

Form 990

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2011

Open to Public Inspection

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2011 calendar year, or tax year beginning 10/01, 2011, and ending 09/30, 2012

Form sections B through K: B Check if applicable; C Name of organization (DANBURY HOSPITAL); D Employer identification number (06-0646597); E Telephone number ((203) 739-8110); F Name and address of principal officer (JOHN M MURPHY, MD); G Gross receipts (\$ 570,110,838); H(a) Is this a group return for affiliates? (Yes); H(b) Are all affiliates included? (Yes); I Tax-exempt status (501(c)(3)); J Website (WWW.DANBURYHOSPITAL.ORG); K Form of organization (Corporation); L Year of formation (1885); M State of legal domicile (CT)

Part I Summary

Table with 3 columns: Line number, Description, and Amount. Rows include: 1-7a Activities & Governance; 8-12 Revenue; 13-19 Expenses; 20-22 Net Assets or Fund Balances. Includes a 'COPY FOR PUBLIC INSPECTION' stamp.

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.

Signature block form with fields for Sign Here, Signature of officer, Date, Print/Type preparer's name, Preparer's signature, Date, Check if self-employed, PTIN, Firm's name, Firm's address, EIN, and Phone no.

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

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2010)

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III Yes No

1 Briefly describe the organization's mission:

TO IMPROVE THE HEALTH AND WELL BEING OF THOSE WE SERVE.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts 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 \$ 395,832,330. including grants of \$) (Revenue \$ 502,438,260.)

SEE SCHEDULE O

4b (Code:) (Expenses \$ 16,041,684. including grants of \$) (Revenue \$ 5,545,917.)

TEACHING - DANBURY HOSPITAL PROVIDES A DYNAMIC ENVIRONMENT FOR TEACHING AND RESEARCH FOR OUR GRADUATE MEDICAL EDUCATION PROGRAMS. THE HOSPITAL RECEIVED ACCREDITATION WITH COMMENDATION FROM THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS, AND IS APPROVED TO SPONSOR RESIDENCY PROGRAMS BY THE ACCREDITATION COUNCIL FOR GRADUATE MEDICAL EDUCATION OF THE AMERICAN MEDICAL ASSOCIATION. AS A LEADING UNIVERSITY TEACHING INSTITUTION, DANBURY HOSPITAL DURING 2012 ESTABLISHED A PARTNERSHIP WITH THE UNIVERSITY OF VERMONT COLLEGE OF MEDICINE TO DEVELOP A GLOBAL CLINICAL HEALTH ELECTIVE FOR FUTURE PHYSICIANS. DURING THE YEAR 1,290 PERSONS PARTICIPATED.

4c (Code:) (Expenses \$ 2,140,808. including grants of \$) (Revenue \$)

SEE SCHEDULE O

4d Other program services (Describe in Schedule O.)

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

4e Total program service expenses ▶ 414,014,822.

Part IV Checklist of Required Schedules

Table with 3 columns: Question ID, Question Text, Yes, No. Rows include questions 1 through 20b regarding organizational requirements and reporting.

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II.</i>		X
22 Did the organization report more than \$5,000 of grants and 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>		X
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>	X	
24 a 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 25.</i>	X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
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?		X
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
25 a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I.</i>		X
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>		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II.</i>		X
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>		X
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>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		X
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>	X	
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i>		X
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>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i>		X
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>		X
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>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1.</i>	X	
35 a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	X	
b 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>	X	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2.</i>		X
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>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O.	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

Table with columns for question number, description, and Yes/No checkboxes. Includes questions 1a through 14b regarding IRS filings, employee reporting, foreign accounts, and charitable contributions.

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

Check if Schedule O contains a response to any question in this Part VI. [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include 1a (12), 1b (9), 2 (X), 3 (X), 4 (X), 5 (X), 6 (X), 7a (X), 7b (X), 8a (X), 8b (X), 9 (X).

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

Table with 3 columns: Question, Yes, No. Rows include 10a (X), 10b, 11a (X), 11b, 12a (X), 12b (X), 12c (X), 13 (X), 14 (X), 15a (X), 15b (X), 16a (X), 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 Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. [X] Own website [] Another's website [X] Upon request
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: MARY JO PAWLAK 24 HOSPITAL AVENUE, DANBURY, CT 06810 203-739-8110

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

Check if Schedule O contains a response to any question in this Part VII X

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, and 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 (describe hours for related organizations in Schedule O)	(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			
ATTACHMENT 1										
(1) JOHN M MURPHY MD PRESIDENT/CEO	40.00	X	X					1,039,775.	0	62,114.
(2) NEIL CULLIGAN MD DIRECTOR	1.00	X						0	0	0
(3) DAVID KRAMER MD DIRECTOR	1.00	X						0	0	0
(4) DAVID CYGANOWSKI TREASURER	1.00	X	X					0	0	0
(5) ALPHONSE ALTORELLI MD DIRECTOR	1.00	X						0	0	0
(6) RICHARD G JABARA DIRECTOR	1.00	X						0	0	0
(7) ANTHEA DISNEY DIRECTOR	1.00	X						0	0	0
(8) JOSEPH D SKRZYPCZAK SECRETARY	1.00	X	X					0	0	0
(9) SPENCER HOULDIN DIRECTOR	1.00	X						0	0	0
(10) JOHN R PATRICK DIRECTOR	1.00	X						0	0	0
(11) BRIAN C WHITE DIRECTOR	1.00	X						0	0	0
(12) JAMES KENNEDY CHAIR/VICE CHAIR	3.00	X	X					0	0	0
(13) JOHN MARTOCCI (TO 12/31) DIRECTOR	3.00	X	X					0	0	0
(14) JAY LENT (TO 5/31) DIRECTOR	1.00	X						0	0	0

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
(15) JOHN C KLINE (TO 12/31) DIRECTOR	1.00	X					0	0	0	
(16) STEVEN H ROSENBERG CFO	40.00			X			677,240.	0	53,042.	
(17) DONNA KAPLANIS ASS'T SECRETARY	40.00			X			222,446.	0	59,652.	
(18) MATTHEW A MILLER MD CHIEF MEDICAL OFFICER	40.00				X		576,240.	0	44,382.	
(19) PHYLLIS F ZAPPALA SR. VP HUMAN RESOURCES	40.00				X		877,639.	0	40,648.	
(20) MOREEN O DONAHUE SR. VP/CHIEF NURSE EXEC.	40.00				X		363,329.	0	68,868.	
(21) MICHAEL DAGLIO CHIEF OPERATING OFFICER	40.00				X		345,100.	0	52,927.	
(22) JOSEPH CAMPBELL CHIEF RISK COMPLIANCE OFFICER	40.00				X		253,562.	0	63,736.	
(23) MORRIS GROSS VP OF FACILITIES	40.00				X		276,693.	22,260.	48,637.	
(24) SUSAN C IOVINO CHIEF LEARNING OFFICER	40.00					X	258,221.	0	48,184.	
(25) DAWN MYLES VP, QUALITY & PATIENT SAFETY	40.00					X	264,068.	0	30,790.	
1b Sub-total							1,039,775.	0	62,114.	
c Total from continuation sheets to Part VII, Section A							5,704,664.	427,864.	788,219.	
d Total (add lines 1b and 1c)							6,744,439.	427,864.	850,333.	

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 ► 456

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	X	
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>	X	
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>		X

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
ATTACHMENT 2		

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ► 41

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
(26) JUDITH WARD (TERM 12/8/11) VP, MARKETING	40.00					X		274,558.	0	52,562.
(27) WILLIAM DELANEY MD EXEC. MEDICAL DIRECTOR	40.00					X		283,878.	0	52,787.
(28) VERONICA RON-PRIOLA MD PHYSICIAN	40.00					X		260,197.	0	55,056.
(29) PETER COURTWAY CIO (FORMER)	0						X	417,267.	0	36,246.
(30) JOHN BORRUSO MD WCMG PHYSICIAN	0						X	0	382,283.	27,125.
(31) RUTH GREGORY DIRECTOR OF PURCHASING	0						X	140,428.	0	27,406.
(32) DOUGLAS MAGAZU FINANCE EXEC. (FORMER)	0						X	213,798.	23,321.	26,171.
1b Sub-total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)										

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 **▶ 456**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	X	
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>	X	
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>		X

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

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

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a						
	b Membership dues	1b						
	c Fundraising events	1c						
	d Related organizations	1d	7,792,719.					
	e Government grants (contributions) . .	1e	2,619,689.					
	f All other contributions, gifts, grants, and similar amounts not included above .	1f	1,114,251.					
	g Noncash contributions included in lines 1a-1f: \$							
	h Total. Add lines 1a-1f ▶			11,526,659.				
	Program Service Revenue	Business Code						
2a ANCILLARY SERVICE			621400	267,400,155.	267,400,155.			
b MEDICARE/MEDICAID PAYMENTS			621990	196,968,243.	196,968,243.			
c ROUTINE PATIENT			621990	32,106,739.	32,106,739.			
d CONTRACT LAB			621500	5,947,645.		5,947,645.		
e MEANINGFUL USE INCENTIVE			621990	3,450,045.	3,450,045.			
f All other program service revenue				2,071,767.	1,906,818.		164,949.	
g Total. Add lines 2a-2f ▶				507,944,594.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶			2,222,543.			2,222,543.	
	4 Income from investment of tax-exempt bond proceeds . . . ▶			48,024.			48,024.	
	5 Royalties ▶			0				
	6a Gross rents	(i) Real						
		(ii) Personal						
			773,376.					
		b Less: rental expenses						
	c Rental income or (loss)		773,376.					
	d Net rental income or (loss) ▶			773,376.	39,583.	732,052.	1,741.	
	7a Gross amount from sales of assets other than inventory	(i) Securities						
		(ii) Other						
			36,415,635.	8,115,361.				
		b Less: cost or other basis and sales expenses		36,224,491.	1,526,532.			
	c Gain or (loss)		191,144.	6,588,829.				
	d Net gain or (loss) ▶			6,779,973.			6,779,973.	
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			381,887.					
	b Less: cost of goods sold b		378,061.					
	c Net income or (loss) from sales of inventory ▶			3,826.			3,826.	
Miscellaneous Revenue			Business Code					
11a ROSS RESEARCH INCOME		900099	870,882.			870,882.		
b INS TO COMMUNITY PHYS		524298	424,261.		424,261.			
c PATIENT SERVICES		900099	368,766.			368,766.		
d All other revenue		900099	1,018,850.			1,018,850.		
e Total. Add lines 11a-11d ▶			2,682,759.					
12 Total revenue. See instructions ▶			531,981,754.	501,871,583.	7,103,958.	11,479,554.		

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) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX X

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	5,054,312.	2,013,697.	3,040,615.	
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	187,420,068.	157,882,665.	29,537,403.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	21,528,104.	18,135,275.	3,392,829.	
9 Other employee benefits	30,004,869.	25,276,102.	4,728,767.	
10 Payroll taxes	14,106,245.	11,883,101.	2,223,144.	
11 Fees for services (non-employees):				
a Management	24,327.	20,493.	3,834.	
b Legal	1,687,490.		1,687,490.	
c Accounting	591,688.		591,688.	
d Lobbying	59,583.	50,193.	9,390.	
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees	1,413,031.		1,413,031.	
g Other	76,043,385.	64,058,948.	11,984,437.	
12 Advertising and promotion	234,592.	197,620.	36,972.	
13 Office expenses	82,340,227.	69,363,407.	12,976,820.	
14 Information technology	10,021,861.	8,442,416.	1,579,445.	
15 Royalties	0			
16 Occupancy	10,484,120.	8,831,823.	1,652,297.	
17 Travel	467,038.	393,433.	73,605.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	61,892.	52,138.	9,754.	
20 Interest	4,204,080.	3,541,517.	662,563.	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	31,663,499.	26,673,332.	4,990,167.	
23 Insurance	559,840.		559,840.	
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 <u>EQUIPMENT RENT & MAINT.</u>	8,561,521.	7,212,225.	1,349,296.	
b <u>MALPRACTICE</u>	6,798,516.	6,798,516.		
c <u>PROFESSIONAL MEMBERSHIP</u>	2,379,562.	2,004,543.	375,019.	
d <u>EXTRAORDINARY LOSS ON REFUND</u>	1,183,378.	1,183,378.		
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	496,893,228.	414,014,822.	82,878,406.	
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)	0			

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	7,120.	1	3,243.
	2 Savings and temporary cash investments	36,720,981.	2	53,639,526.
	3 Pledges and grants receivable, net	0	3	0
	4 Accounts receivable, net	53,313,528.	4	60,038,935.
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6 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)	0	6	0
	7 Notes and loans receivable, net	7,247,050.	7	5,793,756.
	8 Inventories for sale or use	8,853,966.	8	9,333,372.
	9 Prepaid expenses and deferred charges	3,607,312.	9	4,130,837.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 565,213,092.		
	b Less: accumulated depreciation	10b 322,977,997.	220,285,359.	10c 242,235,095.
	11 Investments - publicly traded securities	276,647,475.	11	274,027,038.
	12 Investments - other securities. See Part IV, line 11	0	12	0
	13 Investments - program-related. See Part IV, line 11	0	13	0
	14 Intangible assets	0	14	0
	15 Other assets. See Part IV, line 11	108,423,168.	15	124,682,082.
16 Total assets. Add lines 1 through 15 (must equal line 34)	715,105,959.	16	773,883,884.	
Liabilities	17 Accounts payable and accrued expenses	42,887,748.	17	48,879,428.
	18 Grants payable	0	18	0
	19 Deferred revenue	3,323,647.	19	3,549,882.
	20 Tax-exempt bond liabilities	254,615,000.	20	251,135,000.
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0
	22 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	26,037,986.	25	25,698,475.
	26 Total liabilities. Add lines 17 through 25	326,864,381.	26	329,262,785.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	332,255,763.	27	386,002,265.
	28 Temporarily restricted net assets	27,787,449.	28	29,794,088.
	29 Permanently restricted net assets	28,198,366.	29	28,824,746.
	Organizations that do not follow SFAS 117, 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	388,241,578.	33	444,621,099.	
34 Total liabilities and net assets/fund balances	715,105,959.	34	773,883,884.	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	531,981,754.
2	Total expenses (must equal Part IX, column (A), line 25)	2	496,893,228.
3	Revenue less expenses. Subtract line 2 from line 1	3	35,088,526.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	388,241,578.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	21,290,995.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	444,621,099.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question 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?		X
2b	Were the organization's financial statements audited by an independent accountant?	X	
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.	X	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued 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		
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?	X	
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	X	

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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.

