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Form 990



Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

Information about Form 990 and its instructions is at [www.IRS.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 10-01-2013, 2013, and ending 09-30-2014

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

LMW Healthcare Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

Room/suite

365 Montauck Avenue

Suite

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

New London, CT 06320

F Name and address of principal officer

Bruce Cummings

365 Montauck Avenue

NEW LONDON,CT 06320

H(a) Is this a group return for subordinates?

☐ Yes☒ No

H(b) Are all subordinates included?

☐ Yes☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) ( ) ☐ (insert no ) ☐ 4947(a)(1) or ☐ 527

J Website:

WWW WESTERLYHOSPITAL ORG

K Form of organization

☒ Corporation☐ Trust☐ Association☐ Other

L Year of formation

2012

M State of legal domicile

RI

Part I	Summary																																																																																																																														
Activities & Governance	<div><div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>LMW Healthcare, Inc provides Inpatient and Outpatient medical care to outpatient medical care to adults and children in the Westerly, Rhode Island community and surrounding towns</div></div><div><div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div></div><div><table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>3</td><td>11</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>4</td><td>8</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2013 (Part V, line 2a)</td><td>5</td><td>825</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>6</td><td>230</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7a</td><td>0</td></tr><tr><td>b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>7b</td><td></td></tr></table></div></div> <tr><td></td></tr> <tr><td></td></tr> <tr><td></td></tr> <tr><td></td></tr> <tr><td></td></tr> <tr><td></td></tr> <tr><td></td></tr> <tr><td></td></tr> <tr><td></td></tr> <tr><td>Revenue</td><td><table><tr><td>8</td><td>Contributions and grants (Part VIII, line 1h)</td><td>Prior Year</td><td>Current Year</td></tr><tr><td>9</td><td>Program service revenue (Part VIII, line 2g)</td><td>0</td><td>0</td></tr><tr><td>10</td><td>Investment income (Part VIII, column (A), lines 3, 4, and 7d)</td><td>23,502,178</td><td>71,570,010</td></tr><tr><td>11</td><td>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td><td>39,588</td><td>410,682</td></tr><tr><td>12</td><td>Total revenue—add lines 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Part II

Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

Signature of officer

Date

2015-08-11

SETH VAN ESSENDELFT VICE PRESIDENT/CFO

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name

ERIN COUTURE

Preparer's signature

Date

Check ☐ if self-employed

PTIN P01390592

Firm's name

PricewaterhouseCoopers LLP

Firm's EIN

Firm's address

125 High Street

Boston, MA 02110

Phone no

(860) 442-0711

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

LMW HEALTHCARE IS A NOT-FOR-PROFIT ACUTE CARE HOSPITAL PROVIDING MEDICAL CARE TO ADULTS AND CHILDREN IN THE WESTERLY, RHODE ISLAND COMMUNITY AND SURROUNDING TOWNS

2

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

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

3

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

If "Yes," describe these changes on Schedule O

4

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code ) (Expenses \$ 53,113,253 including grants of \$ ) (Revenue \$ 71,570,010 )

See schedule O

4b

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

4c

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

4d

Other program services (Describe in Schedule O )




















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

4e

Total program service expenses 53,113,253

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	2	No
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 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> . . . . .	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	56	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	825
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		2b	Yes
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		3a	No
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		3b	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a	No
b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b	No
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		7a	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c	No
d If "Yes," indicate the number of Forms 8282 filed during the year.		7d	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e	No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f	No
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8	
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?		9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12.		10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b	
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders.		11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		13a	
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		13b	
c Enter the amount of reserves on hand.		13c	
14a Did the organization receive any payments for indoor tanning services during the tax year?		14a	No
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . . . . .	11	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent . . . . .	8	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .	5	No
6	Did the organization have members or stockholders? . . . . .	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body? . . . . .	8a	Yes
8b	Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input checked="" type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization SETH VAN ESSENDELFT 25 WELLS STREET Westerly, RI 02891 (860) 442-0711

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Stephen M Greene	2 0	X		X						
Chairman	4 0									
(2) Deborah Lamm	2 0	X		X						
Vice Chairman	2 0									
(3) Bruce D Cummings	2 0	X		X			0	586,388	111,145	
President	38 0									
(4) Steven Ruzzo	2 0	X		X						
Treasurer	0 0									
(5) Ann M Lain	2 0	X		X						
Secretary	0 0									
(6) Thomas J Liguori	2 0	X								
Director	0 0									
(7) Richard Smith	2 0	X								
Director	0 0									
(8) Corinne Rossi	2 0	X								
Director	0 0									
(9) William Conlin MD	2 0	X					11,250		0	
Director	0 0									
(10) Adrian K Hamburger MD	2 0	X					1,875	317,905	22,505	
Director	38 0									
(11) George Bourganos MD	2 0	X					1,875		0	
Director	0 0									
(12) Jim Moylan 214 - 714	2 0			X						
Interim VP	38 0									
(13) Maureen Anderson	2 0				X		0	257,757	53,166	
VP and General Counsel	38 0									
(14) Crista Durand	2 0				X			268,409	54,696	
VP Planning/Market until 7/14	38 0									
(15) Donna Epps	2 0				X			197,572	22,449	
VP Chief HR Officer	38 0									
(16) Eugene Inzana	2 0				X		0	339,689	64,510	
VP CFO until 2/14	38 0									
(17) Kimberly Kalajainen	2 0				X		0	218,437	49,105	
VP Chief information Officer	38 0									



## Part VII

[illegible]

<b>1b</b>	<b>Sub-Total . . . . .</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	15,000	3,024,699	505,979

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization: 0

		Yes	No
3	Did the organization list any <b>former</b> 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? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	4	Yes
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .	5	No

## **Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
IPC Hospitalists of NE, 15 Salt Creek Lane Suite 444 HINSDALE IL 60521	Medical Services	352,599
Quest Diagnostics, 40 Accord Park Drive NORWELL MA 02061	Lab Services	318,821
Healthcare Provider Services DBA, PO Box 9399 PROVIDENCE RI 02940	Lab Services	226,954
EMP of Washington County, 4535 Dressler Road NW CANTON OH 44718	Medical Services	215,604
Hospital Assoc of RI, 100 Midway Road Suite 21 CRANSTON RI 02920	Professional Service	196,580

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 ►9

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . . . .	1a			
	b	Membership dues . . . . .	1b			
	c	Fundraising events . . . . .	1c			
	d	Related organizations . . . . .	1d			
	e	Government grants (contributions)	1e			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f . . . . .		0		
Program Service Revenue	2a	PATIENT SERVICE REVENUE	Business Code 900099	70,215,791	70,215,791	
	b	MEANINGFUL USE	900099	1,354,219	1,354,219	
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f . . . . .		71,570,010		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		410,682	
4		Income from investment of tax-exempt bond proceeds . . . . .		0		
5		Royalties . . . . .		0		
6a		Gross rents	(i) Real 357,154	(ii) Personal		
b		Less rental expenses	26,467			
c		Rental income or (loss)	330,687	0		
d		Net rental income or (loss) . . . . .		330,687		330,687
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
b		Less cost or other basis and sales expenses				
c		Gain or (loss)				
d		Net gain or (loss) . . . . .		0		
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a			
b		Less direct expenses . . . . .	b			
c		Net income or (loss) from fundraising events . . . . .		0		
9a		Gross income from gaming activities See Part IV, line 19 . . . . .	a			
b		Less direct expenses . . . . .	b			
c		Net income or (loss) from gaming activities . . . . .		0		
10a		Gross sales of inventory, less returns and allowances . . . . .	a			
b		Less cost of goods sold . . . . .	b			
c		Net income or (loss) from sales of inventory . . . . .		0		
		Miscellaneous Revenue	Business Code			
11a		PURCHASED SERVICES	900099	521,891		521,891
b		CAFETERIA SALES	900099	174,980		174,980
c	OTHER	900099	136,048		136,048	
d	All other revenue . . . . .					
e	Total. Add lines 11a-11d . . . . .		832,919			
12	Total revenue. See Instructions . . . . .		73,144,298	71,570,010		1,574,288

Part IX

Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	0			
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	20,000		20,000	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	27,959,559	20,615,612	7,343,947	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	421,097	310,490	110,607	
9	Other employee benefits.	3,732,918	2,752,418	980,500	
10	Payroll taxes.	2,300,234	1,696,047	604,187	
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	900,213	663,760	236,453	
c	Accounting.	101,314		101,314	
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	81,708	60,246	21,462	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	1,076,897	868,738	208,159	
12	Advertising and promotion.	164,864	121,560	43,304	
13	Office expenses.	149,344	110,117	39,227	
14	Information technology.	1,285,920	948,156	337,764	
15	Royalties.	0			
16	Occupancy.	0			
17	Travel.	9,053	6,675	2,378	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	0			
20	Interest.	419,698	309,459	110,239	
21	Payments to affiliates.	6,522,888	4,809,565	1,713,323	
22	Depreciation, depletion, and amortization.	4,347,360	3,205,469	1,141,891	
23	Insurance.	1,078,351	795,108	283,243	
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	5,680,628	5,680,628		
b	PURCHASED SERVICES	5,440,036	4,005,886	1,434,150	
c	DRUGS	2,684,285	2,684,285		
d	UTILITIES	1,700,734	1,254,014	446,720	
e	All other expenses	3,004,082	2,215,020	789,062	
25	Total functional expenses. Add lines 1 through 24e.	69,081,183	53,113,253	15,967,930	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		6,601,810	1	2,360,681
	2	Savings and temporary cash investments		0	2	140,576
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		4,097,039	4	5,990,550
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		1,642,404	8	1,812,254
	9	Prepaid expenses and deferred charges		291,638	9	58,427
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a36,504,396			
	b	Less accumulated depreciation	10b5,430,921	31,112,202	10c	31,073,475
	11	Investments—publicly traded securities		6,624,154	11	7,087,069
	12	Investments—other securities See Part IV, line 11		4,182,851	12	4,362,996
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		3,352,875	14	2,978,625
	15	Other assets See Part IV, line 11		750,000	15	750,000
	16	Total assets. Add lines 1 through 15 (must equal line 34)		58,654,973	16	56,614,653
Liabilities	17	Accounts payable and accrued expenses		18,202,810	17	11,996,694
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		8,839,769	25	3,328,788
	26	Total liabilities. Add lines 17 through 25		27,042,579	26	15,325,482
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		21,362,915	27	30,472,107
	28	Temporarily restricted net assets		934,255	28	1,188,220
	29	Permanently restricted net assets		9,315,224	29	9,628,844
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		31,612,394	33	41,289,171
	34	Total liabilities and net assets/fund balances		58,654,973	34	56,614,653

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	1	73,144,298
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	69,081,183
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	4,063,115
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	31,612,394
5	Net unrealized gains (losses) on investments . . . . .	5	328,910
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	5,284,752
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	41,289,171

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization LMW Healthcare Inc	Employer identification number 46-0543230
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

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

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

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

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

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

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

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

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

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

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

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

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h  
a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated

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

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

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?  
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?  
(ii) A family member of a person described in (i) above?  
(iii) A 35% controlled entity of a person described in (i) or (ii) above?

Provide the following information about the supported organization(s)

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

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

Part II

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here . . . . . ▶						

Section C. Computation of Public Support Percentage			
14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	14		
15 Public support percentage for 2012 Schedule A, Part II, line 14	15		
16a 33 1/3% support test—2013. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization			▶
b 33 1/3% support test—2012. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization			▶
17a 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization			▶
b 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization			▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions			▶

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		



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

<b>Facts And Circumstances Test</b>

Return Reference	Explanation	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**

▶ **See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public  
Inspection

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

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

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

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

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

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

Name of the organization LMW Healthcare Inc	Employer identification number 46-0543230
--	--

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

1	Provide a description of the organization's direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If "Yes," describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file <b>Form 1120-POL</b> for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

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

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

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

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

Part II-B

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

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

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
THE ORGANIZATION PAYS MEMBERSHIP DUES TO THE HOSPITAL ASSOCIATION OF RHODE	ISLAND WHICH MAY ENGAGE IN LOBBYING ACTIVITIES. THEREFORE, A PORTION OF THE DUES MAY BE ATTRIBUTABLE TO LOBBYING ACTIVITIES.

[illegible]

**Exempt Organization Declaration and Signature for  
Electronic Filing**

OMB No. 1545-1879

For calendar year 2013 or tax year beginning 10/01, 2013, and ending 09/30, 2014**2013**Department of the Treasury  
Internal Revenue Service

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868

Name of exempt organization

Employer identification number

LMW HEALTHCARE, INC46-0543230**Part I** Type of Return and Return Information (Whole Dollars Only)

Check the box for the type of return being filed with Form 8453-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line of the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than one line in Part I.

1a Form 990 check here	<input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b <u>73144298.</u>
2a Form 990-EZ check here	<input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b _____
3a Form 1120-POL check here	<input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b _____
4a Form 990-PF check here	<input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b _____
5a Form 8868 check here	<input type="checkbox"/>	b Balance due (Form 8868, Part I, line 3c or Part II, line 8c)	5b _____

**Part II** Declaration of Officer

6 ☐ I authorize the U.S. Treasury and its designated Financial Agent to initiate an Automated Clearing House (ACH) electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

☐ If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2013 electronic return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund.

Sign  
Here

Signature of officer

Date

VICE PRESIDENT/CFO  
Title**Part III** Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS and have followed all other requirements in Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns. If I am also the Paid Preparer, under penalties of perjury, I declare that I have examined the above organization's return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

<b>ERO's Use Only</b>	ERO's signature	<u>Jim Costello</u>	Date	<u>08/11/2015</u>	Check if also paid preparer	<input checked="" type="checkbox"/>	Check if self-employed	<input type="checkbox"/>	ERO's SSN or P.I.N.	<u>511-341212</u>
	Firm's name (or yours if self-employed), address and ZIP code	<u>PRICEWATERHOUSECOOPERS LLP</u>			EIN	<u>33-4008324</u>				
		<u>23 EIGHT STREET</u>		<u>BOEAT</u>	NA	<u>02110</u>	Phone no.	<u>617-530-5000</u>		

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete. Declaration of preparer (other than the ERO) is based on all information of which the preparer has any knowledge.

