorial and its affiliates make annual contributions to their defined contribution plans based on specific percentages of annual compensation and/or employee contributions. Pension expense related to these defined contribution plans was approximately \$24,940,000 and \$24,910,000 for the years ended September 30, 2014 and 2013, respectively

Defined Benefit Retirement Plans

The benefits under the defined benefit plans are based primarily on years of service and employees' compensation. The funding policy is to make contributions to the plans at least equal to the minimum amount required by law. Plan assets consist principally of mutual funds, bonds and notes and common stock. In addition, UMass Memorial and its affiliates sponsor certain postretirement medical plans.

During fiscal year 2013, the Medical Center amended its plan provisions for participants in its defined benefit plans. This resulted in a lower benefit obligation as of September 30, 2013, and a reduced net periodic pension cost. The most significant provisions include a change to a career average formula and a revised definition of pay which will become effective in January 2017.

Funded Status

The funded status of UMass Memorial and affiliates' plans are recognized as liabilities Unrecognized actuarial losses and prior service costs previously recorded as charges to net assets are "recycled" out of net assets as components of net periodic benefit cost

The amounts in unrestricted net assets as of September 30, 2014 and 2013 that are not yet recognized as a component of net periodic benefit cost are as follows

(in thousands of dollars)				2014		
Net prior service cost (benefit) Net actuarial loss		Pension	В	enefits	Total	
	\$	(73,690) 308,330	\$	- 7,470	\$ (73,690) 315,800	
				2013		
			Post	retirement		
		Pension	В	enefits	Total	
Net prior service cost (benefit) Net actuarial loss	\$	(81,202) 283,525	\$	110 3,280	\$ (81,092) 286,805	

Changes in plan assets and benefit obligations recognized in unrestricted net assets during 2014 and 2013 include

(in thousands of dollars)		2013		
Current year actuarial net (gain) loss Plan amendment Amortization of prior actuarial net loss Amortization of prior service cost	\$	(47,883) - 18,887 (7,402)	\$	115,739 40,414 28,950 (7,188)
	\$	(36,398)	\$	177,915

The amounts in unrestricted net assets as of September 30, 2014 that are expected to be recognized as a component of net periodic benefit cost during fiscal 2015 are as follows

(in thousands of dollars)		Pension	Po	stretirement Benefits	Total	
Net prior service cost Net actuarial loss	\$	7,503 (19,828)	\$	(376)	\$	7,503 (20,204)

The following tables provide a reconciliation of benefit obligations, plan assets, and the funded status of UMass Memorial and its affiliates' defined benefit plans and the related amounts that are recognized in the accompanying consolidated balance sheets at September 30

	Pension Benefits								
(in thousands of dollars)		2014		2013					
Accumulated benefit obligation	\$	876,015	\$	762,058					
Change in projected benefit obligation									
Projected benefit obligation	\$	775,978	\$	878,660					
Service cost		38,155		41,734					
Interest cost		38,286		34,660					
Amendments		-		(40,414)					
Actuarial loss (gain)		58,987		(98,684)					
Benefits paid		(37,343)		(39,520)					
Expenses paid		(957)		(458)					
Projected benefit obligation	\$	873,106	\$	775,978					
Change in plan assets									
Fair value of plan assets		622,522		541,488					
Actual return on plan assets		58,448		51,059					
Employer contributions		57,186		69,953					
Benefits paid		(37,343)		(39,520)					
Expenses paid		(957)		(458)					
Fair value of plan assets		699,856		622,522					
Funded status, end of year	\$	(173,250)	\$	(153,456)					

The amounts recognized in the consolidated balance sheets for the defined benefit plans on a combined basis as of September 30, 2014 and 2013 were as follows

(in thousands of dollars)	2014	2013
Amounts recognized in the consolidated balance sheet consist of the following Accounts payable and accrued expenses Accrued pension and postretirement obligations	\$ (2,327) (170,923) (173,250)	\$ (1,596) (151,860) (153,456)
	, , ,	, ,

UMass Memorial and its affiliates used the following assumptions in determining its September 30 projected benefit obligation amounts

	2014	2013
Discount rate	4 27-4 47%	4 92-5 11%
Rate of compensation increase	5 60-2 10%	6 25-2 75%
(based on age and position classification)		

The following is a summary of the allocation of plan assets for the benefit plans as of the measurement date

Asset Category	2014	2013
Cash investments	2 %	1 %
Private equity funds	2 %	0 %
Hedge funds	9 %	9 %
Bonds and notes	23 %	25 %
Common stocks	16 %	16 %
Mutual funds	48 %	49 %

The following is a summary of the target allocation of plan assets for the benefit plans as of the measurement date

Asset Category	2014			
Cash investments	0 %	0 %		
Private equity funds	9 %	1 %		
Hedge funds	5 %	9 %		
Bonds and notes	28 %	27 %		
Common stocks	40 %	16 %		
Mutual funds	18 %	47 %		

The following table presents the assets of the defined benefit plans as of September 30, 2014 and 2013, measured at fair value on a recurring basis using the fair value hierarchy described in Note 5 Included in the asset totals of \$699,856,000 and \$622,522,000 as of September 30, 2014 and 2013, were pending sales of \$1,203,000 and \$2,278,000 and purchases of \$3,003,000 and \$3,916,000, respectively

(in thousands of dollars)	Level 1	Level 2	Level 3	Sep	tember 30, 2014
Cash investments	\$ 17,278	\$ _	\$ _	\$	17,278
Private equity funds	-	_	17,214		17,214
Hedge funds	-	24,923	37,215		62,138
Bonds and notes	18,454	141,857	_		160,311
Common stocks	111,225	_	_		111,225
Mutual funds	163,862	167,828	 		331,690
Total investments at fair value	\$ 310,819	\$ 334,608	\$ 54,429	\$	699,856
			_		