Name of the organization
DANBURY HOSPITAL

Employer identification number
06-0646597

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

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

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)

- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.

- a Type I b Type II c Type III - Functionally integrated d Type III - Other

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

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

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

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

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule A (Form 990 or 990-EZ) 2011

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

Table with 7 columns: (a) 2007, (b) 2008, (c) 2009, (d) 2010, (e) 2011, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Tax revenues levied for the organization's benefit; 3 The value of services or facilities furnished by a governmental unit; 4 Total. Add lines 1 through 3; 5 The portion of total contributions by each person; 6 Public support. Subtract line 5 from line 4.

Section B. Total Support

Table with 7 columns: (a) 2007, (b) 2008, (c) 2009, (d) 2010, (e) 2011, (f) Total. Rows include: 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; 10 Other income. Do not include gain or loss from the sale of capital assets; 11 Total support. Add lines 7 through 10; 12 Gross receipts from related activities; 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.

Section C. Computation of Public Support Percentage

Table with 3 columns: Line number, Description, and Percentage. Rows include: 14 Public support percentage for 2011; 15 Public support percentage from 2010 Schedule A; 16a 33 1/3% support test - 2011; b 33 1/3% support test - 2010; 17a 10%-facts-and-circumstances test - 2011; b 10%-facts-and-circumstances test - 2010; 18 Private foundation.

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Table with 7 columns: (a) 2007, (b) 2008, (c) 2009, (d) 2010, (e) 2011, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Gross receipts from admissions, merchandise sold or services performed; 3 Gross receipts from activities that are not an unrelated trade or business; 4 Tax revenues levied for the organization's benefit; 5 The value of services or facilities furnished by a governmental unit; 6 Total. Add lines 1 through 5; 7a Amounts included on lines 1, 2, and 3 received from disqualified persons; 7b Amounts included on lines 2 and 3 received from other than disqualified persons; 7c Add lines 7a and 7b; 8 Public support (Subtract line 7c from line 6).

Section B. Total Support

Table with 7 columns: (a) 2007, (b) 2008, (c) 2009, (d) 2010, (e) 2011, (f) Total. Rows include: 9 Amounts from line 6; 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 10b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975; 10c Add lines 10a and 10b; 11 Net income from unrelated business activities not included in line 10b; 12 Other income. Do not include gain or loss from the sale of capital assets; 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 section 501(c)(3) organization, check this box and stop here.

Section C. Computation of Public Support Percentage

Table with 2 columns: Description, Percentage. Row 15: Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f)) 15 %; Row 16: Public support percentage from 2010 Schedule A, Part III, line 15 16 %

Section D. Computation of Investment Income Percentage

Table with 2 columns: Description, Percentage. Row 17: Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f)) 17 %; Row 18: Investment income percentage from 2010 Schedule A, Part III, line 17 18 %

- 19a 33 1/3% support tests - 2011. 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; 19b 33 1/3% support tests - 2010. 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.** Complete this part to 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).

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

2011

Name of the organization
 DANBURY HOSPITAL

Employer identification number
 06-0646597

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2, of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization **DANBURY HOSPITAL**

Employer identification number

06-0646597

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	----- ----- -----	\$ 7,792,719.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	----- ----- -----	\$ 1,385,208.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	----- ----- -----	\$ 9,975.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	----- ----- -----	\$ 92,374.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	----- ----- -----	\$ 62,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6	----- ----- -----	\$ 152,642.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization **DANBURY HOSPITAL**

Employer identification number

06-0646597

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7	----- ----- -----	\$ 12,985.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
8	----- ----- -----	\$ 159,996.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
9	----- ----- -----	\$ 848,279.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
10	----- ----- -----	\$ 50,604.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
11	----- ----- -----	\$ 955,377.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization DANBURY HOSPITAL

Employer identification number

06-0646597

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____

Name of organization DANBURY HOSPITAL

Employer identification number

06-0646597

Part III *Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year.* Complete columns (a) through (e) and the following line entry.

For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ► \$ _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
_____	_____ _____ _____	_____ _____ _____	_____ _____ _____
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
_____ _____ _____		_____ _____ _____	
_____	_____ _____ _____	_____ _____ _____	_____ _____ _____
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
_____ _____ _____		_____ _____ _____	
_____	_____ _____ _____	_____ _____ _____	_____ _____ _____
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
_____ _____ _____		_____ _____ _____	
_____	_____ _____ _____	_____ _____ _____	_____ _____ _____
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
_____ _____ _____		_____ _____ _____	

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

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.**

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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 organization DANBURY HOSPITAL	Employer identification number 06-0646597
--	--

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

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

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

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

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

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

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)	-----			
(2)	-----			
(3)	-----			
(4)	-----			
(5)	-----			
(6)	-----			

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

Schedule C (Form 990 or 990-EZ) 2011

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												
1 a 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 border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 70%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <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> </tbody> </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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2 a 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)).

Table with 3 main columns: (a) Yes/No, (b) Amount. Rows include: 1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation...; 2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?

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

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

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."

Table with 2 columns: Question, Amount. Rows include: 1 Dues, assessments and similar amounts from members; 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); 3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues; 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?; 5 Taxable amount of lobbying and political expenditures (see instructions)

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A; and Part II-B, line 1. Also, complete this part for any additional information.

SEE PAGE 4

Horizontal dashed lines for supplemental information input.

Part IV Supplemental Information (continued)

SCHEDULE C, PART II-B

DESCRIPTION OF LOBBYING ACTIVITY

ONLY STATE AND LOCAL OFFICIALS WERE LOBBIED DURING 2012. AS PART OF THIS MISCELLANEOUS OFFICE EXPENSE SUCH AS PHONE, COMPUTER SUPPLIES, REFRESHMENT, ETC. WERE INCURRED AND WERE REFLECTED ON LINE 1I ACCORDINGLY.

DIRECT CONTACT WITH LEGISLATORS TO OPPOSE MITIGATING BUDGET CUTS, WHICH WOULD FORCE THE CLOSURE OF PROGRAMMING FOR THE UNINSURED OR UNDERINSURED AND AT-RISK POPULATION.

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2011

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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.

Name of the organization

DANBURY HOSPITAL

Employer identification number

06-0646597

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 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... Yes No, 6 Did the organization inform all grantees...

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

Table with 2 columns: Description, Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements, 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution, 3 Number of conservation easements modified, 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy regarding the periodic monitoring, 6 Staff and volunteer hours devoted to monitoring, 7 Amount of expenses incurred in monitoring, 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B), 9 In Part XIV, describe how the organization reports 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.

Table with 2 columns: Description, Amount. Rows include: 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 XIV, 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.

Schedule D (Form 990) 2011

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

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

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

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 XIV and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIV.

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

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

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		X
3a(ii)	X	
3b	X	

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

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. 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		3,846,356.		3,846,356.
b Buildings		285,206,640.	151,331,873.	133,874,767.
c Leasehold improvements		7,615,076.	2,360,788.	5,254,288.
d Equipment		229,444,069.	169,285,336.	60,158,733.
e Other		39,100,951.		39,100,951.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c). ▶				242,235,095.

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other _____		
(A) _____		
(B) _____		
(C) _____		
(D) _____		
(E) _____		
(F) _____		
(G) _____		
(H) _____		
(I) _____		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) _____		
(2) _____		
(3) _____		
(4) _____		
(5) _____		
(6) _____		
(7) _____		
(8) _____		
(9) _____		
(10) _____		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) BOND ISSUANCE COST	4,628,951.
(2) BULK ACCOUNTS NET OF RESERVE	455,714.
(3) BOND ESCROW FUND	900,896.
(4) DUE FROM RELATED PARTIES	11,372,753.
(5) INTEREST IN WCHN FDN	78,906,136.
(6) INV IN JOINT AND SPINE LLC	60,000.
(7) INV IN WCHIC, LTD	23,244,366.
(8) MORRISON DEPOSIT	96,408.
(9) OTHER RECEIVABLES	5,016,858.
(10) _____	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	124,682,082.

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ASSET RETIREMENT OBLIGATION	396,262.
(3) DUE TO 3RD PARTIES	9,985,351.
(4) MALPRACTICE TRUST FUND RESERVE	9,049,000.
(5) RESERVE FOR WORKERS COMPENSATION	6,267,862.
(6) _____	
(7) _____	
(8) _____	
(9) _____	
(10) _____	
(11) _____	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	25,698,475.

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

Table with 10 rows and 2 columns. Row 1: Total revenue (Form 990, Part VIII, column (A), line 12) - 1. Row 2: Total expenses (Form 990, Part IX, column (A), line 25) - 2. Row 3: Excess or (deficit) for the year. Subtract line 2 from line 1 - 3. Row 4: Net unrealized gains (losses) on investments - 4. Row 5: Donated services and use of facilities - 5. Row 6: Investment expenses - 6. Row 7: Prior period adjustments - 7. Row 8: Other (Describe in Part XIV.) - 8. Row 9: Total adjustments (net). Add lines 4 through 8 - 9. Row 10: Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9 - 10.

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV Supplemental Information

Complete this part to 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, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

SCHEDULE D, PART V, LINE 4

INTENDED USES OF ENDOWMENT FUND

THE INTENDED USE OF THE ENDOWMENT FUNDS ARE TO PROVIDE SUPPLEMENTAL/SOLE

FINANCIAL SUPPORT FOR A VARIETY OF DANBURY HOSPITAL PROGRAMS AND

SERVICES.

Part XIV Supplemental Information *(continued)*

**SCHEDULE F
(Form 990)**

Statement of Activities Outside the United States

OMB No. 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

▶ **Attach to Form 990. ▶ See separate instructions.**

Name of the organization

DANBURY HOSPITAL

Employer identification number

06-0646597

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

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

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

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

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) CENTRAL AMERICA/CARIBBEAN	1.	1.	PROGRAM SERVICES	MALPRACTICE INSURANCE	35,188,430.
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
3a Sub-total	1.	1.			35,188,430.
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)	1.	1.			35,188,430.

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

Schedule F (Form 990) 2011

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Check this box if no one recipient received more than \$5,000
 Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									
(8)									
(9)									
(10)									
(11)									
(12)									
(13)									
(14)									
(15)									
(16)									

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

3 Enter total number of other organizations or entities

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

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

Part IV Foreign Forms

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926).* Yes No

- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A).* Yes No

- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations. (see Instructions for Form 5471).* Yes No

- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)* Yes No

- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect To Certain Foreign Partnerships. (see Instructions for Form 8865).* Yes No

- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713)* Yes No

Part V **Supplemental Information**

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

SCHEDULE F SUPPLEMENTAL INFORMATION

PART 1, LINE 3 (F)

THE AMOUNT IS BASED ON COST AND CONSISTS OF THE FOLLOWING:

INVESTMENT IN WCHNIC, LTD	\$23,244,364
OPERATING EXPENSES OF WCHNIC, LTD	\$11,944,066

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2011

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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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	X	
b If "Yes," was it a written policy?	X	
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 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) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>400.0000</u> %	X	
b Did the organization use FPG to determine 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 type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>600.0000</u> %	X	
c If the organization did not use FPG to determine 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, to determine 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"?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	X	
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?		X
6a Did the organization prepare a community benefit report during the tax year?	X	
b If "Yes," did the organization make it available to the public?	X	

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)			12,667,148.	7,371,440.	5,295,708.	1.07
b Medicaid (from Worksheet 3, column a)			73,873,981.	53,823,221.	20,050,760.	4.04
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			86,541,129.	61,194,661.	25,346,468.	5.11
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			262,191.		262,191.	.05
f Health professions education (from Worksheet 5)			16,041,684.	5,545,917.	10,495,767.	2.11
g Subsidized health services (from Worksheet 6)			1,299,107.	727,364.	571,743.	.12
h Research (from Worksheet 7)			2,140,808.		2,140,808.	.43
i Cash and in-kind contributions for community benefit (from Worksheet 8)			27,835.		27,835.	.01
j Total. Other Benefits			19,771,625.	6,273,281.	13,498,344.	2.72
k Total. Add lines 7d and 7j.			106,312,754.	67,467,942.	38,844,812.	7.83

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

Schedule H (Form 990) 2011

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other			1,133,515.		1,133,515.	.23
10 Total			1,133,515.		1,133,515.	.23

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

- 1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?
- 2 Enter the amount of the organization's bad debt expense
- 3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy
- 4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.