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	P.T.I.N.
	Firm's name				
	Firm's address				
				Firm's EIN	
				Phone no.	

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b

▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047  
**2013**  
Open to Public Inspection

Name of the organization LMW Healthcare Inc	Employer identification number 46-0543230
--	--

Part I

Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

(ii)

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2013

Part III

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

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

☐ Public exhibition

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

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

☐ No

Part IV

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

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

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- 2a
- Did the organization include an amount on Form 990, Part X, line 21?
- ☐ Yes

☐ No
- b
- If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

Part V

Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a	Beginning of year balance	6,624,154			
b	Contributions	18,975	6,524,115		
c	Net investment earnings, gains, and losses	474,133	122,157		
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses	30,193	22,118		
g	End of year balance	7,087,069	6,624,154		

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

Board designated or quasi-endowment

19 510 %

b

Permanent endowment

63 720 %

c

Temporarily restricted endowment

16 770 %
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a
- Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations

3a(i)

No

(ii) related organizations

3a(ii)

No

b

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

3b
- 4
- Describe in Part XIII the intended uses of the organization's endowment funds

Part VI

Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a	Land	1,090,000		1,090,000
b	Buildings	17,285,494	840,280	16,445,214
c	Leasehold improvements			
d	Equipment	17,402,771	4,410,731	12,992,040
e	Other	726,131	179,910	546,221
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				31,073,475





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

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

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

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

**Part XIII Supplemental Information**

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

Return Reference	Explanation
Schedule D, Part V, line 4	The organization's endowment fund functions to support and provide income for the furtherance of the health care mission of LMW Healthcare. SCHEDULE D, PART X, LINE 2 THE ORGANIZATION'S CONSOLIDATED FINANCIAL STATEMENTS DO NOT INCLUDE A FIN 48 FOOTNOTE

[illegible]

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.  
► Attach to Form 990. ► See separate instructions.  
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
LMW Healthcare Inc

Employer identification number  
46-0543230

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . .		421	526,463	142,789	383,674	0 560 %
b Medicaid (from Worksheet 3, column a) . . . . .		14,740	9,581,205	6,783,433	2,797,772	4 050 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .		15,161	10,107,668	6,926,222	3,181,446	4 610 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .	18	2,459	290,643	69,210	221,433	0 320 %
f Health professions education (from Worksheet 5) . . . .	3	62	124,031		124,031	0 180 %
g Subsidized health services (from Worksheet 6) . . . .						
h Research (from Worksheet 7) . . . . .	1		55,499		55,499	0 080 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .	3	50	5,221		5,221	0 010 %
j <b>Total.</b> Other Benefits . . . .	25	2,571	475,394	69,210	406,184	0 590 %
k <b>Total.</b> Add lines 7d and 7j . . . .	25	17,732	10,583,062	6,995,432	3,587,630	5 200 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support	1		460		460	
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total	1		460		460	

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1Yes

No

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

24,758,600

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

3

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements

Section B. Medicare

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

525,295,033

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

629,265,394

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

7-3,970,361

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐ Cost accounting system

☐ Cost to charge ratio

☒ Other

Section C. Collection Practices

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

9aYes

No

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

9bYes

No

Part IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)  
How many hospital facilities did the organization operate during the tax year?  
1

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

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information (continued)

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A )  
LMW Healthcare Inc

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A )1

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
<b>1</b> During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	<b>1</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input checked="" type="checkbox"/> Demographics of the community		
<b>c</b> <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input checked="" type="checkbox"/> How data was obtained		
<b>e</b> <input checked="" type="checkbox"/> The health needs of the community		
<b>f</b> <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b> <input checked="" type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
<b>3</b> 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 . . . . .	<b>3</b> Yes	
<b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b> Yes	
<b>5</b> Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	<b>5</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>http //westerlyhospital.org</u>		
<b>b</b> <input type="checkbox"/> Other website (list url) _____		
<b>c</b> <input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>d</b> <input checked="" type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
<b>a</b> <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b> <input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b> <input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b> <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> 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 . . . . .	<b>7</b>	No
<b>8a</b> 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)? . . . . .	<b>8a</b>	No
<b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>8b</b>	
<b>c</b> If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
<b>9</b> 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?		<b>9</b>	Yes		
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>250</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes		
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> Income level					
<b>b</b> <input checked="" type="checkbox"/> Asset level					
<b>c</b> <input checked="" type="checkbox"/> Medical indigency					
<b>d</b> <input type="checkbox"/> Insurance status					
<b>e</b> <input checked="" type="checkbox"/> Uninsured discount					
<b>f</b> <input type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input type="checkbox"/> State regulation					
<b>h</b> <input type="checkbox"/> Residency					
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		<b>14</b>	Yes		
<b>a</b> <input type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> 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? . . . . .		<b>15</b>	Yes		
<b>16</b> 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					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					
<b>17</b> 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? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					



Part V

Facility Information (continued)

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

☐ Notified individuals of the financial assistance policy on admission
- b

☐ Notified individuals of the financial assistance policy prior to discharge
- c

☐ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d

☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

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

[illegible]

**Part V**

**Facility Information** *(continued)*

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

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

Name and address	Type of Facility (describe)
<b>1</b> _____	
<b>2</b> _____	
<b>3</b> _____	
<b>4</b> _____	
<b>5</b> _____	
<b>6</b> _____	
<b>7</b> _____	
<b>8</b> _____	
<b>9</b> _____	
<b>10</b> _____	

Part VI Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
Schedule H, Part I, line 3c	It is the philosophy and policy of LMW Healthcare that medically necessary health care services should be available to all individuals regardless of their ability to pay Charity care applies to all uninsured patients(defined as earning less than 250% of the poverty guidelines) Care will be provided free for those uninsured patients who request assistance and verify their annual income is less than 250% of the federal income poverty level ("FPL") Liquid assets must not exceed \$50,000 (stocks, bonds, cash , IRA, CD , ETC ) Excluding primary residence and primary motor vehicle Business assets, rental proprty, secondary residence, recreational vehicles and other such luxury items will be applied to the liquid assests Care will be diScounted on a sliding scale for self pay patients who have no third party insurance to cover services with an annual income that is between 250% and 400% of the FPL and have assets less than \$50,000, in accordance with the following 251%-300%= cost of charge 301%-350%= 40% 351%-400%= 30% Schedule H, Part 1, line 7 The amounts reported on Part 1, line 7 were calculated as direct, separately identifiable costs incurred by the hospital plus an allocation of overhead Schedule H, Part II LMW Healthcare, with a mission to "Improve the Health of the Region," follows the World Health Organization definition of health "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity " In addition to meeting identified needs in the community, LMW Healthcare contributes to an overall healthy community and supports the hospital's role as good corporate citizen This social impact is measured in terms of community vibrancy, and breadth and depth of community activities that enhance the quality of life in the region The hospital's community building activities fall into the category of economic development activities through the region's Chambers of Commerce and business associations

Form and Line Reference	Explanation
Schedule H, Part III, line 2	LMW Healthcare uses a cost reporting system to determine the bad DEBT expense. The amount of bad debt expense (at cost) reported on part III, line 2 is taken directly from the audited financial statements.

Form and Line Reference	Explanation
Schedule H, Part III, line 8	The Medicare shortfall of (\$3,970,361) reported in part III, line 7 was calculated based on cost repOrting The costing method was from the medicare cost report's own methodology of allocating cost by department and deriving a ratio of cost to charge This amount should be treated as community benefit because the rates paid by medicare do not accurately reflect the cost of care provided by LMW healthcare LMW healthcare must subsidize the cost of care to medicare beneficiaries with other revenues

Form and Line Reference	Explanation
Schedule H, Part III, line 9B	In accordance with its written credit and collection policy, LMW Healthcare will not pursue collection efforts, directly or through collection agencies, on the portion of a patients's bill for which that patient has established eligibility for charity care

Form and Line Reference	Explanation
Schedule H Part VI, line 2	Needs Assessment In addition to the methodology employed in conducting the Community Health Needs Assessment, LMW Healthcare carries out a variety of other strategies in gauging the health needs of the communities it serves. These strategies include review of disease incidence and prevalence rates for the local community, state, and nation with rates collected from publicly available sources. This analysis informs LMW Healthcare on the health status of the community and is used to focus program and service development on areas of greatest concern. Information on community needs is also gathered through partnerships with other community organizations such as the public schools and the Westerly Parent Academy, Wood River Health Services, the WARM Center, and other local non-profits. Periodic review of data and updating as appropriate is conducted.



Form and Line Reference	Explanation
Schedule H, Part VI, Line 3	Patient Education of Eligibility for Assistance In accordance with its Charity Care policy, LMW Healthcare notifies patients of the availability of financial assistance using several methods 1) signage indicating the availability of charity care is posted in english and spanish in patient accounts, health access management and certain clinical areas Summaries of the programs will also be available in those areas 2) patient financial advisors will attempt to visit All inpatients registered as self pay patients A summary explainINing charity care will be given to the patient or guarantor when this visit occurs 3) patients with no insurance will receive an inItial letter within one week of discharge informing them they are considered "uninsured" It is the responsibility of the patient to advise LMW if they believe they qualify as "uninsured" (at or under 250% of the FPG) 4) a series of monthly statements will be sent following discharge Each statement will remind the patient of the availability of charity care

Form and Line Reference	Explanation
Schedule H, Part VI line 4	<p>Community Information The communities that comprise the service area of LMW Healthcare include eight towns in southwestern Rhode Island/Washington County Ashaway, Block Island, Bradford, Charlestown, Hope Valley, Hopkinton, Westerly and Wood River Junction, with a total population of approximately 40,785 These communities are largely rural with the immediate Westerly area being suburban In Washington County, services and public transportation fall short of meeting demand, creating a barrier to access Additionally, there are wide income disparities with a median household income of \$73,748 (considerably higher than the state median income) and yet 7% of children living in poverty Poverty exists in pockets throughout the region but is largely invisible Although it is anticipated that there will be a slight decline in overall population in the next five years, the fastest growing age group in the primary service area will be 65+ According to the 2010 census, the Washington County population is predominantly White (90 5%) with Hispanics representing 3 2%, African Americans 1%, Asian/Pacifics 3% and those who indicate "two or more races" 2 2% Statewide, population growth in recent years has been largely attributable to increasing numbers of people of color and although overall the percentages of people of color in the Westerly area remain small, it follows the state pattern Increasing numbers in communities of color also bring disparities in housing, income, educational attainment, health, and opportunity Washington County continues to have an unemployment rate (7 1%) that is one of the highest in the nation with the growth, albeit slow, occurring in lower wage industries The local economy is heavily dependent upon healthcare, retail, education, leisure/hospitality/tourism, and manufacturing</p>

Form and Line Reference	Explanation
Schedule H, Part VI, line 5	<p>Promotion of community health LMW Healthcare's community benefit programs and services forward the organizational mission "To Improve the Health of the Region" and align with the following principles</p> <p>1 Emphasis on programs to meet a significant unmet health need including efforts to identify and include vulnerable populations or those most at-risk as determined by risk factors which predispose those populations toward a higher incidence of disease and/or barriers to obtaining appropriate healthcare</p> <p>2 Emphasis on primary prevention and including at least one of three primary prevention strategies health promotion, disease prevention, and health protection Health promotion entails encouraging healthy lifestyles, disease prevention focuses on individuals identified as at-risk for health problems, health protection activities influence the environment to support healthy behaviors</p> <p>3 Programs should develop evidence-based links between clinical services and health improvement activities delivered both inside and outside the hospital</p> <p>4 Programs should focus on targeting charitable resources that mobilize and build capacity within existing community assets while minimizing duplication of effort</p> <p>5 Programs should emphasis collaboration with community stakeholders Community involvement in governance and advisory groups Community engagement in the planning, implementation and evaluation of LMW Healthcare's initiatives is of utmost importance</p> <p>The Board of Directors is made up of community leaders who reside in the hospital's primary service area These volunteers give countless hours of service to the hospital in their oversight role They are involved in the strategic planning, in fundraising, and in general stewardship among other responsibilities Our corporators are our community-liaisons and represent all sectors of our communities providing input and feedback regularly Medical staff privileges are offered to all qualified physicians in the community</p>

Form and Line Reference	Explanation
Schedule H, Part VI, line 6	Affiliated Health Care System The entities of L+M Healthcare include L+M Hospital, the L+M Medical Group (L+MMG, physician practices), The Visiting Nurse Association of Southeastern CT (VNASC), and LMW Healthcare (Rhode Island) each of which has a role in promoting the health of our communities The LMW and L+M Hospitals' roles are implementing community health improvement activities, providing opportunities for health professions students, ensuring access to care, promoting primary preventive care, providing subsidized health services and serving as a safety net provider VNASC cares for everyone from the elderly who wish to remain in their homes for as long as they can and patients recovering from surgery or illness, to new mothers, schoolchildren, and the homeless using the most current medical advances and technologies in home healthcare, and strengthen community resources for everyone L+MMG, through its patient-centered medical home primary care and specialty practices provides diagnostic, therapeutic and preventive health care through physicians of Family Practice, Internal Medicine, Pediatrics, Dermatology, Endocrinology, General Surgery, Orthopedic Surgery, Neurosurgery, Breast and Reconstructive Surgery, Neurology, Rehabilitation Medicine, Obstetrics, Gynecology, Cardiology and Interventional Pain Management in multiple locations throughout southeastern CT and southwestern RI

Form and Line Reference	Explanation
Schedule H, Part VI, line 7	State filing of community benefit report LMW Healthcare files its community benefit report in Rhode Island only The L+M Healthcare affiliated organization, L+M Hospital, files reports in Connecticut