(in thousands of dollars)		Level 1		Level 1		Level 2 Level 3		evel 1 Level 2		September 30, 2013		
Cash investments	\$	9,280	\$	_	\$	_	\$	9,280				
Private equity funds		-		-		2,965		2,965				
Hedge funds		-		22,279		34,475		56,754				
Bonds and notes		32,657		122,734		-		155,391				
Common stocks		98,560		-		-		98,560				
Mutual funds		169,147		130,425	_			299,572				
Total investments at fair value	\$	309,644	\$	275,438	\$	37,440	\$	622,522				

The following table presents the activity for the year for all assets categorized as Level 3 for the years ended September 30, 2014 and 2013

(ın thousands of dollars)	Private Equity Funds	Hedge Funds	 ds and otes	Sep	tember 30, 2014
Fair value, October 1, 2013	\$ 2,965	\$ 34,475	\$ -	\$	37,440
Realized gains (losses)	420	(15)	-		405
Unrealized gains	276	2,794	-		3,070
Purchases (sales)	 13,553	 (39)	 		13,514
Fair value, September 30, 2014	\$ 17,214	\$ 37,215	\$ 	\$	54,429

(ın thousands of dollars)	Ī	Private Equity Funds	Hedge Funds	 nds and Notes	Sep	tember 30, 2013
Fair value, October 1, 2012	\$	3,266	\$ 24,309	\$ 2,178	\$	29,753
Realized gains (losses)		386	(19)	5		372
Unrealized gains (losses)		(134)	2,763	(36)		2,593
Purchases (sales)		(553)	7,422	(2,147)		4,722
Fair value, September 30, 2013	\$	2,965	\$ 34,475	\$ 	\$	37,440

UMass Memorial and its affiliates' investment strategy is to utilize broadly diversified passive vehicles where appropriate, with an investment mix and risk profile consistent with pension liabilities. Periodic studies are undertaken to determine the asset mix that will meet pension obligations at a reasonable cost to UMass Memorial and which are consistent with the fiduciary requirements of pension regulations.

In selecting the expected long-term rate of return on assets, UMass Memorial and its affiliates considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of these plans. This included considering the trusts' asset allocation and the expected returns likely to be earned over the life of the plan. This basis is consistent with the prior year.

UMass Memorial and its affiliates expect to contribute approximately \$56,000,000 to their defined benefit pension plans during the year ending September 30, 2015

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, are expected to be paid during the period ending September 30

(in thousands of dollars)

2015	\$ 51,200
2016	54,150
2017	58,086
2018	60,919
2019	62,033
2020 through 2024	314,546

The following are the components of net periodic benefit cost for UMass Memorial and its affiliates defined benefit plans

(in thousands of dollars)	2014			2013
Net periodic benefit cost				
Service cost	\$	38,155	\$	41,734
Interest cost		38,286		34,660
Expected return on plan assets		(43,064)		(41,425)
Net amortization		11,286		20,786
Net periodic benefit cost	\$	44,663	\$	55,755

Assumptions used in determining net periodic benefit cost of the defined benefit plans were

	2014	2013
Discount rate	4 92-5 11%	4 03-4 23%
Rate of compensation increase	6 25-2 75%	5 50-2 00%
(based on age and position classification)		
Expected return on plan assets	7 00 %	7 50 %

UMass Memorial Postretirement Medical Benefits

UMass Memorial and its affiliates provide postretirement medical benefits to certain of its employees. Benefits are funded from the general assets of the System on a current basis. Such plans pay a portion of health insurance costs for eligible participants.

Presented below is financial information related to the postretirement medical plans for the years ended September 30

	Postretirement			ent		
	Medical Benefits			efits		
(in thousands of dollars)	2014		2014		2014 2013	
Change in accumulated postretirement benefit obligation						
Accumulated postretirement benefit obligation	\$	31,426	\$	37,139		
Service cost		257		449		
Interest cost		1,597		1,565		
Actuarial loss (gain)		4,280		(7,421)		
Benefits paid		(287)		(306)		
Accumulated postretirement benefit obligation		37,273		31,426		
Change in plan assets						
Fair value of plan assets		-		-		
Actual return on plan assets		-		-		
Employer contributions		287		306		
Benefits paid		(287)		(306)		
Fair value of plan assets						
Funded status, end of year	\$	(37,273)	\$	(31,426)		

The amounts recognized in the consolidated balance sheets for the post-retirement benefit plans as of September 30, 2014 and 2013 were as follows

(in thousands of dollars)	2014			2013
Accounts payable and accrued expenses Accrued pension and postretirement obligations	\$	(402) (36,871)	\$	(368) (31,058)
	\$	(37,273)	\$	(31,426)

The discount rate used for determining the benefit obligation was 4 47% and 5 11% as of September 30, 2014 and 2013, respectively

In December 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 was enacted which provides certain prescription drug related benefits for retirees and subsidies for employers providing actuarial equivalent subsidies to their retirees beginning in 2006. The projected federal subsidy has been assumed to decrease the employer obligation for all post-65 retirees.