	Yes	No
1	X	
2		
3		
4		
5		
6		
7		
9a	X	
9b	X	

Section B. Medicare

- 5 Enter total revenue received from Medicare (including DSH and IME)
- 6 Enter Medicare allowable costs of care relating to payments on line 5
- 7 Subtract line 6 from line 5. This is the surplus (or shortfall)
- 8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:

Cost accounting system Cost to charge ratio Other

Section C. Collection Practices

- 9a Did the organization have a written debt collection policy during the tax year?
- b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI

Part IV Management Companies and Joint Ventures (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				
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13				

Part V Facility Information (continued)

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: DANBURY HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for tax year 2011)			
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8 If "Yes," indicate what the Needs Assessment describes (check all that apply):	1	
a	<input type="checkbox"/> A definition of the community served by the hospital facility		
b	<input type="checkbox"/> Demographics of the community		
c	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input type="checkbox"/> How data was obtained		
e	<input type="checkbox"/> The health needs of the community		
f	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a Needs Assessment: 20 <u> </u> <u> </u>		
3	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5	Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply):	5	
a	<input type="checkbox"/> Hospital facility's website		
b	<input type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):		
a	<input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g	<input type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
8	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	X
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care: <u>4</u> <u>0</u> <u>0</u> % If "No," explain in Part VI the criteria the hospital facility used.	9	X

Part V Facility Information (continued) DANBURY HOSPITAL

	Yes	No
10 Used FPG to determine eligibility for providing <i>discounted care</i> ? If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>6</u> <u>0</u> <u>0</u> % If "No," explain in Part VI the criteria the hospital facility used.	X	
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply):	X	
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input checked="" type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
12 Explained the method for applying for financial assistance?	X	
13 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):	X	
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input checked="" type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

14 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?	X	
15 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 patient's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
16 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 patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged:		X
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in line 16 (check all that apply):		
a <input type="checkbox"/> Notified patients of the financial assistance policy on admission		
b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy		
e <input type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information (continued) DANBURY HOSPITAL

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why:	X	
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)		

Individuals Eligible for Financial Assistance

19	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 checked="" type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI.		X
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for any service provided to that patient? If "Yes," explain in Part VI.		X

Part V Facility Information (continued)**Section C. 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? 18

Name and address	Type of Facility (describe)
1 DANBURY HOSPITAL RIDGEFIELD SURG. CTR. 901 ETHAN ALLEN HIGHWAY RIDGEFIELD CT 06877	OUTPATIENT SURGICAL CENTER
2 MAIN STREET REHABILITATION CENTER 235 MAIN STREET DANBURY CT 06810	REHABILITATION
3 SIEFERT & FORD COMMUNITY HEALTH CENTER 70 MAIN STREET DANBURY CT 06810	OUTPATIENT-PHYSICIAN CLINIC
4 COMM. CTR. FOR BEHAVIORAL HEALTH 152 WEST STREET DANBURY CT 06810	OUTPATIENT-PHYSICIAN CLINIC
5 PHYSICAL MEDICINE CENTER OF SOUTHURY 22 OLD WATERBURY ROAD, SUITE 101 SOUTHURY CT 06488	OUTPATIENT-PHYSICIAN CLINIC
6 THE PEDIATRIC HEALTH CENTER 70 MAIN STREET DANBURY CT 06810	OUTPATIENT-PHYSICIAN CLINIC
7 THE ANTICOAGULATION CENTER 41 GERMANTOWN ROAD DANBURY CT 06810	DIAGNOSTIC
8 DANBURY HOSPITAL LABORATORY 79 SANDPIT ROAD DANBURY CT 06810	DIAGNOSTIC
9 SLEEP LAB 522 HERITAGE RD SOUTHURY CT 06488	DIAGNOSTIC
10 CENTER FOR CHILD & ADOL. TREAT. 152 WEST STREET DANBURY CT 06810	OUTPATIENT-PHYSICIAN CLINIC

Schedule H (Form 990) 2011

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

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

Name and address	Type of Facility (describe)
1 DANBURY HOSPITAL DIABETES EDUCATION CTR. 41 GERMANTOWN ROAD DANBURY CT 06810	EDUCATION CENTER
2 WELLNESS ON WHEELS 24 HOSPITAL AVENUE DANBURY CT 06810	OUTPATIENT-PHYSICIAN CLINIC
3 SOUTHBURY CARDIOVASCULAR DIAGNOSTICS 22 OLD WATERBURY ROAD SOUTHBURY CT 06488	DIAGNOSTIC
4 DANBURY HOSPITAL LAB. CTR OF NEW MILFORD 120 PARK LANE, STE A201 NEW MILFORD CT 06776	DIAGNOSTIC
5 DANBURY HOSPITAL LAB. CTR IN BROOKFIELD 60 OLD NEW MILFORD RD, UNIT 1C BROOKFIELD CT 06804	DIAGNOSTIC
6 RIDGEFIELD SPECIMEN COLLECTION FACILITY 10 SOUTH STREET RIDGEFIELD CT 06877	DIAGNOSTIC
7 DANBURY HOSPITAL SOUTHBURY LABORATORY 22 OLD WATERBURY ROAD, STE 101 SOUTHBURY CT 06488	DIAGNOSTIC
8 DANBURY HOSPITAL RESEARCH INSTITUTE 131 WEST STREET DANBURY CT 06813	DIAGNOSTIC
9 	
10 	

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments 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 hospitals 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.

PART I, LINE 6A

THE COMMUNITY BENEFIT REPORT IS REPORTED ON A NETWORK BASIS.

PART I, LINE 7

COSTING METHODOLOGY USED TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE:

CHARITY CARE AT COST PERCENTAGE:

TOTAL GROSS PATIENT CHARGES WRITTEN OFF TO CHARITY (INCOME STATEMENT) *

PATIENT COST TO CHARGE % (SEE BELOW) = TOTAL COMMUNITY BENEFIT EXPENSE

TOTAL COMMUNITY BENEFIT EXPENSES - REVENUE FROM UNCOMPENSATED CARE POOLS

AND PROGRAMS (DHS * % OF COST OF UNCOMPENSATED CARE SHOWN ON THE OCHA

SCHEDULE 500) = NET COMMUNITY BENEFITS EXPENSES

NET COMMUNITY BENEFITS EXPENSES * TOTAL EXPENSES = % OF TOTAL EXPENSES

RATIO COST TO CHARGE CALCULATION

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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- 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.

TOTAL OPERATING EXPENSES DIVIDED BY ADJUSTED PATIENT CARE COST

(BAD DEBT, OTHER OPERATING INCOME AND INTERCOMPANY INCOME ARE REMOVED
FROM THE TOTAL OPERATING EXPENSES)

ADJUSTED PATIENT CARE COST DIVIDED BY GROSS PATIENT CHARGES

PART I, LINE 7G

THERE ARE NO PHYSICIAN CLINICS INCLUDED IN THIS AMOUNT.

PART III, LINE 4 - BAD DEBT EXPENSE

IT IS THE POLICY OF THE HOSPITAL TO PROVIDE NECESSARY CARE TO ALL PERSONS
SEEKING TREATMENT WITHOUT DISCRIMINATION ON THE GROUNDS OF AGE, RACE,
CREED, NATIONAL ORIGIN OR ANY OTHER GROUNDS UNRELATED TO AN INDIVIDUAL'S
NEED FOR THE SERVICE OR THE AVAILABILITY OF THE NEEDED SERVICE AT THE
HOSPITAL. A PATIENT IS CLASSIFIED AS A CHARITY CARE PATIENT BY REFERENCE
TO ESTABLISHED POLICIES OF THE HOSPITAL. ESSENTIALLY, THESE POLICIES
DEFINE CHARITY SERVICES AS THOSE SERVICES FOR WHICH NO PAYMENT IS

Part VI Supplemental Information

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- 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.

ANTICIPATED. IN ASSESSING A PATIENT'S INABILITY TO PAY, THE HOSPITAL UTILIZES THE GENERALLY RECOGNIZED FEDERAL POVERTY INCOME GUIDELINES, BUT ALSO INCLUDES CERTAIN CASES WHERE INCURRED CHARGES ARE SIGNIFICANT WHEN COMPARED TO A RESPONSIBLE PARTY'S INCOME AND THEIR COUNTABLE ASSETS. THOSE CHARGES ARE NOT INCLUDED IN NET PATIENT SERVICE REVENUE FOR FINANCIAL REPORTING PURPOSES.

WHEN PRIVATE PAY PATIENTS ARE SENT TO THE COLLECTION AGENCY THEIR ACCOUNT IS CONSIDERED TO BE A BAD DEBT. SUBSEQUENTLY, MEDICAID MAY BE GRANTED FOR SOME OF THOSE PATIENTS. AT THAT TIME THOSE ACCOUNTS WOULD BECOME CHARITY CARE OR A COMMUNITY BENEFIT.

PART III, LINE 8 - EXPLANATION OF SHORTFALL AS COMMUNITY BENEFIT
DANBURY HOSPITAL'S MEDICARE SHORTFALL SHOULD BE TREATED AS A COMMUNITY BENEFIT AS THE ORGANIZATION STRIVES TO PROVIDE 24/7 COVERAGE, IMPROVED PATIENT ACCESS, HIGHEST CLINICAL QUALITY AS WELL AS ADDRESSING THE NEEDS OF THE COMMUNITY BY OFFERING CRITICAL SERVICES TO OUR GEOGRAPHIC AREA. AS A RESULT, THE ORGANIZATION MUST BALANCE THE COST OF THESE PROGRAMS

Part VI Supplemental Information

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- 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.

AGAINST THE CONTINUED DECREASING GOVERNMENT REIMBURSEMENT LEVELS,
UNINSURED POPULATION AND COMMUNITY NEEDS.

A COST ACCOUNTING SYSTEM IS USED TO CALCULATE THE SHORTFALL, WHICH IS
MEDICARE NET PATIENT REVENUE LESS APPLICABLE COSTS.

PART III, LINE 9B - PROVISIONS ON COLLECTION PRACTICES
FOR QUALIFIED PATIENTS

IT IS THE POLICY OF DANBURY HOSPITAL TO PROVIDE "FINANCIAL ASSISTANCE"
(EITHER FREE CARE OR REDUCED PATIENT OBLIGATION) TO PERSONS OR FAMILIES
WHERE: (I) THERE IS LIMITED OR NO HEALTH INSURANCE AVAILABLE; (II) THE
PATIENT FAILS TO QUALIFY FOR GOVERNMENTAL ASSISTANCE (FOR EXAMPLE
MEDICARE OR MEDICAID); (III) THE PATIENT COOPERATES WITH THE HOSPITAL IN
PROVIDING THE REQUESTED INFORMATION; (IV) THE PATIENT DEMONSTRATES
FINANCIAL NEED; AND (V) DANBURY HOSPITAL MAKES AN ADMINISTRATIVE
DETERMINATION THAT FINANCIAL ASSISTANCE IS APPROPRIATE.

AFTER THE HOSPITAL DETERMINES THAT A PATIENT IS ELIGIBLE FOR FINANCIAL

Part VI Supplemental Information

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- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals 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.

ASSISTANCE, THE HOSPITAL WILL DETERMINE THE AMOUNT OF FINANCIAL ASSISTANCE AVAILABLE TO THE PATIENT BY UTILIZING THE CHARITABLE ASSISTANCE GUIDELINES, WHICH ARE BASED UPON THE MOST RECENT FEDERAL POVERTY GUIDELINES.

DANBURY HOSPITAL SHALL REGULARLY REVIEW THIS FINANCIAL ASSISTANCE POLICY TO ENSURE THAT AT ALL TIMES IT: (I) REFLECTS THE PHILOSOPHY AND MISSION OF THE HOSPITAL; (II) EXPLAINS THE DECISION PROCESSES OF WHO MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE AND IN WHAT AMOUNTS; AND (III) COMPLIES WITH ALL APPLICABLE STATE AND FEDERAL LAWS, RULES, AND REGULATIONS CONCERNING THE PROVISION OF FINANCIAL ASSISTANCE TO INDIGENT PATIENTS.

CONSISTENT WITH THIS MISSION, DANBURY HOSPITAL RECOGNIZES ITS OBLIGATION TO THE COMMUNITY IT SERVES TO PROVIDE FINANCIAL ASSISTANCE TO INDIGENT PERSONS WITHIN THE COMMUNITY.

IN FURTHERANCE OF ITS CHARITABLE MISSION, DANBURY HOSPITAL WILL PROVIDE BOTH (I) EMERGENCY TREATMENT TO ANY PERSON REQUIRING SUCH CARE; AND (II)

Part VI Supplemental Information

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- 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.

ESSENTIAL, NON-EMERGENT CARE TO PATIENTS WHO ARE PERMANENT RESIDENTS OF ITS PRIMARY SERVICE AREA WHO MEET THE CONDITIONS AND CRITERIA SET FORTH IN THIS POLICY, WITHOUT REGARD TO THE PATIENTS' ABILITY TO PAY FOR SUCH CARE. ELECTIVE PROCEDURES GENERALLY WILL NOT BE CONSIDERED ESSENTIAL, NON-EMERGENT CARE AND USUALLY WILL NOT BE ELIGIBLE FOR FINANCIAL ASSISTANCE.

DANBURY HOSPITAL WILL COLLECT FROM INDIVIDUALS ON FINANCIAL ASSISTANCE IF THEY RECEIVED A PARTIAL CHARITABLE DISCOUNT. ALL PATIENTS CAN APPLY FOR CHARITABLE CARE ON BALANCES THEY FEEL THEY CANNOT AFFORD.

PART V, LINE 13G - OTHER MEANS HOSPITAL FACILITY PUBLICIZED THE POLICY DANBURY HOSPITAL HAS MESSAGES ON ALL STATEMENTS PROVIDING INFORMATION REGARDING HOW THE PATIENT CAN GET ASSISTANCE WITH THEIR HOSPITAL BILL. COUNSELORS ARE ALSO AVAILABLE TO PROVIDE FURTHER ASSISTANCE.

PART V - EXPLANATION OF NUMBER OF FACILITY TYPE

9 DIAGNOSTIC CENTERS

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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- 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.

6 OUTPATIENT PHYSICIAN CLINICS

1 OUTPATIENT SURGICAL CENTER

1 REHABILITATION CENTER

1 EDUCATION CENTER

PART VI - NEEDS ASSESSMENT

THE ORGANIZATION COLLABORATES AND PARTNERS WITH EDUCATION CONNECTION,
 AREA PUBLIC HEALTH DIRECTORS, UNITED WAY AND VARIOUS COMMUNITY
 ORGANIZATIONS AND AGENCIES TO PRODUCE A COMMUNITY HEALTH REPORT CARD.
 DATA SETS INCLUDED BASIC DEMOGRAPHICS, ALONG WITH HEALTH ISSUE-SPECIFIC
 INFORMATION. ADDITIONALLY, WE CAPTURE OPINIONS AND CONCERNS FROM OUR
 CONSUMERS ON AN ONGOING BASIS.

PART VI - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

DANBURY HOSPITAL HAS MESSAGES ON ALL STATEMENTS PROVIDING INFORMATION
 REGARDING HOW THE PATIENT CAN GET ASSISTANCE WITH THEIR HOSPITAL BILL.
 ALSO SIGNS ARE POSTED THROUGHOUT THE HOSPITAL AND COUNSELORS ARE
 AVAILABLE TO PROVIDE FURTHER ASSISTANCE.