Additional Data

Software ID:  
Software Version:  
EIN: 46-0543230  
Name: LMW Healthcare Inc

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.	
Form and Line Reference	Explanation
Part V, Section B, Line 1j	
Part V, Section B, Line 3	Upon completion of data collection and analysis, the CHNA collaborative convened to a community health strategic planning session in April 2013. This session was facilitated by Holieran Consulting. The purpose of the strategic planning session was to share the results of the community health needs assessment, to discuss and prioritize community health needs, and to develop community health goals and strategies to guide the LMW Healthcare Community Health Implementation Plan (CHIP). The following organizations participated in the processes: Key Informants - Community, Family Health & EQUITY/HEALTH - Rhode Island Health DEPT OF HEALTH - Cross Roads - Family Resources COMMUNITY ACTION - Community HHEALTH Workers Association - Dorcas Place - DHS - RI Dept. of Health - Thundermist - Wood River Health Services - The Westerly Hospital - Providence Center - Care New England - Urban League of RI - Westerly Public Schools - EOHHS/DHS - RI Kids Count - Coastal MedicAL - RI Health Center Association - South Shore Mental Health - RIAFSA - YMCA of Greater Providence Focus Group Participants - Outpatient Addiction Medicine & Behavioral Health Social Work, Roger Williams Medical Center - Project Implementation and Acute Care Services, The Providence Center - The Miriam Hospital - Fellowship Health Resources Landmark Medical Center - Butler Hospital - Women & Infants Hospital - VNS Home Health Services - The Providence Center - Newport County Community Health Center - Department of Health Prioritization Session Participants: HARI, Care New England, Butler Hospital, Memorial Hospital of Rhode Island, South County Hospital, Rhode Island Department of Health, CharterARE Health Partners, Roger Williams Medical Center, St Joseph Health Services of RI/CharterCARE, St Joseph Health Services of RI.
Part V, Section B, Line 4	Other hospitals participating in the CHNA collaborative were: Butler Hospital, Care New England, Kent Hospital, Landmark Medical Center, Memorial Hospital of Rhode Island, Roger Williams Medical Center, St Joseph Health Services of RI/CharterCare, South County Hospital, The Miriam Hospital, Women & Infants Hospital.
Part V, Section B, Line 5d	The CHNA report was released at a presentation open to the public on February 3, 2014. In attendance were community partners representing other non-profit organizations, business leaders, individuals representing the education sector, hospital staff, members of the press, and community members.
Part V, Section B, Line 7	Due to resource constraints, some of the identified needs through the CHNA will not be addressed as an initial priority, specifically breast cancer and alcohol use. In the example of alcohol use, other organizations are taking the lead and LMW Healthcare is collaborating. A driving philosophy of LMW Healthcare's community benefit efforts is to build on community resources, programs and services and to not duplicate them. As such, in examining each of the prioritized community health needs, existing community assets were identified before considering any new strategies that LMW Healthcare might initiate and/or those to be continued. Where there is an existing community-based program addressing any of the prioritized needs, or due to resource limitations, LMW Healthcare will work to support and build capacity of those programs rather than to create something new.
Part V, Section B, Line 20	See explanation for Schedule H, Part I, line 3c.

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
LMW Healthcare Inc

Employer identification number  
46-0543230

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
1b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:		
4a	Receive a severance payment or change-of-control payment?		No
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
4c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.		No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
5a	The organization?		No
5b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III.		No
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
6a	The organization?		No
6b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III.		No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

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

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

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

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



Part III Supplemental Information

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

Return Reference	Explanation
FORM 990, Schedule J, PART I, LINE 4B	LAWRENCE & MEMORIAL HOSPITAL, A RELATED ORGANIZATION, ESTABLISHED A SECTION 457(F) SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN FOR L&M HOSPITAL'S SENIOR MANAGEMENT. AMOUNTS FOR BRUCE CUMMINGS ARE CREDITED TO THE RETIREMENT ACCOUNT IN MONTHLY INSTALLMENTS THROUGHOUT EACH PLAN YEAR, AND AMOUNTS FOR ALL OTHER MEMBERS OF SENIOR MANAGEMENT ARE CREDITED ANNUALLY. PLAN AMOUNTS ARE SUBJECT TO FORFEITURE AND/OR PAYMENT ONLY IF CERTAIN CONDITIONS ARE MET, INCLUDING REMAINING EMPLOYED BY L&M HOSPITAL THROUGH AGE 65, AS OUTLINED IN THE PLAN AGREEMENT. DURING 2013, SECTION 457(F) CONTRIBUTIONS WERE CREDITED AS FOLLOWS TOWARDS THE PLAN: BRUCE D. CUMMINGS \$80,112; Daniel Rissi \$35,065; Eugene Inzana \$29,749; Crista Durand \$21,875; Lauren Williams \$18,680; Kimberly Kalajainen \$15,481; Donna Epps \$12,449; Maureen Anderson \$19,561.

Additional Data

Software ID:  
Software Version:  
EIN: 46-0543230  
Name: LMW Healthcare Inc

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Bruce D Cummings President	(i)	0	0	0	0	0	0	0
	(ii)	567,106	0	19,282	90,112	21,033	697,533	0
Adrian K Hamburger MD Director	(i)	1,875	0	0	0	0	1,875	
	(ii)	171,836	145,913	156	10,000	12,505	340,410	0
Maureen Anderson VP and General Counsel	(i)	0	0	0	0	0	0	0
	(ii)	256,947	0	810	29,561	23,605	310,923	
Crista Durand VP Planning/Market until 7/14	(i)							
	(ii)	267,869	0	540	31,875	22,821	323,105	
Donna Epps VP Chief HR Officer	(i)							
	(ii)	188,474	0	9,098	22,449	0	220,021	
Lugene Inzana VP CFO until 2/14	(i)	0	0	0	0	0	0	0
	(ii)	338,447	0	1,242	39,749	24,761	404,199	0
Kimberly Kalajainen VP Chief Information Officer	(i)	0	0	0	0	0	0	0
	(ii)	214,293	0	4,144	25,481	23,624	267,542	
Chrisotpher Lehrach MD Pres L&M Med Group as of 4/13	(i)							
	(ii)	199,958	0	9,186	10,000	12,653	231,797	
Daniel Rissi MD VP Medical Officer	(i)	0	0	0	0	0	0	0
	(ii)	379,173	0	3,564	45,065	21,033	448,835	
Lauren Williams VP Patient Care Services	(i)	0	0	0	0	0	0	0
	(ii)	244,339	0	2,322	28,607	11,045	286,313	0

**SCHEDULE O**  
 (Form 990 or 990-EZ)

Department of the Treasury  
 Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

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

OMB No 1545-0047

**2013**  
**Open to Public Inspection**

Name of the organization LMW Healthcare Inc	Employer identification number 46-0543230
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**990 Schedule O, Supplemental Information**

Return Reference	Explanation
Form 990, Page 1, General Information	
FORM 990, PART VI, LINE 6	L&M CORPORATION IS THE SOLE MEMBER OF LMW HEALTHCARE, INC FORM 990, PART VI, LINE 7A L&M CORPORATION, AS SOLE MEMBER OF LMW HEALTHCARE, INC , SHALL ELECT THE BOARD OF DIRECTORS F orm 990, Part VI, line 11b Working with a paid preparer, A form 990 is prepared LMW Healt hcare's form is then review ed by the Hospital's Internal management The completed form is provided to all members of the Board of Directors prior to the form being filed with the IRS
Form 990, Part VI, Line 12c	LMW Healthcare requires that all Board members, Officers, and Key Employees complete a con flict of interest questionnaire Questionnaires are completed annually and are reviewed BY LMW's general counsel Any actual or potential conflicts are presented to the board Appr opriate corrective actions are decided on a case by case basis
Form 990, Part VI, Line 15	THE OFFICERS' COMPENSATION AND BENEFITS REPORTED IN PART VII ARE DETERMINED BY L&M HOSPITA L L&M HOSPITAL'S EXECUTIVE COMPENSATION COMMITTEE ANNUALLY REVIEWS THE SALARIES OF ITS EX ECUTIVE MANAGEMENT AND KEY EMPLOYEES UTILIZING INDEPENDENT COMPENSATION CONSULTANTS, THE EXECUTIVE COMPENSATION COMMITTEE MAKES ITS RECOMMENDATIONS THE COMMITTEE'S DELIBERATIONS ARE REFLECTED IN ITS MINUTES Form 990, Part VI, line 18 Form 990 w ill also be made availa ble through Guidestar org
Form 990, Part VI, Line 19	The organization makes governing documents, conflict of interest policy, and financial statements available upon request
Form 990, Part XI, Line 9	Inherent Contribution received from purchase of Westerly Hospital Assets \$5,284,752

SCHEDULE R

(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.  
▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization LMW Healthcare Inc	Employer identification number 46-0543230
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Part I Identification of Disregarded Entities

Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) L&M Systems Inc  365 Montauk Avenue New London, CT 06320 22-2553037	Healthcare	CT	NA	C CORP				Yes	
(2) L&M Homecare Services Inc  365 Montauk Avenue New London, CT 06320	Therapy	CT	NA	C CORP				Yes	
(3) L&M Indemnity   98-1021436	Insurance	CJ	NA	C CORP				Yes	

Part V

Transactions With Related Organizations

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

Yes

No

No

No

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) The Westerly Hospital Foundation	P	252,450	Expenses paid

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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Additional Data

Software ID:  
Software Version:  
EIN: 46-0543230  
Name: LMW Healthcare Inc

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) Lawrence & Memorial Corporation  365 MMontauk Avenue New London, CT 06320 22-2553028	Support	CT	501(c)(3)	11 Type I	NA		No
(1) Lawrence & Memorial Foundation Inc  365 Montauk Avenue New london, CT 06320 22-2553026	Fundraising	CT	501(c)(3)	PF	L&M Corp	Yes	
(2) L&M Healthcare Inc  365 Montauk Avenue New London, CT 06320 22-2553031	Healthcare	CT	501(c)(3)	9	L&M Corp	Yes	
(3) Associated Specialists Of SE CT  404 Thames Street Groton, CT 06340 20-8006123	Phys Practice	CT	501(c)(3)	11 Type I	L&M Hospital	Yes	
(4) Visiting Nurse Associate of SE CT  403 N Frontage Road Waterford, CT 06385 06-0646616	Healthcare	CT	501(c)(3)	9	L&M Corp	Yes	
(5) L&M Physician Association Inc  365 Montauk Avenue New London, CT 06320 27-1094375	Healthcare	CT	501(c)(3)	11 Type I	L&M Corp	Yes	
(6) Lawrence & Memorial Hospital  365 Montauk Avenue New London, CT 06320 06-0646704	Healthcare	CT	501(c)(3)	3	L&M Corp	Yes	
(7) The Westerly Hospital Foundation Inc  25 Wells Street Westerly, RI 02891 05-0508064	Fundraising	RI	501(C)(3)	11 Type I	LMW Health	Yes	

# **Lawrence + Memorial Corporation and Subsidiaries**

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

# **Lawrence + Memorial Corporation and Subsidiaries**

## **Index**

**September 30, 2014 and 2013**

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## **Report of Independent Auditors**

To the Board of Trustees of  
Lawrence + Memorial Corporation

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

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We did not audit the financial statements of Visiting Nurse Association of Southeastern Connecticut, Inc., a wholly owned subsidiary, which statements reflect total assets of \$20,659,633 and \$18,372,801 as of September 30, 2014 and September 30, 2013, respectively, and total revenues of \$16,156,841 and \$14,990,091 for the years then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Visiting Nurse Association of Southeastern Connecticut, Inc., is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 Corporation'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 Corporation'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, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lawrence + Memorial Corporation (the "Corporation") and its subsidiaries at September 30, 2014 and September 30, 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

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 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 presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual organizations and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, and changes in net assets, of the individual organizations.