UMass Memorial and its affiliates expect to contribute approximately \$402,000 to its postretirement benefit plans during the year ending September 30, 2015

Estimated Future Benefit Payments

The following benefit payments related to the postretirement benefit plan are expected to be paid during the period ended September 30

(in thousands of dollars)

2015	\$ 402
2016	485
2017	566
2018	665
2019	772
2020 through 2024	5,703

Estimated Medicare Part D Subsidies

The following Medicare Part D subsidies related to the postretirement benefit plan are expected to be received during the period ended September 30

(in thousands of dollars)

2015	\$ 25
2016	27
2017	29
2018	33
2019	39
2020 through 2024	339

The assumed health care cost trend rate used in measuring the postretirement medical benefit obligation was 7 50% in 2014, declining gradually to 5 00% by 2019 and remaining level thereafter Assumed health care cost trend rates have a significant effect on the amounts reported for the postretirement benefit plan. A one-percentage-point change in the assumed health care cost trend rates would have the following effects

(in thousands of dollars)	1 Pe In	1 Percentage Point Decrease		
Effect on total of service and interest cost Effect on postretirement benefit obligation	\$	2,278 8,610	\$	(1,520) (6,703)

The following are the components of net periodic benefit cost for UMass Memorial and its affiliates postretirement medical plan

(in thousands of dollars)	2014			2013	
Net periodic benefit cost					
Service cost	\$	257	\$	449	
Interest cost		1,597		1,565	
Net amortization		199		976	
Net periodic benefit cost	\$	2,053	\$	2,990	

Weighted average assumptions used in determining net periodic cost of the postretirement medical plan were

	2014	2013
Discount rate Current year health care cost trend rate	5 11 % 7 50 %	4 23 % 7 50 %
Ultimate year health care cost trend rate	5 00 %	5 00 %

11. Commitments and Contingencies

Self-Insurance

CPAC is a wholly-owned captive insurance company incorporated and based in the Cayman Islands for the purpose of providing professional and general liability and workers' compensation insurance

Estimated malpractice costs, as calculated by CPAC's consulting actuaries, consist of specific reserves to cover the estimated liability resulting from medical or general liability incidents, as well as potential claims which have been reported and a provision for claims incurred but not reported Estimated malpractice liabilities are based on claims reported, historical experience, and industry trends. These liabilities include estimates of future trends in loss severity and frequency and other factors that could vary as the claims are ultimately settled. Although it is not possible to measure the degree of variability inherent in such estimates, management believes the reserves for claims are adequate. These estimates are periodically reviewed and necessary adjustments are recorded in the year the need for such adjustments becomes known. Management is unaware of any claims that would cause the final expense for medical malpractice risks to vary materially from the amounts provided.

CPAC estimates that the expected claims liabilities at September 30, 2014 and 2013, on an undiscounted basis, are approximately \$175 million and \$172 million, respectively, assuming losses are limited to \$5 million for professional liability and \$3 million for general liability per individual claim, respectively. These amounts are discounted at 3% at September 30, 2014 and 2013 over an estimated payout period of 12 years.

Excess Liability Coverage

UMass Memorial and its affiliates have excess liability coverage of \$50 million for malpractice losses in excess of \$5 million per individual claim and for annual aggregate malpractice losses in excess of \$60 million on a claims-made basis. The existence of this reinsurance coverage does not relieve UMass Memorial and its affiliates of its primary obligation with respect to losses incurred. UMass Memorial and its affiliates would be liable for claims ceded to reinsurers in the event such reinsurers were unable to meet their obligations. UMass Memorial records the gross exposure of claim liabilities and a corresponding receivable for insurance recoveries when such circumstances are present.

Surety Bond

UMass Memorial and its affiliates have surety bonds in the aggregate amount of \$14,800,000 related to two workers' compensation self-insurance programs

Other Contingencies

UMass Memorial and its affiliates are parties to various legal proceedings and potential claims arising in the ordinary course of business. In addition, the health care industry as a whole is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at the time. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations. These could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services. Management believes that the System and its affiliates are in compliance with current laws and regulations and does not believe that these matters will have a material adverse effect on its consolidated financial statements.

CMS Notice of Disallowance - Following a 2009 audit report by the Office of Audit Services of the Office of Inspector General of the United States Health and Human Services (the "OIG"), under which the Commonwealth of Massachusetts' (the "Commonwealth") Medicaid Program returned approximately \$1 5 million in federal financial participation ("FFP") to the Centers for Medicare and Medicaid Services ("CMS") regarding supplemental Medicaid payments to the Medical Center from fiscal years 2000 through and including 2005 CMS informed the Commonwealth on February 7, 2011, of its intention to disallow \$25.5 million in FFP for the same supplemental payments made to UMass Memorial for a subset of the same time period (2000 through 2003) The stated reason for the disallowance was that the Commonwealth had not complied with the time limit for claiming payment for Medicaid expenditures The Commonwealth filed a request for reconsideration of the disallowance On April 13, 2012, CMS issued a letter to the Commonwealth affirming the disallowance except with respect to \$8.1 million for supplemental payments for fiscal year 2003 which CMS acknowledges were claimed timely Management worked with the Commonwealth to file an appeal to the Department of Health and Human Services Departmental Appeals Board (the "DAB") on June 12, 2012 After the Commonwealth filed its brief with the Board, CMS submitted its brief in May 2013 and asked the Board to increase the disallowance of the federal share from \$17 million to \$21 million due to an earlier CMS calculation error. UMass Memorial intervened in

the matter and contested the proposed increase in the disallowance. A hearing on the appeal was held on June 18, 2013

On September 30, 2013, the DAB issued its decision reversing the CMS disallowance of approximately \$21.5 million in FFP based on a finding that the claim for FFP had been timely, and sustaining the disallowance of approximately \$4.25 million in FFP based on the OIG's audit report finding that the relevant expenditures were not authorized by the Commonwealth plan. The Commonwealth Medicaid Agency has not recouped any funds from UMass Memorial as a result of the disallowance or, as noted above, for the prior return of funds related to the OIG audit report, although it is expected that such a recoupment will be asserted. The Medical Center has sufficient reserves to reimburse the Commonwealth for the amount sustained by the decision

Urine Drug Screening Test Audits and Refunds – As a result of certain payer audits and ongoing internal review, the Medical Center's laboratory has refunded payments received for certain urine drug screening tests conducted on samples submitted to the Medical Center labs by three independent toxicology labs. The toxicology labs collected urine samples for their sober home clients and submitted them to the Medical Center's labs for testing in accordance with the sober home clinicians' orders. The Medical Center has initiated refunds to Medicare, Medicaid, managed Medicare and other governmental and commercial plans for claims related to testing for the three toxicology labs because the referring toxicology labs and their sober home clients have not produced sufficient documentation to support the clinical necessity for the tests. To date, the Medical Center has refunded or initiated refunds of approximately \$7,903,000 to governmental and commercial payors. UMass Memorial does not anticipate additional material refunds related to this matter.