Part VI Supplemental Information

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ALL UNINSURED INPATIENTS ARE INTERVIEWED BY FINANCIAL COUNSELORS AND ASSESSED FOR ELIGIBILITY FOR ASSISTANCE PROGRAMS. THE HOSPITAL PROVIDES INFORMATIONAL HANDOUTS TO ALL UNINSURED PATIENTS AT THE TIME OF REGISTRATION WHICH REFERS THEM TO FINANCIAL COUNSELING IF THEY WOULD LIKE ASSISTANCE WITH THEIR BILLS. FURTHER, THE HOSPITAL MAILES NOTICES TO ALL SELF-PAY ACCOUNTS REFERRING THEM TO FINANCIAL COUNSELING IF THEY NEED ASSISTANCE. THE COLLECTION DEPARTMENT WILL ALSO REFER PATIENTS TO FINANCIAL COUNSELING WHEN A PATIENT INDICATES THAT THEY CANNOT AFFORD THEIR BALANCES; AND FINALLY, SCHEDULERS REFER UNINSURED PATIENTS TO FINANCIAL COUNSELING PRIOR TO THEIR TEST OR PROCEDURE.

PART VI - COMMUNITY INFORMATION

THE HOSPITAL'S PRIMARY SERVICE AREA IS THE CITY OF DANBURY AND SURROUNDING SUBURBAN TOWNS THAT MAKE UP NORTHERN FAIRFIELD COUNTY. THE REGION IS VERY DIVERSE REQUIRING DIVERSE PROGRAMMING AND EDUCATION. CONSTITUENTS ARE PREDOMINANTLY EMPLOYED AND ARE FAIRLY WELL-EDUCATED. POVERTY LEVELS ARE BELOW OTHER AREAS IN CT. THE EXCEPTION TO THIS

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GENERALIZATION IS THE CITY OF DANBURY AS THE URBAN CORE THAT IS THE MOST DIVERSE COMMUNITY WITH A LARGE UNDOCUMENTED POPULATION NOT CAPTURED ON CENSUS.

PART VI - COMMUNITY BUILDING ACTIVITIES

DURING FYE2012, ROAD AND TRAFFIC LIGHTING SYSTEM IMPROVEMENTS AROUND THE GENERAL AREA OF THE HOSPITAL WERE MADE REDUCING CONGESTION AND SUBSEQUENT ACCIDENTS ADDING TO THE GENERAL WELL BEING OF THE COMMUNITY.

OVER 50% OF THE BOARD MEMBERS ARE INDEPENDENT AND DO NOT GET PAID BY DANBURY HOSPITAL. DANBURY HOSPITAL HAS AN OPEN MEDICAL STAFF.

SURPLUS FUNDS ARE USED TO PROVIDE INNOVATIVE TECHNOLOGY TO CLINICAL CARE IN ADDITION TO EXPANDING OUR SERVICE AREA. SEE DETAILS IN HOW WE "FURTHERED OUR EXEMPT PURPOSES".

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PART VI - EXPLANATION OF HOW ORGANIZATION FURTHERS ITS EXEMPT PURPOSE

DURING 2012, DANBURY HOSPITAL HAS EXPERIENCED MEANINGFUL CHANGE,
DELIVERED LIFE-CHANGING EXPERIENCES, CONFRONTED SERIOUS ISSUES AND
ACHIEVED SIGNIFICANT PROGRESS. WE ARE PROUD OF THE REMARKABLE PROGRESS
WE HAVE MADE DURING A CHALLENGING AND ULTIMATELY REWARDING YEAR.

AS WE CONTINUE TO CHART A NEW PATH TO THE FUTURE OF HEALTHCARE WE FOCUS
ON THE REAL RESULTS THAT PEOPLE AND INVESTMENTS CAN CREATE. THE BEST
HEALTHCARE COMES FROM COMBINING TOP MEDICAL CARE WITH A PERSONAL TOUCH
PROVIDED BY OUR TEAM OF DEDICATED PROFESSIONALS. THAT'S HOW WE IMPROVE
THE HEALTH OF OUR COMMUNITIES, ONE PERSON AT A TIME.

WE LOOK AT 2012 AS A YEAR OF PROGRESS ON MANY FRONTS. WE ARE EXPANDING
CANCER CARE, WOMEN AND CHILDREN'S HEALTH AND CARDIOVASCULAR SERVICES. WE
HAVE INTEGRATED LABORATORY AND RADIOLOGY SERVICES TO OFFER MORE ACCESS
AND IMPROVE EFFICIENCY. PROFESSIONAL COOPERATION BETWEEN OUR
PHYSICIANS, SUPPORT STAFF AND HOSPITALS HAS NEVER BEEN STRONGER. OUR
TOWER PROJECT AT DANBURY HOSPITAL WHEN COMPLETED, WILL ADD CAPACITY TO

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THE EMERGENCY ROOM AND PATIENT-CENTERED FEATURES. OUR RESEARCH INSTITUTE
ADVANCES FUNDAMENTAL KNOWLEDGE OF CANCER AND CARDIOVASCULAR DISEASES
WHILE OFFERING SELECTED PATIENTS ACCESS TO LEADING-EDGE CLINICAL TRIALS,
WHILE OUR INNOVATIVE GLOBAL HEALTH INITIATIVE BUILDS IMPORTANT BRIDGES TO
MEDICAL COMMUNITIES IN OTHER PARTS OF THE WORLD. OUR PLANNED AFFILIATION
WITH NORWALK HOSPITAL, SCHEDULED TO BEGIN IN 2013, WILL ENABLE US TO
BROADEN THE HEALTH CARE SERVICES THAT OUR COMMUNITIES CAN ACCESS.

MEDICAL EDUCATION PROGRAM PARTNERSHIP:

DANBURY HOSPITAL'S MEDICAL EDUCATION PROGRAM TOOK ANOTHER BIG STEP
FORWARD THIS YEAR WHEN IT FORMED A PARTNERSHIP WITH THE UNIVERSITY OF
VERMONT COLLEGE OF MEDICINE TO DEVELOP A GLOBAL CLINICAL HEALTH ELECTIVE
FOR FUTURE PHYSICIANS.

STRIVING FOR BETTER RESULTS:

IN A BRAVE NEW HEALTHCARE WORLD WHERE EVERYTHING IS MEASURED AND
BENCHMARKED, PERHAPS THE MOST IMPORTANT QUALITY MEASURE IS CARING ENOUGH
TO STRIVE FOR EVER-BETTER RESULTS.

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ACCOUNTABLE CARE IS A DELIVERY CONCEPT THAT TIES PROVIDER REIMBURSEMENTS TO SPECIFIC QUALITY MEASURES, PATIENT SATISFACTION, EFFICIENCIES AND REDUCTIONS IN THE TOTAL COST OF CARE FOR A PARTICULAR POPULATION OF PATIENTS. AN ACCOUNTABLE CARE ORGANIZATION (ACO) IS DESIGNED TO REWARD IMPROVEMENTS IN HEALTHCARE QUALITY BY SHARING THE SAVINGS THAT RESULT FROM A MORE COMPREHENSIVE CONTINUUM OF CARE THAT YIELDS BETTER PATIENT OUTCOMES AT EVERY LEVEL OF INTERVENTION. AT THE SAME TIME, A HOSPITAL THAT FAILS TO MEET MINIMUM MEASURES IS PUT ON NOTICE THAT THEY WILL EVENTUALLY BE PENALIZED WITH REDUCED REIMBURSEMENTS IF THEY DO NOT IMPROVE IN A NUMBER OF AREAS.

IN LATE 2011, THE ESTABLISHMENT OF ACOS BECAME AN IMPORTANT FEATURE OF THE AFFORDABLE CARE ACT WHEN THE CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) ISSUED A SET OF GUIDELINES FOR HEALTHCARE PROVIDERS LIKE DANBURY HOSPITAL. TO ADDRESS THE OVERALL GOAL TO IMPROVE HEALTHCARE QUALITY, CMS SPECIFIES FIVE DOMAINS BY WHICH THEY AND PROVIDER PARTICIPANTS CAN MONITOR PERFORMANCE QUALITY:

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- PATIENT/CAREGIVER EXPERIENCE
- CARE COORDINATION
- PATIENT SAFETY
- PREVENTIVE HEALTH
- CARE OF AT-RISK POPULATIONS INCLUDING THE FRAIL ELDERLY

IN 2012, DANBURY HOSPITAL SWUNG INTO ACTION WITH A PILOT PLAN TO MEET
AND, WHERE POSSIBLE, EXCEED THESE GOALS.

IMPROVING CARE TO OUR COMMUNITIES:

AT THE HEART OF HOW WE DELIVER CARE IS THE QUALITY OF THE EXPERIENCE WE
CREATE. TODAY'S HEALTHCARE ENVIRONMENT CHALLENGES OUR ASPIRATIONS AS
WELL AS OUR REALITIES. THAT'S WHY OUR NEW PHYSICIAN-HOSPITAL
ORGANIZATION (PHO) IS ESSENTIAL TO HOW WE DELIVER CARE TO OUR
COMMUNITIES. THIS NEW APPROACH CONNECTS ALL THE PRINCIPAL PLAYERS IN
HEALTHCARE DELIVERY IN A FOCUSED EFFORT TO ADDRESS CURRENT HEALTHCARE
ISSUES.

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SINCE ITS INTRODUCTION IN SEPTEMBER 2011, THE PHO HAS RECRUITED SOME 425
PHYSICIAN MEMBERS WITH ANOTHER 75 OR SO EXPECTED TO JOIN BY MARCH 2013.

PUSHING THE FRONTIERS OF MEDICAL SCIENCE:

IN 2012, DANBURY HOSPITAL'S TWO YEAR-OLD BIOMEDICAL RESEARCH INSTITUTE
(BRI) CONTINUED TO PUSH THE FRONTIERS OF MEDICAL SCIENCE IN WAYS THAT ARE
MEANINGFUL BOTH TO THE CARE OF OUR PATIENTS AND TO MEDICINE AS A WHOLE.
AMONG THE BRI'S CLINICAL OUTCOMES RESEARCH PROJECTS THIS PAST YEAR WERE
25 NEW PROSPECTIVE AND QUALITY IMPROVEMENT STUDIES.

DANBURY HOSPITAL'S BROAD ARRAY OF BASIC AND CLINICAL RESEARCH, ITS MANY
TRIAL OFFERINGS AND OTHER ACADEMIC PURSUITS, PUTS IT IN THE COMPANY OF
SOME OF THE MAJOR ACADEMIC CENTERS IN THE NATION, A DISTINCTION THAT CAN
ONLY GROW WITH TIME.

EXPANDED OUTPATIENT LABORATORY SERVICES:

EACH YEAR, DANBURY HOSPITAL'S DEPARTMENT OF PATHOLOGY AND LABORATORY
MEDICINE PERFORMS MORE THAN 2.3 MILLION LABORATORY TESTS ON HUMAN BLOOD,

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TISSUE AND OTHER BODILY SAMPLES TO HELP OUR PHYSICIANS KNOW THEIR PATIENTS' CURRENT HEALTH STATUS IN GREATER DETAIL.

IN RECOGNIZING THE NEED FOR A BROADER HORIZON IN OUR TESTING CAPABILITIES, WE TURNED TO THE RENOWNED MAYO CLINIC, A MEDICAL CENTER THAT SERVES LARGE NUMBERS OF TERTIARY CASES DRAWN FROM ACROSS THE NATION AND AROUND THE GLOBE. THIS RELATIONSHIP SECURES SOME OF THE MOST ADVANCED TESTING EXPERTISE AVAILABLE ANYWHERE FOR THE SMALL NUMBER OF TEST SAMPLES THAT MAY NEED TO LEAVE OUR LABORATORIES FOR MORE DETAILED READINGS AND RECOMMENDATIONS. AS ANOTHER PART OF OUR OUTREACH STRATEGY, WE HAVE ALSO IMPROVED THE CONVENIENCE OF OUR OUTPATIENT TESTING FACILITIES.

STATE-OF-THE-ART FACILITY:

AFTER GETTING OFF TO A GOOD BEGINNING IN LATE SPRING 2011, WORK ON DANBURY HOSPITAL'S NEW \$150 MILLION NORTH TOWER EXPANSION PROJECT CONTINUED TO MOVE AHEAD SMARTLY IN 2012, MEETING OR EXCEEDING ALL CONSTRUCTION AND BUDGETARY GOALS. WHEN THE NEW STATE-OF-THE-ART FACILITY

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IS COMPLETED IN 2014, IT WILL NOT ONLY BE THE LARGEST PHYSICAL EXPANSION IN THE 125-YEAR HISTORY OF DANBURY HOSPITAL BUT IT WILL RIVAL IN CLINICAL QUALITY, PATIENT-CENTERED COMFORT AND TECHNOLOGICAL MODERNITY THOSE FACILITIES FOUND IN MANY OF THE MOST PROMINENT MEDICAL CENTERS IN THE COUNTRY.