*PricewaterhouseCoopers LLP*

January 23, 2015

**Lawrence + Memorial Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
**September 30, 2014 and 2013**

	2014	2013
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 16,480,529	\$ 11,532,247
Investments	184,426,039	181,339,986
Patient accounts receivable, net of allowance for doubtful accounts of \$10,334,227 and \$6,158,515, respectively	47,482,954	44,410,454
Other receivables	5,792,415	5,321,417
Inventories	8,393,007	7,501,154
Prepaid expenses and other current assets	3,748,725	3,557,507
Debt service fund	1,304,562	1,306,255
Total current assets	<u>267,628,231</u>	<u>254,969,020</u>
Assets limited as to use		
Cash	182,862	182,366
Construction fund	561,676	9,541,685
Investments held in trust	925,227	985,034
Endowment investments	36,641,428	34,155,796
Funds held in trust by others	11,348,610	10,956,429
Contributions receivable	3,520,787	2,702,993
Funds held in escrow by agreement with State of Connecticut Health and Educational Facilities Authority and trustees	-	2,247,255
Total assets limited as to use	<u>53,180,590</u>	<u>60,771,558</u>
Intangible assets, net	2,978,625	3,352,875
Other receivables	2,580,786	2,547,462
Deferred financing costs and other assets, net	2,315,752	1,776,176
Property, plant and equipment, net	<u>206,850,299</u>	<u>208,182,039</u>
	<u>\$ 535,534,283</u>	<u>\$ 531,599,130</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 37,529,850	\$ 42,611,470
Accrued vacation and sick pay	14,223,728	12,580,707
Salaries, wages, payroll taxes and amounts withheld from employees	10,671,516	10,101,654
Due to third party payors	7,257,949	5,870,981
Other current liabilities	582,553	123,017
Current portion of long-term debt	<u>5,476,980</u>	<u>9,347,876</u>
Total current liabilities	<u>75,742,576</u>	<u>80,635,705</u>
Accrued pension and other postretirement benefits	43,216,010	42,309,345
Other liabilities	25,610,890	21,676,677
Long-term debt less current portion	<u>108,587,802</u>	<u>101,001,797</u>
Total liabilities	<u>253,157,278</u>	<u>245,623,524</u>
Net assets		
Unrestricted	241,902,500	246,531,146
Temporarily restricted	24,770,687	24,154,982
Permanently restricted	<u>15,703,818</u>	<u>15,289,478</u>
Total net assets	<u>282,377,005</u>	<u>285,975,606</u>
	<u>\$ 535,534,283</u>	<u>\$ 531,599,130</u>

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

**Lawrence + Memorial Corporation and Subsidiaries**  
**Consolidated Statements of Operations**  
**September 30, 2014 and 2013**

	2014	2013
<b>Unrestricted revenues, gains and other support</b>		
Net revenues from services to patients	\$ 453,529,100	\$ 372,745,739
Provision for bad debt	(20,298,386)	(14,555,970)
Net revenue less provision for bad debt	433,230,714	358,189,769
Other operating revenues	20,795,287	21,448,860
Net assets released from restriction used for operations	876,203	748,784
Total unrestricted revenues, gains and other support	454,902,204	380,387,413
<b>Expenses</b>		
Salaries and wages	213,467,507	193,780,844
Employee benefits	59,185,837	49,062,244
Supplies	71,998,110	49,529,083
Purchased services	54,475,011	32,278,640
Other	43,427,170	37,265,822
Interest	3,554,919	2,865,011
Depreciation and amortization	27,479,122	23,023,433
Total expenses	473,587,676	387,805,077
Loss from operations	(18,685,472)	(7,417,664)
<b>Nonoperating gains</b>		
Unrestricted investment income	180,488	122,109
Income from investments	9,832,164	7,752,127
Inherent contribution received from purchase of Westerly Hospital	5,284,752	1,796,782
Total nonoperating gains	15,297,404	9,671,018
(Deficit)/excess of revenues over expenses	(3,388,068)	2,253,354
Net unrealized gains on investments	2,028,088	12,046,855
Net assets released from restrictions used for purchase of property, plant and equipment	1,006,500	167,751
Donated equipment	6,350	-
Pension related changes other than periodic pension costs	(4,281,516)	5,929,845
(Decrease)/increase in unrestricted net assets	\$ (4,628,646)	\$ 20,397,805

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

**Lawrence + Memorial Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Net Assets**  
**September 30, 2014 and 2013**

	2014	2013
<b>Unrestricted net assets</b>		
Excess of revenues over expenses	\$ (3,388,068)	\$ 2,253,354
Net unrealized gains on investments	2,028,088	12,046,855
Net assets released from restrictions used for purchase of property, plant and equipment	1,006,500	167,751
Donated equipment	6,350	-
Pension related changes other than periodic pension costs	(4,281,516)	5,929,845
(Decrease)/increase in unrestricted net assets	(4,628,646)	20,397,805
Beginning of year unrestricted net assets	246,531,146	226,133,341
End of year unrestricted net assets	<u>\$ 241,902,500</u>	<u>\$ 246,531,146</u>
<b>Temporarily restricted net assets</b>		
Income from investments	\$ 677,343	\$ 668,022
Net assets released from restrictions	(1,882,704)	(916,535)
Inherent contribution received from purchase of Westerly Hospital	-	871,209
Contributions received	421,640	506,462
Change in value of funds held in trust by others	111,315	239,710
Net realized and unrealized gains on investments	1,288,111	1,701,848
Increase in temporarily restricted net assets	615,705	3,070,716
<b>Temporarily restricted net assets</b>		
Beginning of year	24,154,982	21,084,266
End of year	<u>\$ 24,770,687</u>	<u>\$ 24,154,982</u>
<b>Permanently restricted net assets</b>		
Income from investments	\$ 20,569	\$ 13,823
Inherent contribution received from purchase of Westerly Hospital	-	9,343,478
Contributions received	80,074	22,888
Change in value of funds held in trust by others	280,866	17,482
Net realized and unrealized gains on investments	32,831	-
Increase in permanently restricted net assets	414,340	9,397,671
<b>Permanently restricted net assets</b>		
Beginning of year	15,289,478	5,891,807
End of year	15,703,818	15,289,478
(Decrease)/increase in net assets	<u>\$ (3,598,601)</u>	<u>\$ 32,866,192</u>

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



**Lawrence + Memorial Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2014 and 2013**

	2014	2013
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (3,598,601)	\$ 32,866,192
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	27,479,122	23,023,433
Net unrealized and realized gains on investments	(2,963,155)	(13,495,284)
Inherent contribution received from purchase of Westerly Hospital	(4,940,302)	(12,011,469)
Provision for bad debts	20,298,386	14,555,970
Increase in funds held in trust by others	(392,181)	(257,193)
Increase in contributions receivable	(817,794)	(794,898)
Restricted contributions	(1,164,969)	(1,174,484)
Changes in other operating accounts		
Patient accounts receivable, net	(20,461,592)	(20,317,347)
Other receivables, net	(504,322)	(970,777)
Inventories	(891,853)	(1,447,315)
Prepaid expenses and other current assets	(191,218)	(137,568)
Deferred financing costs and other assets	(539,576)	81,328
Accounts payable	(3,713,678)	(2,523,188)
Accrued vacation and sick pay	1,643,021	(1,558,312)
Salaries, wages, payroll taxes and amounts withheld from employees	569,862	3,652,618
Due to third party payors	1,386,968	(1,632,875)
Pension, postretirement and other liabilities	5,674,664	(9,245,208)
Net cash provided by operating activities	<u>16,872,782</u>	<u>8,613,623</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, net	(25,715,324)	(50,503,163)
Purchases of investments	(70,459,536)	(78,938,843)
Sales of investments	77,121,334	107,257,276
Purchase of Westerly Hospital	-	(14,535,558)
Decrease in debt service fund	1,693	855
Increase/(decrease) in funds held in escrow	2,247,255	(130)
Net cash used in investing activities	<u>(16,804,578)</u>	<u>(36,719,563)</u>
<b>Cash flows from financing activities</b>		
Restricted contributions	1,164,969	1,174,484
Principal payments of long term debt	(28,364,994)	(2,938,881)
Proceeds of long term debt	32,080,103	25,446,569
Net cash provided by financing activities	<u>4,880,078</u>	<u>23,682,172</u>
Net decrease in cash and cash equivalents	4,948,282	(4,423,768)
<b>Cash and cash equivalents</b>		
Beginning of year	11,532,247	15,956,015
End of year	<u>\$ 16,480,529</u>	<u>\$ 11,532,247</u>
<b>Supplemental disclosure of noncash activities</b>		
Construction in process included in accounts payable	<u>\$ 1,673,118</u>	<u>\$ 2,105,176</u>
Contributed securities	<u>\$ 1,164,969</u>	<u>\$ 1,174,484</u>

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

# **Lawrence + Memorial Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **September 30, 2014 and 2013**

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#### **1. Significant Accounting Policies and Organization**

##### **Organization**

Lawrence + Memorial Corporation (the "Corporation") is a not-for-profit organization incorporated under the Nonstock Corporation Act of the State of Connecticut. The Corporation is organized exclusively for public welfare, charitable, scientific, literary and education purposes, including the furtherance of the welfare, programs and activities of Lawrence + Memorial Hospital (the "Hospital"), a nonprofit organization incorporated under the General Statutes of the State of Connecticut.

The following entities are subsidiaries of the Corporation: Lawrence + Memorial Hospital ("L+M"), L&M Physician Association Inc., L&M Systems, Inc., VNA of Southeastern Connecticut, L&M Healthcare, L&M Indemnity Ltd., VNA of Southeastern Connecticut Inc. and LMW Healthcare Inc. (Westerly Hospital).

##### **Acquisition of Westerly Hospital**

On June 1, 2013, the Corporation and its subsidiary, LMW Healthcare, Inc. ("LMW") completed the acquisition of certain assets and liabilities of Westerly Hospital, a 125-bed general acute care hospital located in Westerly, Rhode Island on a 10.6 acre campus. The acquisition was the culmination of a process that included the appointment of W. Mark Russo, Esq. as the special master (the "Special Master") for Westerly Hospital and its affiliates by the Rhode Island Superior Court for the County of Washington (the "RI Court") in December 2011, due to the deteriorating financial condition of Westerly Hospital. The Special Master was granted authority by the RI Court to negotiate the sale of the assets of Westerly Hospital and its affiliates.

The Corporation formed LMW as a Rhode Island nonprofit corporation, and in June 2012, LMW entered into an Asset Purchase Agreement (the "Purchase Agreement") with the Special Master for Westerly Hospital and its affiliates, which was approved by the RI Court in September 2012. The Corporation guaranteed LMW's commitments under the Purchase Agreement. Pursuant to the Purchase Agreement and upon the successful completion of regulatory review by various Rhode Island agencies, the Corporation acquired certain assets and liabilities of Westerly Hospital and its affiliates, in order to expand its care and operations to the Westerly, Rhode Island community. The acquisition of the Westerly Hospital furthers the Corporation and Lawrence + Memorial Hospital's strategy of improving the depth and breadth of services available to all residents in the eastern Connecticut and western Rhode Island regions, without regard to ability to pay. Lawrence + Memorial Hospital expects to reduce unnecessary duplication of effort and costs with Westerly Hospital, while maintaining community access to essential services in the Westerly service area.

As part of the purchase agreement the Corporation agreed to fund \$30 million in capital costs for Westerly Hospital over five years after the closing, and agreed to provide up to \$6.5 million of working capital for Westerly Hospital over the first two years after the closing.

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

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The fair value of assets and liabilities acquired under this transaction as of June 1, 2013 are as follows:

	<b>2013</b>
Cash	\$ 1,563,200
Patient accounts receivable	4,658,183
Inventories	1,550,130
Pledges	750,000
Prepaid expenses	325,650
Investments	6,870,933
Assets held in trust	4,247,816
Intangible assets	3,690,000
Property, plant & equipment	<u>30,850,000</u>
<b>Total assets</b>	<b><u>54,505,912</u></b>
Accrued compensation	2,488,190
Accounts payable and accrued expenses	15,052,105
Due to third parties	1,856,951
Asset retirement obligation	1,425,678
Debt	<u>5,572,761</u>
<b>Total liabilities</b>	<b><u>26,395,685</u></b>
<b>Net assets acquired</b>	<b><u>\$ 28,110,227</u></b>

The purchase price of \$16,098,758 was paid in cash. The transaction resulted in an inherent contribution of \$12,011,469 which has been appropriately allocated to the three net asset classes within the statement of changes in net assets in 2013. The inherent contribution is a result of the value of net assets being acquired exceeding the purchase price. The purchase price allocation was preliminary and has been adjusted as additional information was obtained in 2014. An additional \$5.3 million in inherent contribution was recorded in 2014, principally due to \$3.1 million better experience on accounts receivable and \$1.8 million in better experience on accounts payable.

Intangible assets acquired in conjunction with the Westerly acquisition include:

	<b>Fair value as of June 1, 2013</b>	<b>Amortization Period (in years)</b>	
Patient relationships	\$ 1,530,000	10.0	
Medical records	1,350,000	10.0	
Trademark	<u>810,000</u>	<u>8.0</u>	
	<b><u>\$ 3,690,000</u></b>	<b><u>9.5</u></b>	(weighted average)

# **Lawrence + Memorial Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **September 30, 2014 and 2013**

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L&M Healthcare has an affiliation agreement effective January 31, 1999 (the "Agreement") with the Hospice of Southeastern Connecticut, Inc. (the "Hospice"). The Agreement gives L&M Healthcare a membership of the Hospice with one other not-for-profit healthcare organization. L&M Healthcare does not have an equity investment in the Hospice because the affiliation agreement does not require L&M Healthcare to provide capital to the Hospice and L&M Healthcare is not entitled to any of the net assets of the Hospice should the relationship terminate or the Hospice dissolve. The Corporation and its subsidiaries have never given capital to the Hospice and the Hospice has never made capital distributions to the Corporation or its subsidiaries.

L & M Physician Association, Inc. ("LMPA") was formed exclusively for the charitable purpose of benefiting, supporting, and furthering the charitable activities of Lawrence + Memorial Hospital by engaging physicians to provide physician services to the Hospital, organizations affiliated with the Hospital and communities they serve for purpose of practicing medicine and health care services.

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying footnotes. Actual results could differ from those estimates and there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Corporation's significant estimates include the collectability of patient accounts receivable, useful lives of fixed assets, settlements due to third party payors, estimated reserves for self-insurance liabilities, and benefit plan assumptions.

#### **Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time frame or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation and its subsidiaries in perpetuity or in funds held in trust by others whose purpose is for the funds to be maintained in perpetuity.

#### **Donor Restricted Gifts**

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

#### **Cash and Cash Equivalents**

The Corporation and its subsidiaries consider all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

# **Lawrence + Memorial Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **September 30, 2014 and 2013**

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#### **Investments**

Investments in equity and debt securities are recorded at fair value in the balance sheet. Fair value is generally determined based on quoted market prices where available or net asset values provided by investment managers. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are included in the change in net assets. Under accounting principles generally accepted in the United States of America, an "other than temporary impairment" is recognized if the Corporation does not expect the fair value of a security to recover above cost or amortized cost. Once an "other than temporary impairment" charge has been recorded, a new cost basis is established.

The Corporation continues to review its securities for appropriate valuation on an ongoing basis. The Corporation determined that none of their investments were impaired as of September 30, 2014 or 2013.

Realized and unrealized gains and losses on donor restricted endowment funds are included in temporarily restricted net assets under State law which allows the Board to appropriate as much of the net appreciation of investments as is prudent considering the Corporation's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

Investments in limited liability companies are accounted for using the equity method in instances where the limited partner's interest is more than minor (3-5%).