Privacy Breach – A purported class action lawsuit was filed against the Medical Center alleging damages arising from a data information breach by a former employee who is under criminal indictment for identity theft and larceny. At this time, UMass Memorial is only aware of one plaintiff represented in the case. UMass Memorial has retained experienced counsel to defend the case. There can be no assurance as to the outcome of this matter.

12. Concentration of Credit Risk

Financial instruments that potentially subject UMass Memorial and its affiliates to concentrations of credit risk are patient and other accounts receivable, cash equivalents and investments. UMass Memorial and its affiliates generally invest available cash in certificates of deposit and repurchase agreements with various banks, commercial paper of domestic companies with high credit ratings, and securities backed by the United States government

UMass Memorial and its affiliates grant credit without collateral to their patients, many of whom are local residents and are insured under third-party payor agreements. Net patient accounts receivable consist of the following at September 30

	2014	2013
Medicare	18 %	24 %
Medicaid	20 %	10 %
Commercial insurance and HMOs	40 %	34 %
Patients	19 %	25 %
Other	3 %	7 %
	100 %	100 %

13. Transactions with the University

In connection with the Merger discussed in Note 1, UMass Memorial entered into several agreements with the University (the "Definitive Agreement"), including

- The Obligated Group was granted the right to occupy certain portions of the University's
 Worcester campus (the "Occupancy and Shared Services Agreement") The University and
 the Medical Center agreed to share responsibility for various capital and operating expenses
 related to the occupied premises (Note 6)
- UMass Memorial and its affiliates agreed to make certain payments to the University including (1) an annual fee of \$12,000,000 (plus an inflation adjustment), which totaled approximately \$18,476,000 and \$18,221,000 for the years ended September 30, 2014 and 2013, respectively, so long as the University continues to operate a medical school with substantial numbers of students and amounts of research funding, and (2) a percent of the net combined operating income of UMass Memorial and its affiliates (with certain exceptions) based on an agreed-upon formula ("Participation Payment", the participation payment may be adjusted under certain conditions if the University's ongoing programs and research activities substantially decrease)
- The System contracts University employees for medical residency, physician and other services. The cost of these contracted employees is reported as salaries, benefits, and contracted labor in the accompanying consolidated financial statements. Total payroll expense related to these employees for the years ended September 30, 2014 and 2013 was \$64,658,000 and \$61,541,000, respectively.

The cost incurred for fringe benefits related to these employees for the years ended September 30, 2014 and 2013 was approximately \$13,411,000 and \$12,678,000, respectively

Subsequent to the Merger, the University and UMass Memorial agreed to amend certain aspects of the Definitive Agreement as follows

The Medical Center agreed to segregate a portion of its unrestricted net assets, totaling approximately \$15.5 million at September 30, 2001, to be designated as Department Education Funds (the "Ed Funds") During 2002, the Medical Center transferred the balance of the Ed Funds to the Medical Group and the Medical Group segregated these funds within its unrestricted net assets. The balance of the Ed Funds at September 30, 2014 is approximately \$42 million. These funds have been frozen until such time as the Chancellor of

the University (the "Chancellor") and the Chief Executive Officer of UMass Memorial (the "CEO") mutually agree to release any and all of these funds

In September of 2011, the Medical Group established Academic Investment Funds (the "AIF") at the University The Medical Group has transferred \$6.6 million in 2014 and 2013 to the AIF, and in 2014, UMass Memorial Health Care, Inc. (the "Parent") has also committed to fund \$1.0 million to the AIF. These amounts have been recorded as expense in the accompanying statement of operations. In fiscal year 2015, the Medical Group anticipates funding the AIF by approximately \$6.6 million. The use of the AIF is controlled jointly by the Chancellor and the CEO. In addition, the Chancellor and the CEO jointly approve the annual operating budgets of each clinical department in the Medical Group.

The following significant transactions with the University have been recorded in income from operations

Purchased Services

The Obligated Group reimburse and are reimbursed by the University for certain common services purchased and provided. The net services purchased by the Obligated Group amounted to \$22,995,000 and \$20,772,000 for 2014 and 2013, respectively

Due to the University

The amounts due to the University at September 30 consisted of the following

(in thousands of dollars)	2014		2013
Medical education services Accrued compensation and benefits Accounts payable - net of accounts receivable Other	\$ 58,062 2,550 4,117 2,304	\$	58,062 24 713 2,377
Total due to the University, net	\$ 67,033	\$	61,176

Medical Education Services

As part of the academic affiliation between the University and the Medical Center and pursuant to the enabling legislation creating UMass Memorial, the University is the exclusive academic and medical teaching affiliate of the Medical Center In connection with this affiliation, the Medical Center and other UMass Memorial affiliates compensate the University for the cost of teaching and education services and support it contributes to the delivery of medical care by the Medical Center and other UMass Memorial affiliates The cost of these services was approximately \$163,750,000 and \$129,252,000 for 2014 and 2013, respectively The cost for these educational services is recorded as supplies and other expense As of September 30, 2014 and 2013, the liability due to the University was \$58,062,000 Certain of the amounts due to and from the University are subject to settlement between the System and the University Management has recorded its best estimate of the amounts due to and from the University Differences between current estimates of such assets and liabilities and final settlements are included in operations in the year in which the settlement or change in estimate occurs Management does not expect such differences to be material to the consolidated balance sheets, results of operations, or cash flows of the System As of September 30, 2014 and 2013, UMass Memorial has an amount due from the University of approximately \$0 and \$586,000, respectively

14. Sale of UMass Memorial Lab Outreach Business

On October 1, 2012, UMass Memorial Laboratories, Inc. a wholly owned subsidiary of UMass Memorial Health Ventures, Inc. merged with the Medical Center. The respective net assets of UMass Memorial Laboratories, Inc. were recognized as a transfer to the Medical Center.