INVESTMENTS FOR A HEALTHIER COMMUNITY:

DANBURY HOSPITAL STRIVES EVERY DAY TO PROTECT AND PROMOTE THE HEALTH AND WELLNESS OF EACH OF OUR PATIENTS AND TO PROVIDE ACCESS TO THE HIGHEST QUALITY CARE, REGARDLESS OF THEIR ABILITY TO PAY. WHETHER IT IS THROUGH CREATIVE PREVENTION PARTNERSHIPS, THE MANAGEMENT OF CHRONIC ILLNESSES, OR CONNECTING PATIENTS TO APPROPRIATE COMMUNITY SERVICES, WE ARE DEVOTED TO SERVING OUR NEIGHBORS IN NEED. WE ARE ESPECIALLY VIGILANT NOW DURING THESE DIFFICULT ECONOMIC TIMES, FOCUSING ON DISPARITIES IN CARE, OLDER ADULT HEALTH NEEDS, SUBSTANCE ABUSE AND MENTAL HEALTH AND IMPROVING AWARENESS OF HEALTH SERVICES AND SUPPORTS. MOREOVER, WE MUST PURSUE OUTREACH PROGRAMS THAT ADDRESS SUCH MAJOR HEALTH ISSUES AS HEART DISEASE AND CANCER. SOME OF OUR MOST EFFECTIVE HEALTH AND WELLNESS INITIATIVES

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ARE :

- COMMUNITY SCREENINGS AND PREVENTIVE MEDICINE FOR LOW-INCOME INDIVIDUALS AND FAMILIES AT OUR SEIFERT AND FORD FAMILY COMMUNITY HEALTH CENTER IN DOWNTOWN DANBURY;
- FORGING MORE PERSONAL AND INNOVATIVE APPROACHES TO CANCER AND HEART DISEASE TREATMENTS THROUGH DISCOVERIES AT THE DANBURY HOSPITAL BIOMEDICAL RESEARCH INSTITUTE;
- FINDING BETTER SOLUTIONS FOR CHRONIC SYMPTOMS OF TICK-BORNE ILLNESS THROUGH OUR LYME DISEASE REGISTRY AS WELL AS STATE AND FEDERAL ADVOCACY ON BEHALF OF LYME DISEASE CONTROL AND PREVENTION;
- GIVING HOPE AND STATE-OF-THE-ART LIFE-SAVING CARE TO THE TINIEST OF BABIES IN OUR LEVEL IIIB NICU;
- ENSURING MEDICAL RESIDENTS AND PROFESSIONALS ACCESS TO RESEARCH, MEDICAL EDUCATION AND SHARED CLINICAL EXPERTISE IN WAYS THAT RAISE THE STANDARD OF CARE ACROSS THE CONTINUUM AND
- OFFERING A STABLE SAFETY NET OF MEDICAL CARE AND SUPPORT SERVICES FOR OUR MOST VULNERABLE AND AT-RISK NEIGHBORS LIVING WITH SERIOUS MENTAL HEALTH AND SUBSTANCE ABUSE ISSUES.

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OUR INVESTMENTS ARE REAL AND WE KNOW BY OUR OUTCOMES THAT WE ARE
 ACHIEVING REAL RESULTS. OUR FINANCIAL COMMITMENT TO "COMMUNITY BENEFIT"
 ACTIVITIES THIS PAST YEAR EXCEEDED \$105 MILLION - ALL OF THOSE DOLLARS
 GOING DIRECTLY TO, AND FOR, THE BENEFIT OF THE PEOPLE IN OUR REGION. IT
 IS OUR MISSION TO CREATE A HEALTHIER COMMUNITY THROUGH PARTNERSHIPS EVERY
 DAY, ONE PATIENT AT A TIME.

OUR ACHIEVEMENTS OF 2012 SHOW A NEW PICTURE EMERGING: A COORDINATED AND
 STRONG HEALTH CARE PARTNER THAT PRESERVES THE CARING SPIRIT OF A
 COMMUNITY HOSPITAL WITH A CONTEMPORARY OPERATION THAT REFLECTS THE BEST
 OF MODERN HEALTHCARE. AS WE APPROACH THE OPPORTUNITIES OF 2013, WE WILL
 CONTINUE TO INVEST IN OUR FUTURE TO HELP OUR COMMUNITIES EXPERIENCE THIS
 NEW PICTURE OF HEALTH.

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PART VI - AFFILIATED HEALTH CARE SYSTEM ROLES AND PROMOTION

WESTERN CONNECTICUT HEALTH NETWORK, INC. (PARENT)

WESTERN CONNECTICUT HEALTH NETWORK'S MISSION IS TO IMPROVE THE HEALTH AND WELL BEING OF THOSE WE SERVE, WHICH HELPS TO FURTHER THE HOSPITAL'S EXEMPT PURPOSE.

DANBURY HOSPITAL

DANBURY HOSPITAL PROVIDES MEDICAL SERVICES TO THE COMMUNITY REGARDLESS OF THE INDIVIDUAL'S ABILITY TO PAY. SERVICES INCLUDE ROUTINE INPATIENT ANCILLARY AND OUTPATIENT CARE IN SUPPORT OF THE HOSPITAL'S MISSION STATEMENT, TO IMPROVE THE HEALTH AND WELL BEING OF THOSE WE SERVE.

NEW MILFORD HOSPITAL

NEW MILFORD HOSPITAL'S MISSION IS TO PROVIDE OUTSTANDING HEALTH CARE TO THE COMMUNITIES THEY SERVE THROUGH AN UNCOMPROMISING FOCUS ON CLINICAL QUALITY, COMPASSIONATE SERVICE, AND THE CREATION OF A MEDICAL "SAFE HAVEN" FOR THEIR PATIENTS AND THEIR FAMILIES. FOR 2012, NEW MILFORD HOSPITAL PROVIDED \$1,610,576 IN CHARITY CARE.

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments 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 hospitals 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.

WESTERN CONNECTICUT MEDICAL GROUP

THE MISSION AT WESTERN CONNECTICUT MEDICAL GROUP IS TO PROVIDE SAFE, INNOVATIVE, CONVENIENT AND COORDINATED PRIMARY AND SPECIALTY HEALTH CARE IN THE COMMUNITIES THEY SERVE AND STRIVE TO BE AWARE OF AND RESPOND TO THEIR PATIENTS NEEDS. THEY SUPPORT A COMMITMENT TO ADVANCE THE HEALTH AND WELL-BEING OF INDIVIDUALS IN THEIR COMMUNITY BY DELIVERING QUALITY CARE, PARTICIPATING IN MEDICAL RESEARCH AND MEDICAL RESIDENCY PROGRAMS AND THE PROVISION OF MEDICAL SERVICES TO PATIENTS. FOR 2012, WESTERN CONNECTICUT MEDICAL GROUP PROVIDED \$1,552,949 IN CHARITY CARE.

WESTERN CONNECTICUT HEALTH NETWORK FOUNDATION, INC.

WESTERN CONNECTICUT HEALTH NETWORK FOUNDATION INC.'S MISSION IS TO RAISE FUNDS, REINVEST AND ADMINISTER THESE FUNDS AND MAKE DISTRIBUTIONS TO DANBURY HOSPITAL AND OTHER NOT-FOR-PROFIT HEALTH CARE AFFILIATES.

WESTERN CONNECTICUT HEALTH NETWORK AFFILIATES

WESTERN CONNECTICUT HEALTH NETWORK AFFILIATES PRINCIPAL PURPOSE IS TO

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments 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 hospitals 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.

PROVIDE OUTPATIENT HEALTH CARE SERVICES IN VARIOUS LOCATIONS AND ALSO
 PROVIDE AMBULANCE SERVICES TO DANBURY AND SURROUNDING TOWNS, WHILE
 SERVING THOSE THAT CANNOT AFFORD THE CARE. APPROXIMATELY \$2,000 IN
 CHARITY CARE WAS PROVIDED DURING 2012.

BUSINESS SYSTEMS, INC.

BUSINESS SYSTEMS, INC. IS A TAXABLE CORPORATION WHOSE MAIN BUSINESS IS
 THE OPERATION OF DANBURY PHARMACY, A RETAIL PHARMACY. THE PHARMACY'S
 REVENUE IS COMPRISED OF PRESCRIPTION SALES, OVER THE COUNTER SALES, AND
 WHOLESALE SALES (MEDICAL AND SURGICAL SUPPLIES) SOLD TO OFFICE PRACTICES
 AND CLINICIANS THAT ARE NOT COVERED BY INSURANCE PROGRAMS.

WESTERN CONNECTICUT HOME CARE, INC.

WESTERN CONNECTICUT HOME CARE, INC. (WCHC) PROVIDES STATE OF THE ART
 CLINICAL SERVICES RANGING FROM PEDIATRIC PATIENTS TO THE ELDERLY
 UTILIZING BEST PRACTICE IN HOME CARE TO MEET THE NEEDS OF THEIR PATIENTS.
 FOR 2012, WCHC PROVIDED \$590,645 FOR CHARITY CARE.

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments 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 hospitals 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.

PART VII - STATES WHERE COMMUNITY BENEFIT REPORT FILED

CT

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization
DANBURY HOSPITAL

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.

OMB No. 1545-0047

2011

Open to Public Inspection

Employer identification number
06-0646597

Part I Questions Regarding Compensation

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.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on 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 officers, directors, trustees, and 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. Explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

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

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a		
1b		
2		
3		
4a	X	
4b	X	
4c		X
5a		X
5b		X
6a	X	
6b	X	
7		X
8		X
9		

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

Schedule J (Form 990) 2011

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	(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					
1 JOHN M MURPHY MD	(i)	753,982.	280,000.	5,793.	22,040.	40,074.	1,101,889.	0
	(ii)	0	0	0				
2 STEVEN H ROSENBERG	(i)	504,098.	150,000.	23,142.	22,040.	31,002.	730,282.	0
	(ii)	0	0	0				
3 DONNA KAPLANIS	(i)	180,814.	40,000.	1,632.	22,040.	37,612.	282,098.	0
	(ii)	0	0	0				
4 MATTHEW A MILLER MD	(i)	414,108.	135,000.	27,132.	22,040.	22,342.	620,622.	0
	(ii)	0	0	0				
5 PHYLLIS F ZAPPALA	(i)	335,975.	535,478.	6,186.	22,040.	18,608.	918,287.	0
	(ii)	0	0	0				
6 MOREEN O DONAHUE	(i)	278,886.	75,000.	9,443.	22,040.	46,828.	432,197.	0
	(ii)	0	0	0				
7 MICHAEL DAGLIO	(i)	294,284.	50,000.	816.	22,040.	30,887.	398,027.	0
	(ii)	0	0	0				
8 JOSEPH CAMPBELL	(i)	211,042.	40,000.	2,520.	22,040.	41,696.	317,298.	0
	(ii)	0	0	0				
9 MORRIS GROSS	(i)	222,649.	50,000.	4,044.	22,040.	26,597.	325,330.	0
	(ii)	22,260.	0	0			22,260.	
10 SUSAN C IOVINO	(i)	238,599.	15,000.	4,622.	22,040.	26,144.	306,405.	0
	(ii)	0	0	0				
11 DAWN MYLES	(i)	213,491.	50,022.	555.	22,040.	8,750.	294,858.	0
	(ii)	0	0	0				
12 JUDITH WARD (TERM 12/8/	(i)	248,470.	25,000.	1,088.	22,040.	30,522.	327,120.	0
	(ii)	0	0	0				
13 WILLIAM DELANEY MD	(i)	234,971.	46,656.	2,251.	22,040.	30,747.	336,665.	0
	(ii)	0	0	0				
14 VERONICA RON-PRIOLA MD	(i)	218,299.	40,880.	1,018.	22,040.	33,016.	315,253.	0
	(ii)	0	0	0				
15 PETER COURTWAY	(i)	109,018.	0	308,249.	22,040.	14,206.	453,513.	0
	(ii)	0	0	0				
16 JOHN BORRUSO MD	(i)	0	0	0				
	(ii)	361,490.	0	20,793.	22,040.	5,085.	409,408.	0

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		(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				
1 RUTH GREGORY	(i)	127,113.	12,000.	1,315.	16,290.	11,116.	167,834.	0
	(ii)	0	0	0				
2 DOUGLAS MAGAZU	(i)	171,438.	35,007.	7,353.	19,871.	3,725.	237,394.	0
	(ii)	22,362.	0	959.	2,169.	406.	25,896.	0
3	(i)							
	(ii)							
4	(i)							
	(ii)							
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III Supplemental Information

Complete this part to 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.

SUPPLEMENTAL INFORMATION

PART I, LINE 4 - RECEIVED SEVERANCE, SUPPLEMENTAL NQ RETIREMENT

DURING THE FISCAL YEAR ENDING SEPTEMBER 30, 2012, PETER COURTWAY RECEIVED \$300,000 IN SEVERANCE PAYMENTS. A SEVERANCE BENEFIT OF ONE (1) YEAR OF COMPENSATION, WAS PAID IN A LUMP SUM WITHIN 60 DAYS OF THE TERMINATION DATE OF MAY 27, 2011.

DURING THE FISCAL YEAR ENDING SEPTEMBER 30, 2012, DR. JOHN MURPHY, PRESIDENT AND CEO, AND STEVEN H. ROSENBERG, CFO WERE THE ONLY PARTICIPANTS OF A NEW SERP PLAN. NO PAYMENTS WERE MADE TO THEM.

DUE TO A CAP IN THE DEFINED PENSION PLAN OF \$190,000 THE SERP IS INTENDED TO GIVE SUPPLEMENTAL RETIREMENT BENEFITS TO KEY MEMBERS OF THE EXECUTIVE GROUP, WHOSE SALARY EXCEEDS THIS AMOUNT. THE SERP IS DESIGNED TO VEST KEY EXECUTIVES WITH AN INCENTIVE TO REMAIN WITH THE SYSTEM UNTIL THEY REACH RETIREMENT AGE.

THE SERP IS NOT A QUALIFIED RETIREMENT PLAN AND THEREFORE IS SUBJECT TO CERTAIN TAX IMPLICATIONS UPON VESTING VS. THE TIME RETIREMENT PAYMENTS

Part III Supplemental Information

Complete this part to 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.

ARE MADE.

THE EXPENSES FOR THE SERP COSTS ARE RECOGNIZED EACH ACCOUNTING PERIOD IN THREE SEGMENTS. THESE ARE:

-PRIOR SERVICE COSTS

THE ACTUAL PRESENT VALUE OF SERP BENEFITS FOR MEMBERS OF THE SERP GROUP AS COMPUTED ON THE DATE THE SERP IS IMPLEMENTED. THE INTANGIBLE ASSET IS AMORTIZED OVER THE ESTIMATED WORKING LIFE OF THE EXECUTIVES IN THE SERP PLAN.

-CURRENT SERVICE COSTS

THE CURRENT SERVICE COST (CSO) IS THE AMOUNT OF BENEFITS EARNED BY THE EMPLOYEE DURING THE CURRENT PERIOD. THE CSO IS CALCULATED AS THE DIFFERENCE IN THE ACTUARIAL PRESENT VALUE OF A LIFE ANNUITY, STARTING ON THE PROJECTED DATE OF RETIREMENT, DISCOUNTED TO THE BEGINNING OF THE PRESENT ACCOUNTING PERIOD; AND THE SAME ANNUITY DISCOUNTED TO THE END OF THE PRESENT ACCOUNTING PERIOD.