#### **Fair Value Measurements**

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

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

- Level 1 Quoted prices in active markets for identical assets
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets in active markets, quoted prices in markets that are not active, or can be corroborated by observable market data for substantially the same term of the assets
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets

# **Lawrence + Memorial Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **September 30, 2014 and 2013**

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#### **Assets Held in Trust by Others**

The Hospital has been named sole or participating beneficiary in several perpetual and charitable remainder trusts. Under the terms of these trusts, the Hospital has the irrevocable right to receive the income earned on the trust assets in perpetuity from the perpetual trusts and to receive the remainder of the trust assets for the charitable remainder trusts. For perpetual trusts, the estimated present value of the future payments to the Hospital is recorded at the fair value of the assets held in the trust. The charitable remainder trusts are recorded at the present value of the estimated future distributions expected to be received over the expected term of the trust agreement. The Hospital uses appropriate credit adjusted rates to discount amounts.

#### **Assets Limited as to Use**

Assets limited as to use include assets set aside by the Board of Directors, contribution receivables and for the established purpose of providing for future improvement, expansion and replacement of plant and equipment. In addition, the Corporation's interest in externally managed trusts, unexpended bond proceeds for construction purposes, and assets held by trustees under indenture agreements relating to financing activities with the State of Connecticut Health and Education Facilities Authority ("CHEFA") are also included therein.

#### **Property, Plant and Equipment**

Property, plant and equipment are recorded at cost, or if received as a donation, at the fair value on the date received. The Corporation provides for depreciation of property, plant and equipment using the straight-line method in amounts sufficient to amortize the cost of its assets over their estimated useful lives. American Hospital Association lives are generally used and provide for a 2-25 year life for land improvements, 5-50 year life for buildings and a 2-25 year life for equipment. Lease improvements are amortized over the life of the lease.

#### **Nonoperating Gains and Losses**

Activities other than in connection with providing health care services are considered to be nonoperating.

#### **Excess of Revenues over Expenses**

The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), and pension-related charges other than periodic pension costs and other postretirement benefits liabilities.

#### **Fair Value of Financial Instruments**

Investments and other assets and liabilities are carried at amounts that approximate fair value based on current market conditions. The fair value of long term debt is estimated based on the quoted market prices for the same or similar issues or on current rates offered to the Corporation and its Subsidiaries for debt of the same remaining maturities.

#### **Medical Malpractice Self-Insurance**

The Corporation purchases claims made professional and general liability insurance to cover medical malpractice claims from L&M Indemnity Ltd. The Hospital, LMPA and VNA have adopted the policy of self-insuring the tail portion of its malpractice insurance coverage. Management accrues its best estimate of losses as incidents which give rise to potential losses occur.

# **Lawrence + Memorial Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **September 30, 2014 and 2013**

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#### **Income Taxes**

The Corporation and its subsidiaries are not-for-profit organizations and are exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code, except for L&M Systems. L&M Systems provides for taxes based on current taxable income and the future tax consequences of temporary differences between financial and income tax reporting. Such amounts are not material to the consolidated financial statements.

#### **Inventories**

Inventory consists of supplies, both medical and general, pharmaceuticals and food products needed to sustain daily operation of patient care. Inventories are carried at the lower of cost or market under the first-in-first-out (FIFO) method.

#### **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.

#### **Accrued Vacation and Sick Pay**

Accrued vacation is recorded as a liability as time is earned. As the time is used, the time is relieved from the liability. Accrued sick time is recorded as a percent for employees who have a balance greater than or equal to 800 hours. The payout is only upon termination of employment.

#### **Labor action update**

The Hospital's negotiations with two of its three unions, AFT Healthcare, AFT-CT, AFT, AFL-CIO, Local 5049 (registered nurses) and AFT Healthcare, AFT-CT, AFLCIO, Local 5051 (licensed practical nurses and technicians) for a new contract resulted in a 4-day strike that commenced on November 27, 2013. The Hospital brought in temporary replacement workers, and, in order to provide ongoing patient care given the threat of additional, intermittent strikes, had a lockout of employees through December 18, 2013. The lockout was lifted and employees returned to work without a contract being reached. A contract was reached and ratified and the workforce had a three year contract that was signed in February 2014. The Hospital monitored the negative impact of the strike and lockout on both revenues and expenses. The financial negative impact included in these financials is approximately \$14,200,000. This consisted of a reduction in net revenue of approximately \$1,900,000 and \$12,300,000 of replacement workers, security and reduced salary costs during the strike and lock out period.

#### **Subsequent Events**

The Corporation has performed an evaluation of subsequent events through January 23, 2015, which is the date the financial statements were issued.

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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**2. Revenues From Services to Patients and Charity Care**

The following summarizes net revenues from services to patients

	2014	2013
Gross charges from services to patients	\$ 1,078,626,933	\$ 837,486,803
Less: Charity care	<u>6,782,933</u>	<u>7,772,037</u>
Charges from services to patients, net of charity care	<u>1,071,844,000</u>	<u>829,714,766</u>
Deductions		
Allowances	615,856,880	455,921,391
State of Connecticut uncompensated care system	<u>2,458,020</u>	<u>1,047,636</u>
Total deductions	<u>618,314,900</u>	<u>456,969,027</u>
Net revenues from services to patients	<u>\$ 453,529,100</u>	<u>\$ 372,745,739</u>

Patient accounts receivable and revenues are recorded when patient services are performed. Amounts received from most payors are different from established billing rates of the Corporation, and these differences are accounted for as allowances. The State of Connecticut has reduced Uncompensated Care Payments to all hospitals beginning July 2013 for a three year period. In 2014, the Corporation paid cash into the State of Connecticut Uncompensated Care Pool that exceeded the amount was received from the State.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Adjustments related to prior year settlements decreased the Hospital's revenues by approximately \$1,584,575 in 2014 and increased the Hospital's revenue by approximately \$1,126,576 in 2013.

During 2014 and 2013, approximately 35% and 33%, respectively, of net patient service revenue was received under the Medicare program, and 11% and 12%, respectively, under the state Medicaid program. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. Non compliance could result in significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and reductions of funding levels could have an adverse impact on the Hospital.

The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of the Hospital. Essentially, these policies define charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the Hospital utilizes the generally recognized federal poverty income guidelines.



**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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**3. Investments**

Investments included in current assets consist of the following

	<b>2014</b>	<b>2013</b>
<b>Other investments</b>		
Cash and cash equivalents	6,293,794	3,618,554
Bonds	40,097,819	38,890,479
Mutual funds	72,596,528	79,030,543
Hedge funds	57,360,354	54,766,338
Private equities	4,535,516	1,884,631
Marketable equities	<u>3,542,028</u>	<u>3,149,441</u>
<b>Total other investments</b>	<u><b>184,426,039</b></u>	<u><b>181,339,986</b></u>
 <b>Funds held in trust by others</b>		
Investments held in trust by others	<u>11,348,610</u>	<u>10,956,429</u>
<b>Total funds held in trust by others</b>	<u><b>11,348,610</b></u>	<u><b>10,956,429</b></u>
 <b>Endowment investments</b>		
Cash and cash equivalents	\$ 4,307,512	\$ 3,785,088
Bonds	5,061,901	4,823,170
Mutual funds	14,191,010	13,492,698
Hedge funds	6,263,387	5,961,109
Private equities	209,627	112,204
Marketable equities	<u>6,607,991</u>	<u>5,981,527</u>
<b>Total endowment investments</b>	<u><b>36,641,428</b></u>	<u><b>34,155,796</b></u>
<b>Total investments at fair value</b>	<u><b>\$ 232,416,077</b></u>	<u><b>\$ 226,452,211</b></u>

**Lawrence + Memorial Corporation and Subsidiaries**  
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The Corporation's financial instrument categorization is based upon the lowest level of input that is significant to the fair value measurement within the valuation hierarchy. The following table presents the financial instruments carried at fair value using the by the fair value guidance valuation hierarchy defined above.

	2014			Total Fair Value
	Level 1	Level 2	Level 3	
<b>Other investments</b>				
Cash and cash equivalents	6,293,794	-	-	6,293,794
Bonds	33,184,269	6,913,550	-	40,097,819
Mutual funds	72,596,528	-	-	72,596,528
Hedge funds	-	-	57,360,354	57,360,354
Private equities	-	-	4,535,516	4,535,516
Marketable equities	3,542,028	-	-	3,542,028
Total other investments	115,616,619	6,913,550	61,895,870	184,426,039
<b>Funds held in trust by others</b>				
Investments held in trust by others	-	-	11,348,610	11,348,610
Total held in trust by others	-	-	11,348,610	11,348,610
<b>Endowment investments</b>				
Cash and cash equivalents	\$ 4,307,512	\$ -	\$ -	\$ 4,307,512
Bonds	3,300,408	1,449,067	312,427	5,061,902
Mutual funds	12,613,287	-	1,577,722	14,191,009
Hedge funds	-	-	6,263,387	6,263,387
Private equities	-	-	209,627	209,627
Marketable equities	6,607,991	-	-	6,607,991
Total endowment investments	26,829,198	1,449,067	8,363,163	36,641,428
Total Investments at fair value	\$ 142,445,817	\$ 8,362,617	\$ 81,607,643	\$ 232,416,077

	2013			Total Fair Value
	Level 1	Level 2	Level 3	
<b>Other investments</b>				
Cash and cash equivalents	3,618,554	-	-	3,618,554
Bonds	32,082,552	6,807,927	-	38,890,479
Mutual funds	79,030,543	-	-	79,030,543
Hedge funds	-	-	54,766,338	54,766,338
Private equities	-	-	1,884,631	1,884,631
Marketable equities	3,149,441	-	-	3,149,441
Total other investments	117,881,090	6,807,927	56,650,969	181,339,986
<b>Funds held in trust by others</b>				
Investments held in trust by others	-	-	10,956,429	10,956,429
Total held in trust by others	-	-	10,956,429	10,956,429
<b>Endowment investments</b>				
Cash and cash equivalents	\$ 3,785,088	\$ -	\$ -	\$ 3,785,088
Bonds	3,185,997	1,425,678	211,495	4,823,170
Mutual funds	12,044,760	-	1,447,938	13,492,698
Hedge funds	-	-	5,961,109	5,961,109
Private equities	-	-	112,204	112,204
Marketable equities	5,981,527	-	-	5,981,527
Total endowment investments	24,997,372	1,425,678	7,732,746	34,155,796
Total Investments at fair value	\$ 142,878,462	\$ 8,233,605	\$ 75,340,144	\$ 226,452,211

**Lawrence + Memorial Corporation and Subsidiaries**  
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Fair value for Level 1 is based upon quoted prices in active markets that the Corporation has the ability to access at the measurement date. Market price data is generally obtained from exchange or dealer markets. The Corporation does not adjust the quoted price for such assets.

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.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all and reflect assumptions based on the best information available in the circumstances.

Investments included in Level 3 primarily consist of the Corporation's ownership in alternative investments (principally limited partnership interests in hedge funds). The value of these alternative investments represents the ownership interest in the net asset value ("NAV") of the respective partnership. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. Also included in Level 3 investments are charitable remainder trusts held by third parties which are recorded at the present value of the future distributions expected to be received over the term of the agreement and investments in for-profit companies.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation 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 following table is a roll forward of the amounts by investment type for financial instruments classified by the Corporation within Level 3 of the fair value hierarchy defined above:

	Beginning October 1, 2013	Investment Income	Realized Gains/(losses)	Unrealized Gains	Investment Fees	Purchases	Sales	Ending September 30, 2014
<b>Investment pool</b>								
Hedge funds	\$ 62,386,880	\$ 624,650	\$ 2,086,868	\$ 2,318,323	\$ (158,389)	\$ 381,586	\$ (268,029)	\$ 65,555,889
Private equities	1,996,835	-	387,382	311,627	(86,266)	2,169,982	(78,416)	4,703,144
Funds held in trust	10,956,429	141,409	(38,835)	344,380	(51,515)	-	(1,256)	11,348,610
Total	<u>\$ 75,340,144</u>	<u>\$ 766,059</u>	<u>\$ 619,415</u>	<u>\$ 2,974,330</u>	<u>\$ (296,170)</u>	<u>\$ 2,551,568</u>	<u>\$ (347,703)</u>	<u>\$ 81,607,643</u>
	Beginning October 1, 2012	Investment Income	Realized Gains	Unrealized Gains	Investment Fees	Purchases	Sales	Ending September 30, 2013
<b>Investment pool</b>								
Hedge funds	\$ 56,124,316	\$ 354,977	\$ 1,118,631	\$ 5,509,944	\$ (131,712)	\$ 1,037,785	\$ (1,627,061)	\$ 62,386,880
Private equities	487,257	-	67,055	122,281	(63,590)	1,398,832	(15,000)	1,996,835
Funds held in trust	6,451,420	-	-	322,158	(64,965)	4,247,816	-	10,956,429
Total	<u>\$ 63,062,993</u>	<u>\$ 354,977</u>	<u>\$ 1,185,686</u>	<u>\$ 5,954,383</u>	<u>\$ (260,267)</u>	<u>\$ 5,684,433</u>	<u>\$ (1,642,061)</u>	<u>\$ 75,340,144</u>

**Lawrence + Memorial Corporation and Subsidiaries**  
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There were no significant transfers of assets between levels for the year ended September 30 2014

A summary of the endowment investment return is presented below

	2014	2013
Investment income	\$ 752,014	\$ 649,876
Realized and unrealized gains	1,714,027	2,225,435
Management fees and other costs	(55,806)	(47,805)
Total return on endowment investments	<u>\$ 2,410,235</u>	<u>\$ 2,827,506</u>

Following is additional information related to funds whose fair value is not readily determinable as of September 30 2014

	Strategy	Fair Value	# of Investments	Remaining Life	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Restrictions in Place at Year End
Equity securities	Global developed and emerging market equity	\$ 15,362,932	1	N/A	\$	No remaining commitments	Monthly with 10 day's notice	None	None
Absolute return	Long/short and long-biased equity and credit hedge funds	19,653,984	2	N/A		No remaining commitments	Annual with 90 day's notice	lock up provision of 12 months from the purchase date	None
Directional hedge	Long short and long-biased equity and credit hedge funds	25,350,100	1	N/A		No remaining commitments	Quarterly with 60 day's notice	lock up provision of 24 months from the purchase date	None
Commodities	Commodity index	5,146,893	1	N/A		No remaining commitments	Monthly with 5 day's notice	None	None
Private equity	Private equity	4,745,144	8	N/A		Illiquid long term 5 years	None	None	None
		<u>\$ 70,269,033</u>							

#### 4. Endowments

The Corporation's endowments consist of donor restricted endowment funds for a variety of purposes. The net assets associated with endowment funds including funds designated by the Board of Directors to function as endowments are classified and reported based on the existence or absence of donor imposed restrictions.