Certain assets and the operations of the clinical and anatomic laboratory outreach businesses owned by the Medical Center were sold to Quest Diagnostics, effective January 3, 2013 The sales agreements include a transitional period of 18-24 months to complete the full transition of service. The consideration received in conjunction with the sale was a combination of cash and an option to purchase an equity interest in a newly formed Quest Diagnostics subsidiary resulting in a gain of \$107.5 million. The expenses associated with this sale of business were \$17.7 million.

The valuation of the joint venture option was reassessed in fiscal year 2014 and the value was decreased by \$10.2 million offset by a \$1.0 million adjustment to proceeds from sale. These two transactions combined resulted in a loss on sale of \$9.2 million in 2014. Expenses associated with the sale of this business were reduced by \$0.9 million in 2014.

These amounts are separately stated within the consolidated statements of operations. The table below summarizes the (loss) gain recognized on the sale transaction and associated expenses

(in thousands of dollars)	2014	2013
Proceeds from sale Adjustment to proceeds from sale Net book value of assets sold and related costs of sale	\$ - (9,155)	\$ 127,398 -
Property and equipment	-	2,647
Incremental transaction costs	 -	17,242
	-	19,889
(Loss) gain on sale	\$ (9,155)	\$ 107,509
Expenses associated with sale of business	\$ 853	\$ (17,718)

15. Reduction in force

During fiscal year 2014, UMass Memorial and certain affiliates had a reduction in force. Total expenses of the System in the amount of \$16,478,000 were incurred in conjunction with a strategic initiative aimed at reducing staffing levels and operating losses. Such costs consist of severance payouts, associated benefits and unemployment costs.

16. Discontinued Operations

Effective September 1, 2014, Wing Memorial Hospital ("Wing") was assumed by Baystate Health ("Baystate") via a membership substitution. Substantially all assets and liabilities transferred to Baystate on that date. As a result of the transfer, a loss on transfer of membership interest of \$11.2 million was recorded in unrestricted net assets. The consolidated financial statements for all periods present the operations of Wing as a discontinued operation. For the eleven month period ended August 31, 2014 and year ended 2013, Wing reported revenue of \$74.9 million and \$92.7 million, respectively, and excess of revenue over expenses of \$1.4 million and \$2.8 million, respectively, in discontinued operations in the statement of changes in net assets. As of August 31,

2014, assets held for sale were \$77.7 million and liabilities held for sale were \$23.9 million. The assets and liabilities held for sale consisted of

(in thousands of dollars)

Patient accounts receivable	\$ 7,668	Current liabilities	\$ 79
Other current assets	13,471	Accounts payable and accrued expenses	7,769
Property and equipment, net	42,928	Current portion of long-term debt	547
Restricted investments	974	Long-term debt, net of current portion	13,204
Other assets	12,614	Other noncurrent liabilities	2,264
Total Assets	\$ 77,655	Total Liabilities	\$ 23,863

During fiscal year 2013, certain assets and the operations of Caitlin Raymond International Registry, a wholly owned subsidiary of UMass Memorial Health Ventures, Inc., were transitioned to National Donor Marrow Program in a cashless exchange effective September 29, 2013

The table below summarizes the loss recognized on the sale of these asset groups

(in thousands of dollars)	2014	2013		
Proceeds from sale	\$ 39,675	\$ -		
Net book value of assets sold and related costs of sale				
Property and equipment, net	42,928	69		
Other Net Assets	6,661	_		
Incremental transaction costs	1,273	737		
	50,862	806		
Loss on sale	\$ (11,187)	\$ (806)		

The operations and sale of these assets are presented in the statement of operations as a discontinued operation. Included within the discontinued operations caption are the respective loss on the sale of assets and the loss from operations. Included in the 2014 and 2013 loss on the discontinued operations is a loss on the transfer of membership interest of \$11,187,000 and \$0, respectively, and an operating gain prior to the sale of \$1,439,000 and \$1,260,000, respectively

The cash flow amounts related to the discontinued operations are presented within the respective aggregated categories of the consolidated statement of cash flows

17. Functional Expenses

UMass Memorial and its affiliates provide general health care services to residents within its geographic location. Expenses related to providing these services, including the 2014 expenses related to the reduction of force (Note 15), are as follows for the years ended September 30.

(in thousands of dollars)	2014	2013
Health care services General and administrative	\$ 1,773,210 441,649	\$ 1,739,723 411,767
	\$ 2,214,859	\$ 2,151,490

18. Subsequent Events

The System recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheets. The System does not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheets but arose after the consolidated balance sheets date but before the consolidated financial statements are issued. For these purposes, UMass Memorial has evaluated events occurring subsequent to the consolidated balance sheets date through December 23, 2014, the date the consolidated financial statements were issued.