Part III Supplemental Information

Complete this part to 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.

-INTEREST COMPONENT

EACH YEAR THE BEGINNING BALANCE IN THE UNFUNDED BENEFIT OBLIGATION IS CHARGED A DISCOUNTED INTEREST RATE. THE INTEREST COST (IMPLIED) IS THE INCREASE IN THE BENEFIT OBLIGATION DUE TO THE PASSAGE OF TIME.

SUPPLEMENTAL INFORMATION

PART I, LINE 6 - COMPENSATION CONTINGENT ON NET EARNINGS OR RELATED ORG.

SUMMARY OF EXECUTIVE INCENTIVE PLAN (EXCERPTS FROM)

THE PLAN WILL BE ADMINISTERED SUBJECT TO THE BOARD POLICY ON EXECUTIVE COMPENSATION BY THE COMMITTEE ON GOVERNANCE SERVING AS THE EXECUTIVE COMPENSATION COMMITTEE (THE COMMITTEE) OF THE BOARD OF DIRECTORS OF WESTERN CONNECTICUT HEALTH NETWORK, INC. THE COMMITTEE MAY IN ITS SOLE DISCRETION INTERPRET THE PLAN, PRESCRIBE ANY RULES AND REGULATIONS NECESSARY OR APPROPRIATE FOR ADMINISTRATION OF THE PLAN, AND MAKE SUCH OTHER DETERMINATIONS AND TAKE SUCH ACTION AS IT DEEMS NECESSARY OR ADVISABLE.

Part III Supplemental Information

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

THE PLAN YEAR WILL BEGIN OCTOBER 1, 2011, AND END SEPTEMBER 30, 2012. THE MEASUREMENT PERIOD FOR AWARD PURPOSES WILL BE THE SAME.

ELIGIBILITY TO PARTICIPATE IN THE PLAN WILL BE LIMITED TO THOSE WHO ARE IN POSITIONS IN WHICH THEIR DECISIONS, ACTIONS AND COUNSEL SIGNIFICANTLY AFFECT THE OPERATIONS OF WESTERN CONNECTICUT HEALTH NETWORK, INC. AND ITS SUBSIDIARIES, AS DETERMINED BY THE COMMITTEE AND WITH INPUT PROVIDED BY SENIOR MANAGEMENT.

PRIOR TO THE START OF EACH PLAN YEAR, OR AS SOON AS PRACTICABLE THEREAFTER, THE COMMITTEE, WITH INPUT PROVIDED BY SENIOR MANAGEMENT, WILL DETERMINE WHICH ELIGIBLE INDIVIDUALS WILL PARTICIPATE IN THE PLAN WITH RESPECT TO SUCH PLAN YEAR AND THEY WILL BE LISTED ACCORDINGLY.

IN DETERMINING WHICH ELIGIBLE INDIVIDUALS WILL PARTICIPATE, THE COMMITTEE WILL TAKE INTO ACCOUNT THE EXTENT TO WHICH ELIGIBLE INDIVIDUALS ARE IN POSITIONS IN WHICH THEIR DECISIONS, ACTIONS AND COUNSEL SIGNIFICANTLY AFFECT THE OVERALL PERFORMANCE OF WESTERN CONNECTICUT HEALTH NETWORK,

Part III Supplemental Information

Complete this part to 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.

INC. AND ITS AFFILIATES.

TO BE CONSIDERED FOR PARTICIPATION, AN INDIVIDUAL MUST BE IN AN INCENTIVE ELIGIBLE POSITION FOR NO LESS THAN 6 MONTHS OF THE RESPECTIVE PLAN YEAR. INCENTIVE AWARDS WILL BE PRORATED AS APPROPRIATE TO REFLECT PARTIAL PLAN YEAR PARTICIPATION. ELIGIBLE INDIVIDUALS MUST BE EMPLOYED BY WESTERN CONNECTICUT HEALTH NETWORK, INC. AT THE TIME OF EXECUTIVE INCENTIVE AWARD DISTRIBUTION.

THE COMMITTEE WILL ESTABLISH THE TARGET AWARD OPPORTUNITY (EXPRESSED AS A PERCENTAGE OF BASE SALARY) FOR EACH PARTICIPANT IN THE PLAN.

THE TARGET AWARD IS THE AMOUNT PAID TO PARTICIPANTS FOR ACTUAL PERFORMANCE THAT MEETS EXPECTATIONS. TO RECOGNIZE A RANGE OF PERFORMANCE ABOVE THE "TARGET" LEVEL, PARTICIPANTS MAY EARN ONE-HALF TO ONE AND ONE-HALF TIMES THE TARGET AWARD OPPORTUNITIES BASED ON ACTUAL PERFORMANCE. A THRESHOLD OF PERFORMANCE MUST BE ACHIEVED IN ORDER FOR PARTICIPANTS TO EARN AWARDS.

Part III Supplemental Information

Complete this part to 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.

PRIOR TO THE BEGINNING OF EACH PLAN YEAR, OR AS SOON THEREAFTER AS PRACTICABLE, WEIGHTINGS FOR THE PERFORMANCE MEASURES INCLUDED IN THE PLAN WILL BE DETERMINED FOR EACH PARTICIPANT IN ACCORDANCE WITH THE NATURE OF EACH PARTICIPANT'S STATED GOALS AND RESPONSIBILITIES (I.E., ORGANIZATIONAL, FUNCTIONAL/INDIVIDUAL, ETC.).

PRIOR TO THE BEGINNING OF EACH PLAN YEAR, OR AS SOON THEREAFTER AS PRACTICABLE, PERFORMANCE MEASURES AND PERFORMANCE LEVELS WILL BE ESTABLISHED FOR EACH PARTICIPANT IN THE PLAN.

INCENTIVE AWARDS WILL BE MODIFIED OR ELIMINATED IF AT THE LEVEL OF PERFORMANCE SPECIFIED IN THE CIRCUIT BREAKER IS NOT ACHIEVED. THE CIRCUIT BREAKER WILL BE ESTABLISHED BY THE COMMITTEE PRIOR TO THE BEGINNING OF EACH FISCAL YEAR OR AS SOON THEREAFTER AS PRACTICABLE.

IF EBITDA IS LESS THAN BASIC, FULL ELIMINATION OF INCENTIVE AWARD WILL OCCUR.

Part III Supplemental Information

Complete this part to 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.

NOTWITHSTANDING ANY OTHER PROVISION OF THE PLAN, INCENTIVE AWARDS CAN BE AFFECTED BY AN INDIVIDUAL MODIFIER (BASED ON INDIVIDUAL EXECUTIVE PERFORMANCE) AT THE LEVEL SPECIFIED IN THE PLAN.

SUPPLEMENTAL INFORMATION

PART III - ADDITIONAL INFORMATION

THE ORGANIZATION RELIED ON A RELATED ORGANIZATION, WESTERN CONNECTICUT HEALTH NETWORK, INC. WHICH USED THE FOLLOWING METHODS DESCRIBED BELOW TO ESTABLISH TOP MANAGEMENT'S COMPENSATION:

- COMPENSATION COMMITTEE.
- INDEPENDENT COMPENSATION.
- WRITTEN EMPLOYMENT CONTRACT.
- COMPENSATION SURVEY OR STUDY.
- APPROVAL BY BOARD OR COMPENSATION COMMITTEE.

**SCHEDULE K
(Form 990)**

Supplemental Information on Tax-Exempt Bonds

OMB No. 1545-0047

2011

**Open to Public
Inspection**

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.**

▶ **Attach to Form 990.** ▶ **See separate instructions.**

Department of the Treasury
Internal Revenue Service

Name of the organization

DANBURY HOSPITAL

Employer identification number

06-0646597

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A CHEFA REVENUE BONDS, SERIES H	06-0806186	20774UCL7	03/16/2006	40,924,665.	SEE PART VI FOR PURPOSE		X		X		X
B											
C											
D											

Part II Proceeds

	A		B		C		D	
1 Amount of bonds retired	1,945,000.							
2 Amount of bonds legally defeased								
3 Total proceeds of issue	42,742,900.							
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds	2,237,472.							
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds	603,787.							
8 Credit enhancement from proceeds	828,469.							
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds	39,070,172.							
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion								
	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X						
15 Were the bonds issued as part of an advance refunding issue?		X						
16 Has the final allocation of proceeds been made?	X							
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

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

Schedule K (Form 990) 2011

Part III Private Business Use (Continued)

CHEFA REV BONDS SERIES H

Table with 9 columns (A, B, C, D) and 7 rows of questions regarding management contracts, research agreements, and financed property percentages.

Part IV Arbitrage

Table with 9 columns (A, B, C, D) and 10 rows of questions regarding Form 8038-T, variable rate issues, and hedge contracts.

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations [X] Yes [] No

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

SUPPLEMENTAL INFORMATION

SERIES H

Part III Private Business Use (Continued)

CHEFA REV BONDS SERIES H

Table with 9 rows and 8 columns (A, B, C, D). Rows include questions about management contracts, research agreements, and percentages of financed property used in private business use.

Part IV Arbitrage

Table with 11 rows and 8 columns (A, B, C, D). Rows include questions about Form 8038-T, variable rate issues, and qualified hedges.

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

PROCEEDS FROM THE SALES OF SERIES H BONDS WERE USED, TOGETHER WITH OTHER MONIES AVAILALE TO 1) FINANCE A PORTION OF THE COSTS OF THE SERIES H

Part III Private Business Use (Continued)		CHEFA REV BONDS SERIES H							
		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?								
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?								
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		%		%		%		%
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		%		%		%		%
6	Total of lines 4 and 5		%		%		%		%
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage									
		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2	Is the bond issue a variable rate issue?								
3a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								
4a	Were gross proceeds invested in a guaranteed investment contract (GIC)?								
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?								
6	Did the bond issue qualify for an exception to rebate?								

Part V Procedures To Undertake Corrective Action
 Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations Yes No

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).
 PROJECT, 2) TO FUND CAPITALIZED INTEREST, IF ANY ON THE SERIES H BONDS,
 AND 3) TO PAY CERTAIN COSTS OF ISSUANCE AND BOND INSURANCE PREMIUMS

Part III Private Business Use (Continued)		CHEFA REV BONDS SERIES H							
		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?								
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?								
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		%		%		%		%
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		%		%		%		%
6	Total of lines 4 and 5		%		%		%		%
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage									
		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2	Is the bond issue a variable rate issue?								
3a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								
4a	Were gross proceeds invested in a guaranteed investment contract (GIC)?								
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?								
6	Did the bond issue qualify for an exception to rebate?								

Part V Procedures To Undertake Corrective Action
 Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations Yes No

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).
 INCURRED IN CONNECTION WITH THE ISSUANCE OF SERIES H BONDS.

Part III Private Business Use (Continued)		CHEFA REV BONDS SERIES H							
		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?								
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?								
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		%		%		%		%
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		%		%		%		%
6	Total of lines 4 and 5		%		%		%		%
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage									
		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2	Is the bond issue a variable rate issue?								
3a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								
4a	Were gross proceeds invested in a guaranteed investment contract (GIC)?								
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?								
6	Did the bond issue qualify for an exception to rebate?								

Part V Procedures To Undertake Corrective Action
 Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations Yes No

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).
 PART II, LINE 3A INCLUDES INVESTMENT EARNINGS OF \$1,818,235.

Part III Private Business Use (Continued)

CHEFA REV BONDS SERIES H

Table with 9 columns (3a-7) and 8 sub-columns (A-D, Yes/No). Rows include questions about management contracts, research agreements, and percentages of financed property used in private business use.

Part IV Arbitrage

Table with 6 rows (1-6) and 8 sub-columns (A-D, Yes/No). Rows include questions about Form 8038-T, variable rate issues, and qualified hedges.

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

PART III, LINE 4
PRIVATE BUSINESS USAGE PERCENTAGE OF 1.96%, REFLECTED ON LINE 4 WAS NOT

Part III Private Business Use (Continued)

CHEFA REV BONDS SERIES H

Table with 9 rows and 8 columns (A, B, C, D). Rows include questions about management contracts, research agreements, and percentages of financed property used in private business use.

Part IV Arbitrage

Table with 10 rows and 8 columns (A, B, C, D). Rows include questions about Form 8038-T, variable rate issues, and qualified hedges.

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

REDUCED BY THE REMEDIATION OF \$1,945,000.

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No. 1545-0047

2011

Open To Public Inspection

Name of the organization
DANBURY HOSPITAL

Employer identification number
06-0646597

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

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

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

- 2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ \$ _____
- 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ _____

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
(1)										
(2)										
(3)										
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										

Total ▶ \$ _____

Part III Grants or Assistance Benefiting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

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

Schedule L (Form 990 or 990-EZ) 2011

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) PRECYSE SOLUTIONS	SEE PART V	150,062.	CONDUCT CODING REVIEWS		X
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

SUPPLEMENTAL INFORMATION

SCHEDULE L, PART IV

DURING THE YEAR THE FOLLOWING TRANSACTIONS ARE AT ARM'S LENGTH, ENTERED INTO THE ORDINARY COURSE OF BUSINESS AND IN COMPLIANCE WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY:

MICHAEL HAMMOND, A FORMER DIRECTOR AT DANBURY HOSPITAL IS A BOARD MEMBER OF PRECYSE SOLUTIONS, WHICH MEDICAL RECORDS CONTRACTS WITH TO CONDUCT CODING REVIEW.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

DANBURY HOSPITAL

Supplemental Information to Form 990 or 990-EZ

**Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.**

OMB No. 1545-0047

2011

**Open to Public
Inspection**

Employer identification number

06-0646597

SUPPLEMENTAL INFORMATION

PROGRAM SERVICE ACCOMPLISHMENTS

FORM 990, PART III, LINE 4A

DURING FYE2012, APPROXIMATELY 19,676 DISCHARGES AND 70,622 EMERGENCY ROOM VISITS OCCURRED.