The Corporation understands net asset classification guidance to require that donor restricted endowment gifts be maintained in perpetuity. Consistent with net asset classification guidance, the Corporation 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. The Corporation 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 Corporation and 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 Corporation

**Lawrence + Memorial Corporation and Subsidiaries**  
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- The investment policies of the Corporation

Changes in endowment net assets for the year ended September 30

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Endowment net assets at beginning of year</b>	<u>\$ 9,257,584</u>	<u>\$ 16,178,222</u>	<u>\$ 7,249,055</u>	<u>\$ 32,684,861</u>
Addition of Westerly Hospital Endowment Net Assets	18,975	-	-	18,975
Investment return				
Investment income	304,778	170,106	20,569	495,453
Net realized and unrealized gain	715,724	1,288,111	32,832	2,036,667
Contributions	183,147	-	80,073	263,220
Total investment return	<u>1,203,649</u>	<u>1,458,217</u>	<u>133,474</u>	<u>2,795,340</u>
Income distribution	-	(139,360)	-	(139,360)
<b>Endowment net assets at end of year</b>	<u>\$ 10,480,208</u>	<u>\$ 17,497,079</u>	<u>\$ 7,382,529</u>	<u>\$ 35,359,816</u>

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Endowment net assets at beginning of year</b>	<u>\$ 6,676,924</u>	<u>\$ 13,633,436</u>	<u>\$ 2,866,683</u>	<u>\$ 23,177,043</u>
Addition of Westerly Hospital Endowment Net Assets	1,714,560	810,769	4,345,662	6,870,991
Investment return				
Investment income	287,500	181,761	(748)	448,513
Net realized and unrealized gain	451,980	1,701,848	14,570	2,168,398
Contributions	126,620	-	22,888	149,508
Total investment return	<u>866,100</u>	<u>1,863,609</u>	<u>36,710</u>	<u>2,766,419</u>
Income distribution	-	(129,592)	-	(129,592)
<b>Endowment net assets at end of year</b>	<u>\$ 9,257,584</u>	<u>\$ 16,178,222</u>	<u>\$ 7,249,055</u>	<u>\$ 32,684,861</u>

Endowment funds classified as permanently and temporarily restricted net assets

The portion of perpetual endowment funds retained permanently either by explicit donor stipulation or by net asset classification guidance is summarized as follows

	2014	2013
<b>Temporarily restricted net assets</b>		
Unspent income and appreciation on permanently restricted endowments for purchase of equipment and healthcare services	<u>\$ 17,497,079</u>	<u>\$ 16,178,222</u>
Total endowment funds classified as temporarily restricted net assets	<u>\$ 17,497,079</u>	<u>\$ 16,178,222</u>
<b>Permanently restricted net assets</b>		
Corpus of permanently restricted contributions for which income is to be used for purchase of equipment and healthcare services	<u>\$ 7,382,529</u>	<u>\$ 7,249,055</u>
Total endowment funds classified as permanently restricted net assets	<u>\$ 7,382,529</u>	<u>\$ 7,249,055</u>

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

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**Endowment Funds With Deficits**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist they are classified as a reduction of unrestricted net assets. The Corporation analyzed the endowments and notes there are no deficits as of September 30, 2014 and 2013.

**Endowment Investment Return Objectives and Risk Parameters**

The Corporation has adopted endowment investment and spending policies that attempt to provide predictable stream of funding to programs supported by the endowment while seeking to maintain the permanent nature of endowment funds. Under this policy, the return objective for the endowment assets measured over a full market cycle shall be to maximize the return against a blended index, based on the endowment's target asset allocation applied to the appropriate individual benchmarks.

**Strategies Employed for Achieving Endowment Investment Objectives**

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

**Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives**

Spending is guided by several factors most important is the value of the portfolio. Generally, the Board will approve a spending policy limiting annual expenditures for grants and operating expenses up to 4-5% of the value of the Funds' assets based on a 12 quarter rolling average for the endowment, and operating funds.

Investment managers are given ample notice of the required withdrawal schedule. Appropriate liquidity is maintained to fund these withdrawals without impairing the investment process.

**5. Temporary and Permanently Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at September 30, 2014 and 2013:

	2014	2013
<b>Temporarily restricted net assets</b>		
Funds held in trust by others	\$ 3,799,127	\$ 3,687,812
Contributions receivable	20,366	20,366
Free beds and plant replacement and expansion	16,369,376	15,304,434
Specific purpose reserves	7,321,842	5,412,960
	<u>\$ 27,510,711</u>	<u>\$ 24,425,572</u>

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

Permanently restricted net assets at September 30 2014 and 2013 are restricted to

	2014	2013
<b>Permanently restricted net assets</b>		
Funds held in trust by others	\$ 7,571,288	\$ 7,290,422
Donor restricted endowment funds	8,132,530	7,999,056
	<u>\$ 15,703,818</u>	<u>\$ 15,289,478</u>

**6. Property, Plant and Equipment**

Property, plant and equipment consists of the following

	2014	2013
Land and land improvements	\$ 23,323,273	\$ 21,524,487
Buildings	171,045,151	138,297,388
Equipment	284,414,885	252,682,233
	<u>478,783,309</u>	<u>412,504,108</u>
Less: Accumulated depreciation	<u>(274,060,791)</u>	<u>(250,099,034)</u>
	204,722,518	162,405,074
Construction in progress	2,127,781	45,776,965
	<u>\$ 206,850,299</u>	<u>\$ 208,182,039</u>

**7. Long-Term Debt**

	2014	2013
CHEFA Series F Revenue Bonds		
Various rate bonds, due 2014 to 2026	\$ 30,900,000	\$ 33,625,000
5.0% Term Bonds, due 2027 to 2031	8,705,000	8,705,000
5.0% Term Bonds, due 2032 to 2036	11,100,000	11,100,000
CHEFA Series E revenue bonds		
Variable rate bonds, due 2023-2034	-	22,990,000
CHEFA Series G revenue bonds		
3.2% Term Bonds, due 2023, option to extend 2038	29,200,000	-
CHEFA Series H revenue bonds		
Variable rate bonds, due 2023-2034	21,405,000	-
Line of credit	-	18,663,400
Tax exempt lease	9,963,984	11,596,368
Capital lease obligation	246,684	1,010,148
Total debt outstanding	<u>111,520,668</u>	<u>107,689,916</u>
Less: Amounts classified as current	5,476,980	9,347,876
Add: Bond premium	2,544,115	2,659,757
Total long-term portion of long-term debt	<u>\$ 108,587,803</u>	<u>\$ 101,001,797</u>

## **Lawrence + Memorial Corporation and Subsidiaries**

### **Notes to Consolidated Financial Statements**

#### **September 30, 2014 and 2013**

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On September 15, 2011 the Connecticut Health and Education Facilities Authority ("CHEFA") issued \$58,940,000 of Series F Bonds (the "Series F Bonds") on behalf of the Hospital and Lawrence + Memorial Corporation (collectively referred to as the "Obligated Group" under the Series F Bond agreements). The Series F Bonds are structured with a term bond due July 1, 2036 with annual sinking fund payments due each July 1<sup>st</sup>. Interest on the Series F Bonds is payable semiannually on the first business day of January 1 and July 1 which began on January 1, 2012.

The Series E bonds were paid early with the issuance of CHEFA series H.

The tax exempt lease was obtained on June 27, 2013 in the principal amount of \$12,000,000. This is a seven year equipment lease on specific capital purchases that is administered through CHEFA and Bank of America-Merrill Lynch. This lease will be amortized monthly through June 27, 2020 at a nominal annual interest rate of 1.759%.

On October 10, 2013 Series G was issued in a private placement offering with Bank of America-Merrill Lynch and CHEFA in the amount of \$29,200,000 with an interest rate of 3.20% until October 1, 2023 with an option to extend at a negotiated rate with a maturity date of July 1, 2038.

On November 5, 2013 Series H was issued by CHEFA to refinance Series E. Series H was issued in the amount of \$21,405,000 with a variable rate and a maturity date of July 1, 2034. This bond has a letter of credit guaranteed by T.D. Bank. Interest on the Series H Bonds accrues at the weekly rate and is payable on the first business day of each month commencing January 1, 2014.

Under the terms of the trust indenture for the Series H Bonds, the Obligated Group is required to meet certain financial covenants including a debt service coverage ratio and days cash on hand ratio. Members of the Obligated Group are jointly and severally obligated to provide amounts sufficient to enable the Authority to pay principal and interest on the Series H Bonds. The Bonds and bond proceeds have been allocated to the Hospital and as such, the Hospital will make future debt service payments as required under the terms of the bonds.

The bonds may be retired at an earlier date pursuant to terms of the master indenture. Payment of the bonds is collateralized by a pledge of the gross receipts, as defined and certain real property of the Hospital.

The Series H Bonds are considered variable rate demand bonds and are remarketed on a weekly basis. The Hospital maintains a letter of credit in the amount of \$21,405,000 which expires on November 5, 2016. If the bonds are unable to be remarketed, the letter of credit could be utilized to purchase the bonds. The Obligated Group would then be subject to the payment terms of the letter of credit, which are monthly installments. The Series H Bonds have been successfully remarketed in the past and there have been no draws on the letter of credit.

The Corporation had a line of credit with Bank of America-Merrill Lynch for \$13,802,758. This was taken as a bridge loan prior to issuance of Series G private Placement. The proceeds of Series G were used to pay off this line of credit on October 10, 2013. LMW Healthcare had a line of credit with Washington Trust for \$4,860,642. This line was reissued at time of closing but was paid off in November 2013.



**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

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The fair value of the outstanding bonds is \$106,215,296 and \$78,820,117 at September 30, 2014 and September 30, 2013, respectively

Principal repayments, excluding capital leases and the line of credit, are as follows

<b>Years</b>	<b>Annual Principal Repayment</b>
2015	\$ 3,660,000
2016	3,825,000
2017	4,010,000
2018	4,165,000
2019 and thereafter	85,650,000
	<u>\$ 101,310,000</u>

Cash interest payments of \$3,566,051 and \$2,682,472 were made in fiscal year 2014 and 2013, respectively. No interest was capitalized during 2014 and 2013.

**8. Pension and Other Postretirement Benefits**

The Hospital has a defined benefit plan covering all employees who elected to stay in the Plan. The Plan is frozen to new participants as of June 30, 1999. The benefits are based on years of service and the employee's compensation during the last five years of employment.

The Hospital provides health care and life insurance benefits to its retired employees who meet certain eligibility requirements. The Hospital's policy is to fund the cost of postretirement benefits other than pensions as incurred. This plan was frozen to include only those employees who retired prior to May 1, 1994.

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

The following table sets forth the Hospital's plans' funded status and amounts recognized in the consolidated balance sheet at September 30, 2014 and 2013 (measurement date of ), the significant change in the actuarial loss is predominantly related to the decrease in the discount rate used to determine the benefit obligation at the end of the year

September 30)

	<b>Pension Benefits</b>		<b>Other Postretirement Benefits</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Change in benefit obligation</b>				
Benefit obligation at beginning of year	\$ 145,789,789	\$ 147,201,452	\$ 1,000,744	\$ 1,289,208
Service cost	2,402,724	1,536,115	-	-
Interest cost	6,417,121	5,685,930	29,884	31,620
Employee contributions	69,839	90,611	-	-
Benefits paid	(7,015,362)	(6,590,842)	(95,403)	(107,793)
Actuarial (gain)/loss	9,010,698	(2,133,477)	(97,788)	(212,291)
Benefit obligation at end of year	<u>156,674,809</u>	<u>145,789,789</u>	<u>837,437</u>	<u>1,000,744</u>
<b>Change in plan assets</b>				
Fair value of plan assets at beginning of year	105,860,348	98,298,309	-	-
Actual return on plan assets	9,861,899	7,662,270	-	-
Employee contributions	69,839	90,611	-	-
Employer contributions	6,400,000	6,400,000	95,403	107,793
Benefits paid	(7,015,362)	(6,590,842)	(95,403)	(107,793)
Fair value of plan assets at end of year	<u>115,176,724</u>	<u>105,860,348</u>	<u>-</u>	<u>-</u>
Funded status of the plan	<u>(41,498,085)</u>	<u>(39,929,441)</u>	<u>(837,437)</u>	<u>(1,000,744)</u>
Unrecognized net loss/(gain) from past experience different from that assumed and effects of changes in assumptions	41,399,294	37,006,625	(488,085)	(456,751)
Unrecognized prior service cost	<u>79,157</u>	<u>190,310</u>	<u>-</u>	<u>-</u>
Accrued benefit costs recognized in the statements of operations	<u>\$ (19,634)</u>	<u>\$ (2,732,506)</u>	<u>\$ (1,325,522)</u>	<u>\$ (1,457,495)</u>
<b>Components of net periodic benefit costs</b>				
Service cost	\$ 2,402,724	\$ 1,536,115	\$ -	\$ -
Interest cost	6,417,121	5,685,930	29,884	31,620
Expected return on plan assets	(7,920,200)	(7,182,524)	-	-
Amortization of net loss/(gain)	2,676,330	3,175,983	(66,454)	(45,046)
Net amortization and deferral	<u>111,153</u>	<u>140,639</u>	<u>-</u>	<u>-</u>
Benefit cost	<u>\$ 3,687,128</u>	<u>\$ 3,356,143</u>	<u>\$ (36,570)</u>	<u>\$ (13,426)</u>

The weighted average assumptions used to determine the net benefit cost at the beginning of the year are as follows

	<b>2014</b>	<b>2013</b>
Discount rate	4.51 %	3.95 %
Average rate of compensation increases	2.50 %	2.50 %
Expected return on assets	7.50 %	7.50 %

The weighted average assumptions used to determine the benefit obligation at the end of the year are as follows

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

	2014	2013
Discount rate	4.05 %	4.51 %
Average rate of compensation increases	2.50 %	2.50 %

The Plan's asset allocations as of September 30 are as follows:

Asset Category	2014	2013
Cash	2 %	3 %
Bonds	24	23
Mutual funds	45	44
Hedge funds	29	30
Total	100 %	100 %

The expected rate of return on plan assets is calculated based on past experience.