Other than the extension of the Series E option date disclosed in Note 7, there were no other subsequent events that required recognition or disclosure in the consolidated financial statements

	UMass Memorial Health Care, Inc.	UMass Memorial Medical Center, Inc.	UMass Memorial Hospitals, Inc.	UMass Memorial Medical Group, Inc.	UMass Memorial Behavioral Health Systems, Inc.	UMass Memorial Health Ventures, Inc.	UMass Memorial Realty, Inc.	Eliminations and Consolidating Entries	Consolidated
Assets									
Current assets									
Cash and cash equivalents	\$ 3,301	\$ 42,469	\$ 21,606	\$ 26,538	\$ 3,717	\$ 17,271	\$ 6,056	\$ 726	\$ 121,684
Short-term investments	1,604	6,288	9,059	10,098	52	9,825	-	-	36,926
Current portion of assets whose use is limited	-	5,931	27	747	-	-	-	-	6,705
Patient accounts receivable, net	-	174,269	24,441	35,599	6,457	-	-	382	241,148
Inventories	-	21,573	3,167	-	-	-	-	23	24,763
Prepaid expenses and other current assets	6,575	24,940	5,671	3,730	675	2,403	688	-	44,682
Current portion of notes receivable from affiliates	-	1,293	-	-	-	-	-	(1,293)	-
Due from related parties	46,655	23,763	35	30,584	-	8	684	(101,729)	-
Estimated settlements receivable from third-party payors		182,456	29,806						212,262
Total current assets	58,135	482,982	93,812	107,296	10,901	29,507	7,428	(101,891)	688,170
Assets whose use is limited									
Funds held in escrow under bond indenture									
agreements, net of current portion	_	10,685	1,324	_	_	_	_	_	12,009
Restricted investments	56,081	· -	25,808	_	_	_	_	-	81,889
Captive insurance company investments	172,258	-	<u> </u>						172,258
Total assets whose use is limited	228,339	10,685	27,132						266,156
Long-term investments	195,253	114,274	59.518	39.804	172	15.388	7.064	_	431.473
Property and equipment, net	-	466,138	128,326	6.647	13,166	-	13,826	270	628,373
Beneficial interest in trusts	7.622	65,051	8,053	· _	· <u>-</u>	_	· _	(65,051)	15,675
Notes receivable from affiliates - net of	,	,	,					(,	,
current portion	-	31,625	-	-	-	-	_	(31,625)	-
Other assets	159	41,132	6,099	19,342	306	12,556	623	(31,141)	49,076
Total assets	\$ 489,508	\$ 1,211,887	\$ 322,940	\$ 173,089	\$ 24,545	\$ 57,451	\$ 28,941	\$ (229,438)	\$ 2,078,923

	UMass Memorial Health Care, Inc.	UMass Memorial Medical Center, Inc.	UMass Memorial Hospitals, Inc.	UMass Memorial Medical Group, Inc.	UMass Memorial Behavioral Health Systems, Inc.	UMass Memorial Health Ventures, Inc.	UMass Memorial Realty, Inc.	Eliminations and Consolidating Entries	Consolidated
Liabilities and Net Assets									
Current liabilities									
Accounts payable and accrued expenses	\$ 26,109	\$ 84,120	\$ 18,278	\$ 9,067	\$ 2,071	\$ 1,394	\$ 1,113	\$ 123	\$ 142,275
Accrued compensation	7,871	63,836	10,268	53,135	2,913	407	47	-	138,477
Estimated settlements payable to third-party payors	-	7,403	193	8,881	-	_	-	-	16,477
Current portion of long-term debt	-	26,398	834	-	540	-	-	-	27,772
Current portion of notes payable to affiliates	-	-	1,128	-	165	-	-	(1,293)	-
Due to related parties	1,907	66,457	26,804	4,898	1,627	36	-	(101,729)	-
Due to the University of Massachusetts	3,368	62,577	268	819	. 		1	-	67,033
Total current liabilities	39,255	310,791	57,773	76,800	7,316	1,837	1,161	(102,899)	392,034
Estimated settlements payable to third-party payors,									
net of current portion	-	29,070	5,702	3,860	600	-	_	-	39,232
Other noncurrent liabilities	2,483	17,242	2,328	501	48	-	2,079	511	25,192
Accrued pension and postretirement benefit obligations	-	201,658	6,136	-	-	-	-	-	207,794
Estimated self-insurance costs	171,694	10,181	515	19,342	566	-	31	(30,374)	171,955
Notes payable to affiliates, net of current portion	-	-	31,290	_	335	-	_	(31,625)	-
Long-term debt, net of current portion		344,961	11,738		7,233				363,932
Total liabilities	213,432	913,903	115,482	100,503	16,098	1,837	3,271	(164,387)	1,200,139
Net assets									
Unrestricted	211,025	232,933	172,529	72,586	8,387	55,614	25,670	-	778,744
Temporarily restricted	38,543	38,543	9,361	· _	2	· _	· <u>-</u>	(38,543)	47,906
Permanently restricted	26,508	26,508	25,568		58			(26,508)	52,134
Total net assets	276,076	297,984	207,458	72,586	8,447	55,614	25,670	(65,051)	878,784
Total liabilities and net assets	\$ 489,508	\$ 1,211,887	\$ 322,940	\$ 173,089	\$ 24,545	\$ 57,451	\$ 28,941	\$ (229,438)	\$ 2,078,923

	UMass Memorial Health Care, Inc.	UMass Memorial Medical Center, Inc.	UMass Memorial Hospitals, Inc.	UMass Memorial Medical Group, Inc.	UMass Memorial Behavioral Health Systems, Inc.	UMass Memorial Health Ventures, Inc.	UMass Memorial Realty, Inc.	Eliminations and Consolidating Entries	Consolidated
Assets									
Current assets									
Cash and cash equivalents	\$ 1,606	\$ 42,886	\$ 19,083	\$ 22,547	\$ 2,198	\$ 24,837	\$ 2,547	\$ 594	\$ 116,298
Short-term investments	1,714	9,388	19,505	2,062	120	3,713	-	-	36,502
Current portion of assets whose use is limited	-	6,093	79	186	-	-	-	-	6,358
Patient accounts receivable, net	-	189,425	37,798	34,047	7,145	713	-	359	269,487
Inventories	-	20,871	4,135	-	-	-	-	7	25,013
Prepaid expenses and other current assets	6,803	15,163	4,209	5,654	528	748	693	-	33,798
Current portion of notes receivable from affiliates	-	1,375	-	-	-	_	-	(1,375)	-
Due from related parties	15,718	57,242	155	31,463	1	160	666	(105,405)	-
Due from the University of Massachusetts	-	-	-	586	-	-	-	-	586
Estimated settlements receivable from third-party payors		125,200	35,450						160,650
Total current assets	25,841	467,643	120,414	96,545	9,992	30,171	3,906	(105,820)	648,692
Assets whose use is limited									
Funds held in escrow under bond indenture									
agreements, net of current portion	-	16,505	1,324	-	-	-	-	-	17,829
Restricted investments	54,439	-	26,839	-	-	-	-	-	81,278
Captive insurance company investments	168,768								168,768
Total assets whose use is limited	223,207	16,505	28,163			-			267,875
Long-term investments	149,924	142,386	67,945	30,219	130	10,603	6,561	_	407,768
Property and equipment, net	-	496,964	173,838	5,857	12,531	1,535	15,451	477	706,653
Beneficial interest in trusts	7,057	60,280	10,201	-	-	-	-	(60,280)	17,258
Notes receivable from affiliates - net of									
current portion	-	25,835	-	-	-	_	-	(25,835)	-
Other assets	78	52,621	7,588	19,005	303	12,111	657	(30,985)	61,378
Total assets	\$ 406,107	\$ 1,262,234	\$ 408,149	\$ 151,626	\$ 22,956	\$ 54,420	\$ 26,575	\$ (222,443)	\$ 2,109,624