BELOW ARE SOME OF THE ACCOLADES, ACCREDITATIONS AND DESIGNATIONS THAT WE HAVE BEEN RECOGNIZED WITH:

- HOSPITAL ACCREDITATION, JOINT COMMISSION, 2007-2011
- ACCREDITED HEALTH ORGANIZATION, JOINT COMMISSION 2004-2006
- CHEST PAIN CENTER ACCREDITATION, SOCIETY OF CHEST PAIN CENTER, 2009
- PRIMARY STROKE CENTER CERTIFICATION, JOINT COMMISSION 2008-2010
- NUCLEAR MEDICINE LABORATORY ACCREDITATION
- INTERSOCIETAL COMMISSION FOR THE ACCREDITATION OF LABORATORIES, 2009
- STROKE CENTER DESIGNATION, CT DEPARTMENT OF PUBLIC HEALTH, 2007
- CENTER OF EXCELLENCE, AMERICAN SOCIETY FOR METABOLIC AND BARIATRIC SURGERY (ASMBS), 2005-2008
- BARIATRIC SURGERY CENTER OF EXCELLENCE (COE), HEALTHNET, 2005
- RECOGNIZED FOR EXEMPLARY SURGICAL OUTCOMES
- BEACON AWARD FOR EXCELLENCE IN CRITICAL CARE
- FROM THE COMMISSION ON CANCER, THE PRAXAIR REGIONAL CANCER CENTER RECEIVED ACCREDITATION WITH COMMENDATION
- GOLD STANDARD ACCREDITATION FOR BREAST ULTRASOUND

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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IN 2012, US NEWS AND WORLD REPORTS, RANKED DANBURY HOSPITAL AS A TOP 100 HOSPITAL AND RANKED IT NUMBER TWO IN CONNECTICUT, HIGH PERFORMING IN:

- DIABETES AND ENDOCRINOLOGY
- EAR, NOSE AND THROAT CARE
- GASTROENTEROLOGY
- ORTHOPEDICS
- UROLOGY

PROGRAM SERVICE ACCOMPLISHMENTS

FORM 990, PART III, LINE 4C

RESEARCH - THE DANBURY HOSPITAL'S RESEARCH INSTITUTE HERALDS A NEW ERA OF PERSONALIZED MEDICINE THAT HOLDS GREAT PROMISE FOR THE DEVELOPMENT OF TARGETED THERAPIES AS WE GAIN A DEEPER UNDERSTANDING OF THE GENETIC BASIS OF DISEASE. THE INSTITITUTE WILL ENABLE US TO STAY FOCUSED ON THE FOREFRONT OF THE EVOLVING WORLD OF MOLECULAR MEDICINE AND TO DELIVER THE BENEFITS OF THIS WORK TO PATIENTS AT THE BEDSIDE.

IN 2012, DANBURY HOSPITAL'S TWO YEAR-OLD BIOMEDICAL RESEARCH INSTITUTE (BRI) CONTINUED TO PUSH THE FRONTIERS OF MEDICAL SCIENCE IN WAYS THAT ARE MEANINGFUL BOTH TO THE CARE OF OUR PATIENTS AND TO MEDICINE AS A WHOLE. AMONG THE BRI'S CLINICAL OUTCOMES RESEARCH PROJECTS THIS PAST YEAR WERE 25 NEW PROSPECTIVE AND QUALITY IMPROVEMENT STUDIES.

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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BUSINESS AND FAMILY RELATIONSHIPS

FORM 990, PART VI, LINE 2

RICHARD JABARA AND JAMES KENNEDY, BOTH DIRECTORS OF DANBURY HOSPITAL HAVE A BUSINESS RELATIONSHIP.

SIGNIFICANT CHANGES TO ORGANIZATIONAL DOCUMENTS

FORM 990, PART VI, LINE 4

THE FOLLOWING SIGNIFICANT CHANGES WERE MADE TO THE BYLAWS OF DANBURY HOSPITAL, DURING THE FISCAL YEAR ENDING SEPTEMBER 30, 2012:

- CHANGES TO THE AUTHORITY, OR DUTIES OF THE GOVERNING BODY'S VOTING MEMBERS.
- CHANGES TO THE ROLE OF THE MEMBERSHIP IN GOVERNANCE.
- CHANGES TO THE VOTING RIGHTS OF THE GOVERNING BODY MEMBERS.
- CHANGES TO THE AUTHORITY, OR DUTIES OF THE ORGANIZATION'S OFFICERS.
- CHANGES TO THE PROVISIONS TO AMEND THE ORGANIZING BYLAWS.

DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS

FORM 990, PART VI, LINE 6

WESTERN CONNECTICUT HEALTH NETWORK, INC. IS THE SOLE MEMBER OF DANBURY HOSPITAL.

DESCRIPTION OF CLASSES OF PERSONS, NATURE OF RIGHTS, & VOTING RIGHTS

FORM 990, PART VI, LINE 7A

THE SOLE MEMBER SHALL BE RESPONSIBLE FOR ELECTING, AT THE ANNUAL MEETING OF THE MEMBERSHIP, THE MEMBERS OF THE BOARD OF DIRECTORS OF THE HOSPITAL

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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TO SERVE FOR THREE YEAR TERMS AND UNTIL THEIR SUCCESSORS ARE ELECTED AND HAVE QUALIFIED.

DECISIONS OF GOVERNING BODY SUBJECT TO APPROVAL

FORM 990, PART VI, LINE 7B

THE DUTIES AND RESPONSIBILITIES OF THE SOLE MEMBER SHALL INCLUDE, AMONG OTHERS, THE FOLLOWING:

ELECTING AT THE ANNUAL MEETING OF THE MEMBERSHIP, THE MEMBERS OF THE BOARD OF DIRECTORS OF THE HOSPITAL TO SERVE FOR THREE YEAR TERMS AND UNTIL THEIR SUCCESSORS ARE ELECTED AND HAVE QUALIFIED:

FILLING VACANCIES ON THE BOARD OF DIRECTORS, WHICH OCCUR BETWEEN ELECTIONS; REVIEWING, MAKING, AND APPROVING CHANGES IN THE BYLAWS; INSURING THAT THE OBJECTIVE, PURPOSES AND GOALS OF DANBURY HOSPITAL AS STATED IN THE CHARTER OF THE DANBURY HOSPITAL, INC. ARE PROPERLY AND EFFECTIVELY CARRIED OUT BY THE BOARD OF DIRECTORS; DELEGATING AS APPROPRIATE, TO THE BOARD OF DIRECTORS, POLICY-MAKING FUNCTIONS, THE SUPERVISION OF THE HOSPITAL'S OPERATIONS AND THE CONTROL OVER THE HOSPITAL'S ASSETS.

THE BOARD SHALL BE REQUIRED TO APPROVE THE FUNDAMENTAL DECISIONS LISTED BELOW BY THE HOSPITAL:

- APPROVAL OF ALL OPERATING AND CAPITAL BUDGETS OF THE HOSPITAL.
- APPROVAL OF UNBUDGETED EXPENDITURES OVER A CERTAIN AMOUNT.
- APPROVAL OF ANY ADVANCES OF ASSETS OR LOANS BY THE HOSPITAL, OR THE

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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INCURRING OF ANY INDEBTEDNESS, SECURED OR UNSECURED, WHICH EXCEEDS SUCH AN AMOUNT ESTABLISHED BY THE BOARD.

- APPOINTMENT OF THE HOSPITAL'S AUDITORS, LEGAL COUNSEL AND OTHER CONSULTANTS.
- THE PROCUREMENT OF INSURANCE.
- APPROVAL OF INVESTMENT POLICIES.
- APPROVAL OF ANY AGREEMENT OR TRANSACTION INVOLVING AN AMOUNT GREATER THAN ESTABLISHED BY THE BOARD WITH ANOTHER CORPORATION OR ENTITY, INCLUDING AFFILIATED ENTITIES.
- APPROVAL OF JOINT VENTURES.
- APPROVAL OF ANY AMENDMENT OR RESTATEMENT OF THE HOSPITAL'S CERTIFICATE OF INCORPORATION, BYLAWS, PURPOSES, MEMBERSHIP AND RIGHTS AND RESPONSIBILITIES.
- APPROVAL OF THE CREATION OF ANY CORPORATION OF WHICH THE HOSPITAL IS THE SOLE MEMBER OR CONTROLLING MEMBER; THE MERGER OR CONSOLIDATION OF THE HOSPITAL WITH ANOTHER CORPORATION; AND THE REORGANIZATION, LIQUIDATION OR DISSOLUTION OF THE HOSPITAL OR ANY CORPORATION OF WHICH THE HOSPITAL IS THE SOLE MEMBER OR CONTROLLING MEMBER.
- APPROVAL OF ANY SALE, LEASE, EXCHANGE, OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL THE PROPERTY OR ASSETS OF THE HOSPITAL.
- ELECTION AND REMOVAL OF THE MEMBERS OF THE BOARD AND ITS OFFICERS.
- CREATION OF ANY COMMITTEE, OTHER THAN THE GOVERNANCE COMMITTEE.
- APPROVAL OF THE ADOPTION OF OR ANY AMENDMENT TO THE POLICIES AND PROCEDURES GOVERNING INDEMNIFICATION OF DIRECTORS AND OFFICERS OF THE HOSPITAL.

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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- APPROVAL OF ANY CONVEYANCE OF, OR THE GRANTING OF MORTGAGES, TRUSTS, DEEDS OR THE CREATION OF OTHER LIENS ON, ANY REAL PROPERTY ASSETS OF THE HOSPITAL.
- APPROVAL OF THE STRATEGIC PLAN OF THE HOSPITAL
- APPROVAL OF ANY CHANGE TO THE EMPLOYEE PENSION OR OTHER EMPLOYEE BENEFIT PLANS FOR OR ON BEHALF OF THE HOSPITAL.
- APPROVAL OF THE ENGAGEMENT IN MANAGED CARE AND OTHER THIRD PARTY PAYOR CONTRACTING ON BEHALF OF THE HOSPITAL.
- APPROVAL OF ANY COMMENCEMENT, CESSATION, LOCATION, RELOCATION OR CONSOLIDATION OF SIGNIFICANT CLINICAL SERVICES PROVIDED BY THE HOSPITAL AND TO APPROVE OR INITIATE THE FILING OF ANY APPLICATION FOR A CERTIFICATE OF NEED BY THE HOSPITAL.
- APPROVAL OF SYSTEM-WIDE QUALITY, PERFORMANCE AND CREDENTIALING STANDARDS AND PROCEDURES TO WHICH THE HOSPITAL IS EXPECTED TO ADHERE.
- APPROVAL OF ANY PHYSICIAN COMPENSATION ARRANGEMENTS.

FORM 990 REVIEW PROCESS

FORM 990, PART VI, LINE 11B

STEVEN ROSENBERG, CFO, WILL REVIEW THE 990 PRIOR TO IT BEING SENT TO THE IRS. A PRELIMINARY 990, IS PRESENTED TO THE AUDIT COMMITTEE IN JUNE, WHO REVIEWS IT ON BEHALF OF THE BOARD. E&Y IS ON HAND TO REVIEW THE 990 WITH THE AUDIT COMMITTEE AND ANSWER ANY QUESTIONS. PRIOR TO THE 990 BEING FILED WITH THE IRS, THE BOARD WILL RECEIVE A FULL AND ACCURATE COPY ON A SECURED WEBSITE FOR THEIR REVIEW.

EXPLANATION OF MONITORING AND ENFORCEMENT OF CONFLICTS

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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FORM 990, PART VI, LINE 12C

BOARD MEMBERS AND SENIOR MANAGEMENT ARE COGNIZANT OF THE IMPORTANCE OF DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST AND WILL QUESTION POSSIBLE CONFLICTS IN VARIOUS BOARD MEETINGS. THE CHIEF COMPLIANCE OFFICER IS PART OF THE ROUTINE CONTRACTS REVIEW PROCESS AND WATCHES FOR POTENTIAL CONFLICTS WITH BOARD, MANAGEMENT AND STAFF.

THE COMPLIANCE OFFICER WILL CONTINUALLY REQUEST THE INFORMATION UNTIL ALL RESPONSES ARE RECEIVED.

THE AUDIT COMMITTEE REVIEWS AND EVALUATES EACH DISCLOSURE TO DETERMINE IF THERE IS A CONFLICT. A SUMMARY REPORT IS SHARED WITH THE FULL BOARD. THE COI POLICY BELOW NOTES WHAT IS TO OCCUR, WHEN THERE IS A CLEAR CONFLICT.

CONFLICT OF INTEREST POLICY FOR DIRECTORS AND OFFICERS

THE PURPOSE OF THIS POLICY IS TO ENSURE THAT THE DIRECTORS AND OFFICERS OF WESTERN CONNECTICUT HEALTH NETWORK, INC. (WCHN) (TOGETHER THE "REPRESENTATIVES" AND INDIVIDUALLY A "REPRESENTATIVE") ARE NOT PREVENTED FROM PERFORMING SERVICES ON BEHALF OF WCHN SOLELY BECAUSE OF POSSIBLE CONFLICTS OF INTEREST ON THEIR PART, AND THAT THE REPRESENTATIVES WILL BE ABLE TO GOVERN AND SERVE THE BEST INTERESTS OF WCHN BY EXERCISING THEIR BEST CARE, SKILL AND HONEST JUDGMENT ON ITS BEHALF.

THIS POLICY RECOGNIZES THAT (1) MEMBERS OF THE BOARD OF DIRECTORS ARE OFTEN CHOSEN BECAUSE OF THEIR EXPERIENCE IN MATTERS RELEVANT TO THE

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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OPERATION OF WCHN AND (2) THAT DIRECTORS AND OFFICERS MAY BE ASKED BY WCHN TO PARTICIPATE ON BEHALF OF WCHN AS A DIRECTOR OR OFFICER OF ANOTHER ORGANIZATION, TRADE ASSOCIATION, JOINT VENTURE AND NETWORK. ACCORDINGLY, ANOTHER OBJECTIVE OF THIS POLICY IS TO ENSURE THAT MEMBERS OF THE BOARD OF DIRECTORS AND OFFICERS ARE NOT DISQUALIFIED FROM PARTICIPATION IN WCHN GOVERNANCE BY VIRTUE OF THEIR AFFILIATIONS WITH OTHER INSTITUTIONS OR ENTITIES.