Expected benefits to be paid under the Hospital's plans are as follows:

Fiscal Years Beginning October 1,	Expected Benefits
2014	\$ 7,399,905
2015	7,694,336
2016	8,101,708
2017	8,234,873
2018	8,658,711
Expected aggregate for 5 fiscal years beginning 2019	47,809,642

Annual contributions are determined by the Hospital based upon calculations prepared by the plan's actuary. Expected contributions to the plans for 2014 are approximately (unaudited):

Pension	\$ 6,400,000
Retiree health	94,776

The weighted-average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) for participants is assumed to be 9.0% in 2014 reducing to 5.0% by the year 2021 and remaining at that level thereafter. This health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, a one percentage point increase in the assumed health care cost trend rate would increase the accumulated postretirement benefit obligation and service cost plus interest cost by approximately \$56,000 and \$71,000, respectively at September 30, 2014 and 2013. A one percentage point decrease in the assumed health care cost trend rate would decrease the accumulated postretirement benefit obligation and service cost plus interest cost by approximately \$51,000 and \$65,000, respectively, at September 30, 2014 and 2013.

**Plan Assets**

The defined benefit plan assets are valued utilizing the same fair value hierarchy as the Hospital's investments as described in Note 1.

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

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The following table summarizes the fair values of investments by major type held by the pension plan at September 30, 2014

	Level 1	Level 2	Level 3	2014
<b>Investments, at fair value</b>				
Cash	\$ 2,417,830	\$ -	\$ -	\$ 2,417,830
Bonds	27,571,791	-	-	27,571,791
Mutual funds	46,557,396	5,171,869	-	51,729,265
Hedge funds	-	-	33,457,838	33,457,838
Total investments, at fair value	<u>\$ 76,547,017</u>	<u>\$ 5,171,869</u>	<u>\$ 33,457,838</u>	<u>\$ 115,176,724</u>

The following table summarizes the fair values of investments by major type held by the staff pension health plan at September 30, 2013

	Level 1	Level 2	Level 3	2013
<b>Investments, at fair value</b>				
Cash	\$ 3,043,961	\$ -	\$ -	\$ 3,043,961
Bonds	24,488,654	-	-	24,488,654
Mutual funds	41,880,187	4,553,588	-	46,433,775
Hedge funds	-	-	31,893,958	31,893,958
Total investments, at fair value	<u>\$ 69,412,802</u>	<u>\$ 4,553,588</u>	<u>\$ 31,893,958</u>	<u>\$ 105,860,348</u>

There were no transfers between levels during 2014 or 2013

The table below represents the change in fair value measurements for Level 3 investments held by the plans for the years ended September 30

	2014	2013
<b>Beginning balances</b>	\$ 31,893,958	\$ 28,795,536
Realized gains	4,588,368	33,459
Fees	(79,614)	(65,081)
Unrealized gains	(2,944,874)	3,130,044
Purchases	-	-
Sales	-	-
<b>Ending balances</b>	<u>\$ 33,457,838</u>	<u>\$ 31,893,958</u>

The investment objective for the pension and post retirement plans seeks a positive long-term total return after inflation to meet the Hospital's current and future plan obligations

Asset allocations combine tested theory and informed market judgment to balance investment risks with the need for high returns

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

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The Hospital's 401(k) plan covers eligible employees who elected to participate. Eligible employees may contribute a percentage of their salary. The Hospital matches 100% of the first 4% of gross pay deferred by employees for those employees who do not participate in the defined benefit plan. Plan contributions charged to operations were approximately \$4,584,389 and \$4,618,626 for 2014 and 2013, respectively.

The VNA has a defined contribution pension plan which covers substantially all of its employees who have met specified age and length of service requirements. Contributions to the Plan are based on 5% of eligible salaries and totaled approximately \$463,475 and \$446,631 for the years ended September 30, 2014 and 2013, respectively.

**9. Functional Expenses**

The Corporation and its subsidiaries provide general health care services to residents within its geographic location including pediatric care, cardiac catheterization, and outpatient surgery. Expenses by function are as follows:

	2014	2013
Health care services	\$ 348,719,365	\$ 293,416,325
General and administrative	124,868,311	94,388,752
	<u>\$ 473,587,676</u>	<u>\$ 387,805,077</u>

**10. Commitments and Contingencies**

The Corporation and its subsidiaries are parties to various lawsuits incidental to their business. Management believes that the lawsuits will not have a material adverse effect on their financial position, results of operations, and changes in net assets or cash flows.

# Lawrence + Memorial Corporation and Subsidiaries

## Consolidating Balance Sheet

### September 30, 2014

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc	Westerly Hospital	Eliminating Entries	Consolidated
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	\$ 6,917,676	\$ 334,893	\$ -	\$ 7,252,569	\$ -	\$ 1,901,701	\$ 950,345	\$ 1,675,245	\$ 4,700,669	\$ -	\$ 16,480,529
Investments	128,450,331	31,541,423	-	159,991,754	-	-	16,769,765	7,523,944	140,576	-	184,426,039
Patient accounts receivable, net	36,373,069	-	-	36,373,069	-	2,378,629	-	2,740,706	5,990,550	-	47,482,954
Other receivables	4,156,260	-	-	4,156,260	24,500	289,393	1,322,262	-	-	-	5,792,415
Inventories	6,580,753	-	-	6,580,753	-	-	-	-	1,812,254	-	8,393,007
Due from affiliates	1,954,838	24,500	(1,954,838)	24,500	2,215,430	-	-	-	-	(2,239,930)	-
Prepaid expenses and other current assets	2,689,506	-	-	2,689,506	-	545,698	16,143	438,951	58,427	-	3,748,725
Debt service fund	1,304,562	-	-	1,304,562	-	-	-	-	-	-	1,304,562
<b>Total current assets</b>	<b>188,426,995</b>	<b>31,900,816</b>	<b>(1,954,838)</b>	<b>218,372,973</b>	<b>2,239,930</b>	<b>5,115,421</b>	<b>19,059,515</b>	<b>12,378,846</b>	<b>12,702,476</b>	<b>(2,239,930)</b>	<b>267,628,231</b>
<b>Assets limited as to use</b>											
Cash	182,862	-	-	182,862	-	-	-	-	-	-	182,862
Construction funds	561,676	-	-	561,676	-	-	-	-	-	-	561,676
Investments held in trust	925,227	-	-	925,227	-	-	-	-	-	-	925,227
Endowment investments	18,987,367	3,565,739	-	22,553,106	-	-	-	6,654,619	7,433,703	-	36,641,428
Investment in subsidiaries	-	19,281,447	-	19,281,447	-	-	-	-	-	(19,281,447)	-
Funds held in trust by others	6,985,614	-	-	6,985,614	-	-	-	-	4,362,996	-	11,348,610
Contributions receivable	20,366	2,750,421	-	2,770,787	-	-	-	-	750,000	-	3,520,787
Funds held in escrow by agreement with State of Connecticut Health and Educational Facilities Authority and trustees	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets limited as to use</b>	<b>27,663,112</b>	<b>25,597,607</b>	<b>-</b>	<b>53,260,719</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,654,619</b>	<b>12,546,699</b>	<b>(19,281,447)</b>	<b>53,180,590</b>
<b>Other assets</b>											
Intangible assets, net	-	-	-	-	-	-	-	-	-	-	-
Other receivables	16,536,719	-	-	16,536,719	-	2,137,101	287,916	-	2,978,625	-	2,978,625
Deferred financing costs and other assets, net	2,315,752	-	-	2,315,752	-	-	-	-	-	(16,350,950)	2,580,786
<b>Property, plant and equipment</b>											
Land improvements	8,846,232	12,330,635	-	21,176,867	-	-	-	330,275	1,816,131	-	23,323,273
Buildings/leasehold improvements	150,910,346	-	-	150,910,346	-	1,046,733	-	2,238,496	16,849,576	-	171,045,151
Equipment/furniture	265,024,485	17,010	-	265,041,495	-	976,188	-	994,431	17,402,771	-	284,414,895
Accumulated depreciation	(265,615,130)	(104,684)	-	(265,719,814)	-	(973,022)	-	(1,937,034)	(5,430,921)	-	(274,060,791)
Construction in progress	1,691,863	-	-	1,691,863	-	-	-	-	435,918	-	2,127,781
<b>Property, plant and equipment, net</b>	<b>160,857,796</b>	<b>12,242,961</b>	<b>-</b>	<b>173,100,757</b>	<b>-</b>	<b>1,049,899</b>	<b>-</b>	<b>1,626,168</b>	<b>31,073,475</b>	<b>-</b>	<b>206,850,299</b>
	\$ 395,800,374	\$ 69,741,384	\$ (1,954,838)	\$ 463,586,920	\$ 2,239,930	\$ 8,302,421	\$ 19,346,431	\$ 20,659,633	\$ 59,301,275	\$ (37,902,327)	\$ 535,534,263

# **Lawrence + Memorial Corporation and Subsidiaries** **Consolidating Balance Sheet** **September 30, 2014**

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc	Westerly Hospital	Eliminating Entries	Consolidated
<b>Liabilities and Net Assets</b>											
Current liabilities											
Accounts payable	\$ 25,788,034	\$ 115,809	\$ -	\$ 25,901,843	\$ -	\$ 343,515	\$ 197,453	\$ 1,615,548	\$ 9,471,491	\$ -	\$ 37,529,850
Accrued vacation and sick pay	11,281,701	-	-	11,281,701	-	1,595,316	-	-	1,346,711	-	14,223,728
Salaries, wages, payroll taxes and amounts withheld from employees	5,950,567	-	-	5,950,567	-	3,536,119	-	-	1,184,830	-	10,671,516
Due to affiliates	2,215,430	1,912,595	(1,954,838)	2,173,187	66,743	-	-	-	-	(2,239,930)	-
Due to third party payors	5,165,725	-	-	5,165,225	-	-	-	234,000	1,858,724	-	7,257,949
Other current liabilities	-	-	-	-	-	-	428,086	154,457	-	-	582,553
Current portion of long-term debt	5,342,305	-	-	5,342,305	-	-	-	-	134,675	-	5,476,980
Total current liabilities	55,741,262	2,028,404	(1,954,838)	55,814,828	66,743	5,474,950	625,549	2,004,005	13,986,431	(2,239,930)	75,742,576
Accrued pension and other postretirement benefits	43,216,010	-	-	43,216,010	-	-	-	-	-	-	43,216,010
Other liabilities	20,601,530	-	-	20,601,530	-	3,744,380	17,719,560	-	1,335,389	(17,789,969)	25,610,890
Long-term debt less current portion	108,587,802	-	-	108,587,802	-	-	-	-	-	-	108,587,802
Total liabilities	328,146,604	2,028,404	(1,954,838)	328,220,170	66,743	9,219,330	18,345,109	2,004,005	15,321,820	(20,029,899)	253,157,273
Net assets											
Unrestricted	138,173,767	8,156,254	-	205,736,308	2,173,187	(916,909)	1,001,322	18,628,628	33,152,392	(17,872,428)	241,902,500
Temporarily restricted	23,432,028	150,439	-	73,582,467	-	-	-	-	1,188,720	-	24,770,687
Permanently restricted	6,047,975	-	-	6,047,975	-	-	-	27,000	9,628,843	-	15,703,818
Total net assets	167,653,770	87,712,980	-	235,366,750	2,173,187	(916,909)	1,001,322	18,655,628	43,969,455	(17,872,428)	282,377,005
	\$ 395,800,374	\$ 69,741,384	\$ (1,954,838)	\$ 463,586,920	\$ 2,239,930	\$ 8,302,421	\$ 19,346,431	\$ 20,659,633	\$ 59,301,275	\$ (37,902,327)	\$ 535,534,283