	UMass Memorial Health Care, Inc.	UMass Memorial Medical Center, Inc.	UMass Memorial Hospitals, Inc.	UMass Memorial Medical Group, Inc.	UMass Memorial Behavioral Health Systems, Inc.	UMass Memorial Health Ventures, Inc.	UMass Memorial Realty, Inc.	Eliminations and Consolidating Entries	Consolidated
Liabilities and Net Assets									
Current liabilities									
Accounts payable and accrued expenses	\$ 26,737	\$ 113,107	\$ 24,610	\$ 5,551	\$ 1,759	\$ 2,377	\$ 997	\$ 102	\$ 175,240
Accrued compensation	6,728	64,733	13,321	51,599	2,741	543	42	-	139,707
Estimated settlements payable to third-party payors	100	14,738	752	4,639	-	-	-	-	20,229
Current portion of long-term debt	-	67,766	836	-	427	_	-	-	69,029
Current portion of notes payable to affiliates	-	-	1,375	-	-	-	-	(1,375)	-
Due to related parties	361	43,505	57,854	1,055	2,445	185	-	(105,405)	-
Due to the University of Massachusetts	1,978	59,468	316						61,762
Total current liabilities	35,904	363,317	99,064	62,844	7,372	3,105	1,039	(106,678)	465,967
Estimated settlements payable to third-party payors,									
net of current portion	-	27,517	7,289	3,538	600	-	-	-	38,944
Other noncurrent liabilities	3,235	16,319	3,672	534	42	54	2,179	534	26,569
Accrued pension and postretirement benefit obligations	-	178,838	4,080	-	-	-	-	-	182,918
Estimated self-insurance costs	171,859	9,891	1,470	18,477	646	14	30	(30,184)	172,203
Notes payable to affiliates, net of current portion	-	-	25,835	_	-	-	-	(25,835)	-
Long-term debt, net of current portion		344,070	12,570		6,031				362,671
Total liabilities	210,998	939,952	153,980	85,393	14,691	3,173	3,248	(162,163)	1,249,272
Net assets									
Unrestricted	134,829	262,002	215,645	66,233	8,205	51,247	23,327	-	761,488
Temporarily restricted	34,337	34,337	10,648	_	2	-	-	(34,337)	44,987
Permanently restricted	25,943	25,943	27,876		58			(25,943)	53,877
Total net assets	195,109	322,282	254,169	66,233	8,265	51,247	23,327	(60,280)	860,352
Total liabilities and net assets	\$ 406,107	\$ 1,262,234	\$ 408,149	\$ 151,626	\$ 22,956	\$ 54,420	\$ 26,575	\$ (222,443)	\$ 2,109,624

	UMass Memorial Health Care, Inc	UMass Memorial Medical Center, Inc	UMass Memorial Hospitals, Inc	UMass Memorial Medical Group, Inc	UMass Memorial Behavioral Health Systems, Inc	UMass Memorial Health Ventures, Inc	UMass Memorial Realty, Inc	Eliminations and Consolidating Entries	Consolidated
Unrestricted revenues gains and other support									
Net patient service revenue	\$ -	\$ 1 449 372	\$ 272 634	\$ 359 985	\$ 62 905	\$ 3,665	\$ -	\$ 3 526	\$ 2 152 087
Less Provision for bad debts		(17 596) 1 431 776	(8 572)	(17 146) 342 839	(34) 62 871	(527) 3 138		(114)	(43 989) 2 108 098
Net patient service revenue less provision for bad debts Net assets released from restrictions used for operations	- 564	303	1759	342 639 359	02 07 1	3 130	-	3412	2 106 096
Other revenue	216 310	79 866	14 109	128 5 1 4	2 781	27 156	14 708	(342 319)	141 125
Strict revenue	210010	70000	14 100	120 014			14700	(042 010)	141 120
Total revenues gains and other support	216 874	1 511 945	279 930	471 712	65 652	30 294	14 708	(338 907)	2 252 208
Expenses									
Salaries benefits and contracted labor	70 866	651 1 63	139 7 17	389 278	45 602	2 402	383	(6 390)	1 293 021
Supplies and other expense	140 324	743 520	119 358	89 649	18 509	2 424	13 622	(329 392)	798 014
Depreciation and amortization	-	75 370	13 686	1 401	1 031	208	1 003	206	92 905
Interest		14 539	1 726	2	328		17	(2 171)	14 441
Total expenses	211 190	1 484 592	274 487	480 330	65 470	5 034	15 025	(337 747)	2 198 381
Income (loss) from operations before nonrecurring income and expenses	5 684	27 353	5 443	(8 618)	182	25 260	(317)	(1 160)	53 827
(Loss) gain on sale of business (Note 14)	-	(9 1 55)	-	-	-	-	-	-	(9 155)
Expenses associated with sale of business (Note 14)	-	853	-	-	-	-	-	-	853
Expenses associated with reduction in force (Note 15)	(4 539)	(9 057)	(1719)	(1 163)					(16 478)
Income (loss) from operations after nonrecurring income and expenses	1 145	9 994	3 724	(9 781)	182	25 260	(317)	(1 160)	29 047
Non-operating income (loss)									
Investment and other related income	2 564	1 799	647	364	-	18	98	-	5 490
Net realized and unrealized gain on investments	13 224	8 037	2 896	1 478	-	76	404	-	26 115
Actuarial change in the present value of annuities	190								190_
Total non-operating income	15 978	9 836	3 543	1 842	-	94	502	-	31 795
Excess (deficiency) of revenues over expenses	17 123	19 830	7 267	(7 939)	182	25 354	185	(1 160)	60 842
Other changes in net assets									
Gain on sale from discontinued operations (Note 16)	-	-	266	-	-	13	_	1 160	1 439
Gain (loss) on transfer of membership interest (Note 16)	38 402	-	(49 589)	-	-	-	-	-	(11 187)
Net assets released from restrictions used for									
purchase of property and equipment	-	21	2 539	-	-	-	-	-	2 560
Pension-related changes other than net periodic benefit cost	-	(33 846)	(2 552)	-	-	-	-	-	(36 398)
Transfers (to) from related parties	20 671	(15 074)	(1 047)	14 292		(21 000)	2 158		
Increase (decrease) in unrestricted net assets	76 196	(29 069)	(43 116)	6 353	182	4 367	2 343	-	17 256
Unrestricted net assets beginning of year	134 829	262 002	215 645	66 233	8 205	51 247	23 327		761 488
Unrestricted net assets end of year	\$ 211 025	\$ 232 933	\$ 172 529	\$ 72 586	\$ 8 387	\$ 55 614	\$ 25 670	\$ -	\$ 778 744

	UMass Memorial Health Care, Inc	UMass Memorial Medical Center, Inc	UMass Memorial Hospitals, Inc	UMass Memorial Medical Group, Inc	UMass Memorial Behavioral Health Systems, Inc	UMass Memorial Health Ventures, Inc	UMass Memorial Realty, Inc	Eliminations and Consolidating Entries	Consolidated
Unrestricted revenues gains and other support									
Net patient service revenue	\$ -	\$ 1 325 661	\$ 270 648	\$ 332 706	\$ 61 004	\$ 6 967	\$ -		\$ 2 000 578
Less Provision for bad debts		(12 787)	(11 253)	(19 750)	(51)	(468)		(66)	(44 375)
Net patient service revenue less provision for bad debts	- 2 410	1 312 874 1 29 1	259 395 1 698	312 956 314	60 953	6 499	-	3 526	1 956 203 5 713
Net assets released from restrictions used for operations Other revenue				134 838	2 006	9 542	- 15 704	(332 918)	
Other revenue	205 288	85 511	12 296	134 838	2 006	9 542	15 7 04	(332 918)	132 267
Total revenues gains and other support	207 698	1 399 676	273 389	448 108	62 959	16 041	15 704	(329 392)	2 094 183
Expenses									
Salaries benefits and contracted labor	79 264	639 361	142 814	373 307	43 213	5 228	410	(5 471)	1 278 1 26
Supplies and other expense	153 334	705 144	112 09 1	84 762	18 459	2 924	13 236	(322 402)	767 548
Depreciation and amortization	_	74 220	12 874	1 680	899	421	1 123	204	91 421
Interest		14 654	1 092	60	297		15	(1 723)	14 395
Total expenses	232 598	1 433 379	268 87 1	459 809	62 868	8 573	14 784	(329 392)	2 151 490
Income (loss) from operations before nonrecurring income and expenses	(24 900)	(33 703)	4 518	(11 701)	91	7 468	920	-	(57 307)
Gain on sale of business (Note 14)	_	106 199	_	_	_	1 310	_	_	107 509
Expenses associated with sale of business (Note 14)		(17 064)				(654)			(17 718)
Income (loss) from operations after nonrecurring income and expenses	(24 900)	55 432	4 518	(11 701)	91	8 124	920	-	32 484
Non-operating income (loss)									
Investment and other related income	2 674	2 694	772	446	-	22	120	_	6 728
Net realized and unrealized gain (loss) on investments	16 972	10 807	3 421	1 979	(1)	56	539	-	33 773
Actuarial change in the present value of annuities	(439)	-	-	_	-	_	_	-	(439)
Total non-operating income (loss)	19 207	13 50 1	4 193	2 425	(1)	78	659	-	40 062
Excess (deficiency) of revenues over expenses	(5 693)	68 933	8 71 1	(9 276)	90	8 202	1 579	-	72 546
Other changes in net assets									
Gain (loss) on sale from discontinued operations (Note 15) Net assets released from restrictions used for	-	60	2 795	-	-	(1 595)	-	-	1 260
purchase of property and equipment	_	486	990	_	20	_	_	_	1 496
Pension-related changes other than net periodic benefit cost	_	172 631	5 284	_		_	_	_	177 915
Transfers (to) from related parties	58 312	(62 570)	(838)	14 321		(12 264)	3 039		
Increase (decrease) in unrestricted net assets	52 619	179 540	16 942	5 045	110	(5 657)	4 618	-	253 217
Unrestricted net assets beginning of year	82 210	82 462	198 703	61 188	8 095	56 904	18 709		508 271
Unrestricted net assets end of year	\$ 134 829	\$ 262 002	\$ 215 645	\$ 66 233	\$ 8 205	\$ 51 247	\$ 23 327	\$ -	\$ 761 488