# Lawrence + Memorial Corporation and Subsidiaries

## Consolidating Balance Sheet

### September 30, 2013

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc	Westerly Hospital	Eliminating Entries	Consolidated
<b>Assets</b>											
Current assets											
Cash and cash equivalents	\$ 418,968	\$ 129,669	\$ -	\$ 548,637	\$ -	\$ 2,024,446	\$ 82,453	\$ 783,154	\$ 8,093,557	\$ -	\$ 11,532,247
Investments	130,950,162	29,022,418	-	159,972,580	-	-	14,317,990	7,049,416	-	-	181,339,986
Patient accounts receivable net	33,903,908	-	-	33,903,908	-	2,259,926	-	2,471,162	5,775,458	-	44,410,454
Other receivables	3,977,343	-	-	3,977,343	559,500	280,553	504,071	-	-	-	5,321,417
Inventories	5,845,470	-	-	5,845,470	-	13,280	-	-	1,642,404	-	7,501,154
Due from affiliates	1,316,775	24,500	(1,316,775)	-	1,867,732	-	-	420,324	291,638	(1,892,232)	3,557,507
Prepaid expenses and other current assets	2,256,697	-	-	2,256,697	-	586,555	2,893	-	-	-	1,306,255
Debt service fund	1,306,255	-	-	1,306,255	-	-	-	-	-	-	-
Total current assets	179,974,978	29,176,687	(1,316,775)	207,834,790	2,427,232	3,164,760	14,907,957	10,724,056	15,903,057	(1,892,232)	254,989,020
Assets limited as to use											
Cash	182,366	-	-	182,366	-	-	-	-	-	-	182,366
Construction funds	9,541,685	-	-	9,541,685	-	-	-	-	-	-	9,541,685
Investments held in trust	985,034	-	-	985,034	-	-	-	-	-	-	985,034
Endowment investments	17,922,954	3,300,079	-	21,223,033	-	-	-	5,961,912	6,970,851	-	34,153,796
Investment in subsidiaries	-	19,281,447	-	19,281,447	-	-	-	-	-	(19,281,447)	-
Funds held in trust by others	6,773,578	-	-	6,773,578	-	-	-	-	4,182,851	-	10,956,429
Contributions receivable	20,366	1,932,627	-	1,952,993	-	-	-	-	750,000	-	2,702,993
Funds held in escrow by agreement with State of Connecticut Health and Educational Facilities Authority and trustees	-	-	-	-	-	-	-	-	-	-	-
Total assets limited as to use	2,247,285	24,514,153	-	2,247,285	-	-	-	5,961,912	11,903,702	(19,281,447)	2,247,285
	37,673,238			62,187,391							60,771,558
Other assets											
Intangible assets, net	-	-	-	-	-	-	-	-	3,352,875	-	3,352,875
Other receivables	13,694,110	-	-	13,694,110	-	1,119,441	418,675	-	-	(12,684,764)	2,547,462
Deferred financing costs and other assets, net	1,776,176	-	-	1,776,176	-	-	-	-	-	-	1,776,176
Property, plant and equipment											
Land improvements	7,343,577	12,330,635	-	19,674,212	-	-	-	330,275	1,520,000	-	21,524,487
Buildings/leasehold improvements	120,101,634	-	-	120,101,634	-	1,339,331	-	2,238,496	14,617,927	-	138,297,388
Equipment/furniture	234,099,872	21,774	-	234,121,646	-	902,509	-	16,710,300	16,710,300	-	252,682,233
Accumulated depreciation	(245,331,839)	(47,756)	-	(245,379,595)	-	(1,153,698)	-	(1,829,716)	(1,736,025)	-	(250,099,044)
Construction in progress	45,776,965	-	-	45,776,965	-	-	-	-	-	-	45,776,965
Property, plant and equipment, net	161,890,209	12,304,653	-	174,194,862	-	1,086,142	-	1,686,833	31,112,202	-	208,182,039
	\$ 395,108,711	\$ 65,985,383	\$ (1,316,775)	\$ 459,787,329	\$ 2,427,232	\$ 7,372,943	\$ 15,326,032	\$ 18,372,801	\$ 62,171,836	\$ (33,858,443)	\$ 531,699,130



**Lawrence + Memorial Corporation and Subsidiaries**  
**Consolidating Balance Sheet**  
**September 30, 2013**

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc	Westerly Hospital	Eliminating Entries	Consolidated
<b>Liabilities and Net Assets</b>											
Current liabilities											
Accounts payable	\$ 24,079,687	\$ 148,360	\$ -	\$ 24,228,047	\$ -	\$ 204,728	\$ 75,246	\$ 1,470,128	\$ 16,633,424	\$ -	\$ 42,611,470
Accrued vacation and sick pay	11,523,272	-	-	11,523,272	-	1,057,435	-	-	-	-	12,580,707
Salaries wages payroll taxes and amounts withheld from employees	4,495,457	-	-	4,495,457	-	2,351,953	-	-	3,754,244	-	10,101,654
Due to affiliates	1,867,732	758,960	(1,318,775)	1,309,917	582,315	-	-	-	-	(1,892,232)	-
Due to third party payors	3,826,094	-	-	3,826,094	-	-	-	251,000	1,793,887	-	5,870,981
Other current liabilities	-	-	-	-	-	-	13,606	109,411	-	-	123,017
Current portion of long-term debt	4,487,234	-	-	4,487,234	-	-	-	-	4,860,642	-	9,347,876
Total current liabilities	50,279,476	907,320	(1,318,775)	49,870,021	582,315	3,614,114	88,852	1,830,539	26,542,096	(1,892,232)	80,635,705
Accrued pension and other postretirement benefits	42,309,345	-	-	42,309,345	-	-	-	-	-	-	42,309,345
Other liabilities	17,774,823	-	-	17,774,823	-	2,407,115	13,908,569	-	1,425,878	(13,637,528)	21,676,677
Long-term debt less current portion	86,439,477	13,802,758	-	100,242,235	-	-	-	-	759,562	-	101,001,797
Total liabilities	196,803,121	14,710,078	(1,318,775)	210,196,424	582,315	6,021,229	13,995,441	1,830,539	28,727,336	(15,729,760)	245,623,534
Net assets											
Unrestricted	170,180,088	50,262,836	-	220,422,924	1,844,917	1,351,114	1,330,591	16,515,262	23,195,021	(18,128,683)	246,531,146
Temporarily restricted	22,198,248	1,022,479	-	23,220,727	-	-	-	-	934,255	-	24,154,982
Permanently restricted	5,947,254	-	-	5,947,254	-	-	-	27,000	9,315,224	-	15,289,478
Total net assets	198,305,590	51,285,315	-	249,590,905	1,844,917	1,351,114	1,330,591	16,542,262	33,444,500	(18,128,683)	285,975,606
	\$ 395,108,711	\$ 65,995,393	\$ (1,318,775)	\$ 459,787,329	\$ 2,427,232	\$ 7,372,343	\$ 15,326,032	\$ 18,372,801	\$ 62,171,836	\$ (33,858,443)	\$ 531,599,130

# Lawrence + Memorial Corporation and Subsidiaries

## Consolidating Statement of Operations

### Year Ended September 30, 2014

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc	Western Hospital	Eliminating Entries	Consolidated
Net revenues from services to patients	\$ 347,129,192	\$ -	\$ -	\$ 337,179,192	\$ -	\$ 29,343,784	\$ -	\$ 12,061,733	\$ 74,974,391	\$ -	\$ 453,528,100
Provision for bad debt	(14,930,302)	-	-	(14,930,302)	-	(153,484)	-	(75,000)	(4,758,600)	-	(20,248,386)
Net revenue after provision for bad debt	322,198,890	-	-	322,198,890	-	28,799,300	-	12,016,733	70,215,791	-	433,231,714
Other operating revenues	28,151,081	2,958,303	-	31,109,384	486,265	4,787,661	5,376,504	4,140,108	2,963,560	(28,068,175)	20,785,287
Net assets released from restrictor	671,727	204,100	-	876,203	-	-	-	-	-	-	876,203
	351,071,248	3,162,709	-	354,184,457	486,265	33,586,961	5,376,504	16,156,841	73,179,351	(28,068,175)	454,902,204
Operating expenses	143,838,674	-	-	143,838,674	-	37,356,344	-	10,811,798	28,074,499	(6,613,808)	213,487,507
Salaries and wages	51,044,718	-	-	51,044,718	-	6,484,081	-	2,598,219	6,454,031	(7,304,212)	59,188,937
Employee benefits	59,538,141	205,867	-	60,745,038	-	1,434,391	-	330,096	10,598,285	-	71,996,110
Supplies	36,947,767	518,743	-	39,166,510	19,330	3,467,524	3,44,538	460,267	15,344,077	(4,337,235)	54,475,011
Purchased services	34,490,156	47,546	-	34,537,702	122,200	7,549,748	5,486,160	937,932	4,068,683	(9,568,176)	43,427,170
Other	3,542,721	8,500	-	3,551,221	-	-	-	-	419,698	(416,000)	3,554,919
Interest	22,728,484	61,642	-	22,790,176	-	234,268	-	107,318	4,347,360	-	27,479,122
Depreciation and amortization	353,830,850	838,378	-	354,669,239	141,530	56,720,395	5,820,688	15,265,950	99,294,553	(29,344,430)	473,887,678
(Loss) from operations	(7,808,913)	2,324,331	-	(484,582)	344,735	(23,113,395)	(444,194)	890,891	3,884,816	256,255	(18,665,472)
Nonoperating gains	180,488	-	-	180,488	-	-	-	-	-	-	180,488
Unrestricted investment income	8,608,113	365,103	-	8,963,216	-	-	-	652,017	13,350	-	9,632,164
Income from investments	-	-	-	-	-	-	-	-	5,254,752	-	5,254,752
Inherent contributor revenues from purchase of Western Hospital	8,788,601	345,103	-	9,133,704	-	-	-	652,017	5,298,111	-	15,297,404
(Deficit) excess of revenues over expenses	5,076,688	2,679,434	-	8,679,122	344,735	(23,113,395)	(240,827)	1,542,908	9,182,929	256,255	(3,888,068)
Net unrealized gains/(losses) on investments	31,059	1,515,218	-	1,546,277	-	-	-	570,478	-	-	2,028,068
Transfer to L & M Aff sale	(33,881,262)	12,437,912	-	(21,623,350)	(16,165)	20,485,372	-	-	774,443	-	1,006,500
Net assets released from restrictors used for purchases of property and equipment	139,360	867,140	-	1,006,500	-	-	-	-	-	-	6,350
Donated equipment	6,350	-	-	6,350	-	-	-	-	-	-	(4,281,516)
Revaluation of angles oil and air pollution, per prior costs	(4,281,516)	-	-	(4,281,516)	-	-	-	-	-	-	-
Disposal of restricted net assets	(31,986,321)	(17,299,704)	-	(49,686,025)	328,270	(2,268,023)	(339,289)	2,113,366	9,957,372	256,255	(4,628,646)

# Lawrence + Memorial Corporation and Subsidiaries

## Consolidating Statement of Operations

### Year Ended September 30, 2013

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems Inc	LMPA	L&M Indemnity	VNA of Southeastern Connecticut Inc	Westerly Hospital	Eliminating Entries	Consolidated
Net revenues for services to patients, net of cost of bad debt	\$ 315,484,106	\$ -	\$ -	\$ 315,484,106	\$ -	\$ 21,002,422	\$ -	\$ 10,960,237	\$ 25,998,074	\$ -	\$ 372,716,739
Net revenue less provisions for bad debt	(12,127,748)	-	-	(12,127,748)	-	(315,036)	-	(75,000)	(2,038,188)	-	(14,555,970)
Other operating revenues	303,756,360	2,686,385	-	303,266,360	352,975	20,687,386	-	10,865,237	23,360,786	-	358,189,769
Net assets released from extinction	19,590,810	2,400,577	-	22,278,195	-	5,177,964	5,080,077	4,104,854	700,630	(17,440,785)	2,148,860
	108,227	2,400,577	-	708,784	-	-	-	-	-	-	708,784
	(323,357,397)	(2,925,942)	-	(326,283,339)	(552,925)	(25,660,350)	(5,080,077)	(14,950,091)	(24,061,416)	(17,440,785)	(380,307,413)
Operating expenses:											
Salaries and wages	149,825,846	-	-	119,825,846	-	26,540,185	-	10,239,995	9,459,006	(2,284,168)	193,780,844
Employee benefits	43,535,428	-	-	43,535,428	-	4,434,983	-	2,603,125	2,642,707	(4,243,909)	49,062,234
Supplies	15,171,409	241,132	-	45,412,641	-	670,017	-	268,625	2,977,900	-	49,329,083
Purchased services	23,672,198	3,294,240	-	26,916,378	19,305	1,854,333	196,754	97,758	5,341,647	(2,157,078)	32,278,680
Other	33,262,775	146,028	-	33,398,803	306,857	5,655,316	4,510,414	1,164,934	1,084,106	(9,174,808)	37,265,822
Interest	2,705,025	30,377	-	2,734,602	-	-	-	-	120,409	-	2,855,011
Depreciation and amortization	20,641,159	38,526	-	20,679,685	-	243,331	-	126,767	1,973,650	-	23,023,433
	318,753,780	3,759,503	-	322,513,283	326,162	39,903,165	4,706,669	14,611,202	23,599,420	(17,865,023)	387,605,077
Income from operations	4,603,612	(833,361)	-	3,770,256	226,763	(14,042,815)	1,373,209	378,989	461,986	414,238	(7,417,664)
Nonrecurring gains	122,109	-	-	122,109	-	-	-	-	373	-	122,109
Income (loss) from investments	9,041,465	881,712	-	6,923,173	-	-	198,569	630,012	17,895,940	(16,098,758)	7,732,127
Inherent contribution received from purchase of Westerly Hospital	6,163,570	881,712	-	7,045,282	-	-	198,569	630,012	17,895,913	(16,098,758)	9,871,018
Excess of revenues over expenses	10,767,187	46,151	-	10,815,338	226,763	(14,042,815)	1,571,778	1,008,901	18,357,903	(19,684,520)	2,253,384
Net unrealized (losses)/gains on investments	9,113,432	2,590,798	-	11,704,230	-	-	(141,849)	464,474	-	-	12,065,855
Transfer to L & M Health	1,136,546	(21,837,640)	-	(20,701,095)	136,626	15,721,337	-	-	4,837,112	-	-
Net assets released from restrictions, used for purchases of property and equipment	167,751	-	-	167,751	-	-	-	-	-	-	167,751
Donated equipment	5,929,845	-	-	5,929,845	-	-	-	-	-	-	5,929,845
Pension related charges other than periodic pension costs	27,114,780	(19,198,691)	\$ -	7,916,089	\$ 366,389	\$ 1,681,542	\$ 1,429,929	\$ 1,493,375	\$ 23,196,021	\$ (15,681,520)	\$ 20,397,805
Decrease in unrestricted net assets											