NOTWITHSTANDING THE ABOVE, IT IS POSSIBLE THAT A REPRESENTATIVE MAY HAVE AN ACTUAL OR POTENTIAL CONFLICT OF INTEREST (1) BASED ON PERSONAL INTERESTS OR TRANSACTIONS OR (2) BY VIRTUE OF HIS OR HER RELATIONSHIP AS AN OWNER, CREDITOR, AGENT, OFFICER, DIRECTOR OR EMPLOYEE OF ANOTHER ENTITY. THE OBJECTIVES IDENTIFIED ABOVE WILL BE PROMOTED BY:

(1) FULL DISCLOSURE BY DIRECTORS AND OFFICERS OF ALL PERSONAL AND OUTSIDE INTERESTS THAT MAY AFFECT OR BE AFFECTED BY WCHN'S OPERATIONS OR BY DECISIONS THAT THE REPRESENTATIVE MAKES ON WCHN'S BEHALF AND

(2) ESTABLISHMENT OF GUIDELINES FOR DETERMINING WHEN ACTUAL AND POTENTIAL CONFLICTS OF INTEREST OCCUR AND OF PRINCIPLES AND PROCEDURES FOR ADDRESSING ACTUAL AND POTENTIAL CONFLICTS.

EACH ACTUAL OR POTENTIAL CONFLICT OF INTEREST THAT IS DISCLOSED SHOULD BE CAREFULLY EXAMINED AND APPROPRIATE MEASURES PUT INTO PLACE TO MAINTAIN THE BALANCE BETWEEN ENSURING FAIR AND HONEST DELIBERATIONS AND

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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ENCOURAGING PARTICIPATION OF QUALIFIED REPRESENTATIVES IN WCHN.

THE BOARD OF DIRECTORS OF WCHN RECOGNIZES THE IMPORTANCE TO WCHN OF HAVING A CONSISTENT POLICY APPLICABLE TO THE DIRECTORS AND OFFICERS OF ALL CORPORATIONS WITHIN ITS SYSTEM. THIS POLICY THEREFORE APPLIES TO THE DIRECTORS AND OFFICERS OF WCHN AS WELL AS THE DIRECTORS AND OFFICERS OF DANBURY HOSPITAL, NEW MILFORD HOSPITAL, WESTERN CT HEALTH NETWORK FOUNDATION, INC., THE WESTERN CT HOME CARE, INC., WESTERN CT HEALTH NETWORK AFFILIATES, AND BUSINESS SYSTEMS, INC. AND THE BOARD OF EACH SUCH CORPORATION SHALL TAKE WHATEVER ACTION AS MAY BE NECESSARY TO INSURE THE EFFECTIVENESS OF THIS POLICY.

VOTING. NO DIRECTOR HAVING A CONFLICT OF INTEREST ON ANY MATTER SHALL VOTE ON THAT MATTER OR BE COUNTED IN DETERMINING THE QUORUM FOR THE MEETING AT WHICH THE VOTE IS TAKEN, EVEN WHEN PERMITTED BY LAW. NO REPRESENTATIVE HAVING A CONFLICT OF INTEREST ON ANY MATTER SHALL USE HIS OR HER PERSONAL INFLUENCE ON THE MATTER.

NEED FOR RESIGNATION OR DECISION NOT TO APPOINT. IF THE BOARD OF DIRECTORS, IN ITS SOLE DISCRETION, DETERMINES THAT ANY REPRESENTATIVE HAS CONFLICTS OF INTEREST SUFFICIENT IN NUMBER AND/OR IMPORTANCE THAT THE EFFECTIVENESS OF SUCH REPRESENTATIVE ON BEHALF OF WCHN MAY BE SIGNIFICANTLY IMPAIRED, THE BOARD MAY ASK THE REPRESENTATIVE TO RESIGN.

COMPENSATION REVIEW & APPROVAL PROCESS FOR CEO, EXEC. DIR., OR TOP MGMT

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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FORM 990, PART VI, LINE 15A

COMPENSATION OF CEO:

IN ORDER TO ACHIEVE ITS MISSION AND ITS OVERALL PERFORMANCE OBJECTIVES, WESTERN CONNECTICUT HEALTH NETWORK, INC. EMPLOYS A PERFORMANCE-BASED TOTAL COMPENSATION PROGRAM FOR ITS SENIOR EXECUTIVES THAT IS MARKET COMPETITIVE, COMPLIANT WITH REGULATORY GUIDELINES, AND REPRESENTATIVE OF BEST PRACTICES.

ELIGIBLE EXECUTIVES ARE GENERALLY DIRECT REPORTS OF THE CEO ALONG WITH OTHER EXECUTIVES DESIGNATED BY THE CEO.

INCENTIVE COMPENSATION IS A CRITICAL ELEMENT OF TOTAL COMPENSATION. INCENTIVE COMPENSATION IS INTENDED TO ENCOURAGE AND REWARD EXECUTIVES FOR ACHIEVING OR SURPASSING SPECIFIC SHORT-TERM ORGANIZATIONAL PERFORMANCE OBJECTIVES. THE INCENTIVE PLAN SUPPORTS THE ACCOUNTABILITY AND RESULTS-ORIENTED AT WESTERN CONNECTICUT HEALTH NETWORK INC.

RESULTING CASH COMPENSATION LEVELS WILL BE COMPETITIVE AND WITHIN THE LIMITS CONSIDERED REASONABLE WITH RESPECT TO THE TAXPAYER BILL OF RIGHTS.

EXECUTIVES PARTICIPATE IN THE STANDARD BENEFIT PACKAGE APPLICABLE TO ALL WESTERN CONNECTICUT HEALTH NETWORK, INC. EMPLOYEES. THIS BENEFIT PACKAGE IS TARGETED AT THE 50TH PERCENTILE LEVEL FOR ALL EMPLOYERS.

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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TO MEET WESTERN CONNECTICUT HEALTH NETWORK INC.'S TOTAL COMPENSATION OBJECTIVES FOR EXECUTIVES, THE FOLLOWING SURVEY SOURCES ARE USED FOR COMPARISON PURPOSES:

-BLEND OF NATIONAL CONFIDENTIAL SOURCE, IHS, AND HAY GROUP POINTS HEALTHCARE DATA (WHERE DATA AVAILABLE), PLUS 15% GEOGRAPHIC DIFFERENTIAL. TITLE MATCH DATA CUTS SELECTED BASED ON REVENUE SIZE.

-FOR PHYSICIAN EXECUTIVES, SURVEYS COVERING PHYSICIAN COMPENSATION IN ACCREDITED MEDICAL SCHOOLS (AAMC) ARE USED IN COMBINATION WITH PROPRIETARY SURVEYS COMPILED BY NATIONALLY KNOWN CONSULTING FIRM, SULLIVAN COTTER AND THE MEDICAL GROUP MANAGEMENT ASSOCIATION (MGMA).

THE COMPENSATION CONSULTANT BENCHMARKS WESTERN CONNECTICUT HEALTH NETWORK, INC.'S EXECUTIVE POSITIONS BASED ON JOB DUTIES, SCOPE AND REPORTING RELATIONSHIPS.

PREMIUMS MAY BE APPLIED TO MARKET DATA FOR CERTAIN POSITIONS TO REFLECT RESPONSIBILITIES THAT ARE IN ADDITION TO THOSE INCLUDED IN THE SURVEY POSITION MARKET MATCHES.

WESTERN CONNECTICUT HEALTH NETWORK, INC. TARGETS CASH COMPENSATION AT MARKET COMPETITIVE LEVELS. BASE SALARY PLUS SHORT-TERM (ANNUAL) INCENTIVE AWARDS (TOTAL CASH) APPROXIMATE MARKET COMPETITIVE LEVELS FOR TOTAL CASH COMPENSATION. EXECUTIVE PERFORMANCE IS EXPECTED TO MEET OR

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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EXCEED PREDETERMINED OPERATIONAL AND FINANCIAL METRICS.

OTHER FACTORS, SUCH AS COMPETITIVE MARKET FORCES, JOB PERFORMANCE, UNIQUE QUALIFICATIONS, AND/OR INDIVIDUAL JOB RESPONSIBILITIES ARE ALSO CONSIDERED IN WESTERN CONNECTICUT HEALTH NETWORK, INC'S EXECUTIVE COMPENSATION DECISIONS.

ROLES OF THE COMMITTEE ON GOVERNANCE AND KEY EXECUTIVES IN THE EXECUTIVE COMPENSATION PROCESS:

- THE COMMITTEE ON GOVERNANCE IN CONSULTATION WITH THE CEO AND THE SVP HR SELECTS THE OUTSIDE COMPENSATION CONSULTANTS. THE CURRENT CONSULTANT IS THE HAY GROUP, WHOSE PURPOSE IS TO PROVIDE A VALID INDEPENDENT ASSESSMENT OF THE RELEVANT MARKET RATES AND PAY PRACTICES FOR HEALTHCARE EXECUTIVES, PHYSICIAN EXECUTIVES AND FOR PHYSICIANS IN GENERAL.

- THE COMPENSATION CONSULTING FIRM COMPILES APPROPRIATE MARKET DATA, JOB EVALUATION AND RANKING INFORMATION FOR ALL EXECUTIVES AND PHYSICIANS OF THE ORGANIZATION, EXCLUDING THE CEO, AND WILL SUPPLY THIS MATERIAL TO THE CEO AND SVP HR FOR REVIEW AND AGREEMENT. ONCE THE REPORT IS FINAL IT WILL BE SUPPLIED TO THE COMMITTEE ON GOVERNANCE FOR THEIR CONSIDERATION AND ACCEPTANCE.

-THE COMMITTEE ON GOVERNANCE DETERMINES THE CEO'S SALARY BASED ON OVERALL PERFORMANCE AND MARKET DATA SUPPLIED BY THE OUTSIDE MARKET CONSULTANT.

THE LAST EXECUTIVE COMPENSATION EVALUATION BY AN OUTSIDE CONSULTANT WAS DONE IN NOVEMBER, 2011.

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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THE LAST EXECUTIVE COMPENSATION EVALUATION BY AN OUTSIDE CONSULTANT WAS DONE IN NOVEMBER, 2011.

COMPENSATION REVIEW & APPROVAL PROCESS FOR OFFICERS & KEY EMPLOYEES
FORM 990, PART VI, LINE 15B

COMPENSATION FOR OTHER OFFICERS AND KEY EMPLOYEES:

IN ORDER TO ACHIEVE ITS MISSION AND ITS OVERALL PERFORMANCE OBJECTIVES, WESTERN CONNECTICUT HEALTH NETWORK, INC. EMPLOYS A PERFORMANCE-BASED TOTAL COMPENSATION PROGRAM FOR ITS SENIOR EXECUTIVES THAT IS MARKET COMPETITIVE, COMPLIANT WITH REGULATORY GUIDELINES, AND REPRESENTATIVE OF BEST PRACTICES.

ELIGIBLE EXECUTIVES ARE GENERALLY DIRECT REPORTS OF THE CEO ALONG WITH OTHER EXECUTIVES DESIGNATED BY THE CEO.

INCENTIVE COMPENSATION IS A CRITICAL ELEMENT OF TOTAL COMPENSATION. INCENTIVE COMPENSATION IS INTENDED TO ENCOURAGE AND REWARD EXECUTIVES FOR ACHIEVING OR SURPASSING SPECIFIC SHORT-TERM ORGANIZATIONAL PERFORMANCE OBJECTIVES. THE INCENTIVE PLAN SUPPORTS THE ACCOUNTABILITY AND RESULTS-ORIENTED AT WESTERN CONNECTICUT HEALTH NETWORK INC.

RESULTING CASH COMPENSATION LEVELS WILL BE COMPETITIVE AND WITHIN THE LIMITS CONSIDERED REASONABLE WITH RESPECT TO THE TAXPAYER BILL OF RIGHTS.

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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EXECUTIVES PARTICIPATE IN THE STANDARD BENEFIT PACKAGE APPLICABLE TO ALL WESTERN CONNECTICUT HEALTH NETWORK, INC. EMPLOYEES. THIS BENEFIT PACKAGE IS TARGETED AT THE 50TH PERCENTILE LEVEL FOR ALL EMPLOYERS.

TO MEET WESTERN CONNECTICUT HEALTH NETWORK INC.'S TOTAL COMPENSATION OBJECTIVES FOR EXECUTIVES, THE FOLLOWING SURVEY SOURCES ARE USED FOR COMPARISON PURPOSES:

-BLEND OF NATIONAL CONFIDENTIAL SOURCE, IHS, AND HAY GROUP POINTS HEALTHCARE DATA (WHERE DATA AVAILABLE), PLUS 15% GEOGRAPHIC DIFFERENTIAL. TITLE MATCH DATA CUTS SELECTED BASED ON REVENUE SIZE.

-FOR PHYSICIAN EXECUTIVES, SURVEYS COVERING PHYSICIAN COMPENSATION IN ACCREDITED MEDICAL SCHOOLS (AAMC) ARE USED IN COMBINATION WITH PROPRIETARY SURVEYS COMPILED BY NATIONALLY KNOWN CONSULTING FIRM, SULLIVAN COTTER AND THE MEDICAL GROUP MANAGEMENT ASSOCIATION (MGMA).

THE COMPENSATION CONSULTANT BENCHMARKS WESTERN CONNECTICUT HEALTH NETWORK, INC.'S EXECUTIVE POSITIONS BASED ON JOB DUTIES, SCOPE AND REPORTING RELATIONSHIPS.

PREMIUMS MAY BE APPLIED TO MARKET DATA FOR CERTAIN POSITIONS TO REFLECT RESPONSIBILITIES THAT ARE IN ADDITION TO THOSE INCLUDED IN THE SURVEY POSITION MARKET MATCHES.

WESTERN CONNECTICUT HEALTH NETWORK, INC. TARGETS CASH COMPENSATION MARKET

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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COMPETITIVE LEVELS. BASE SALARY PLUS SHORT-TERM (ANNUAL) INCENTIVE AWARDS (TOTAL CASH) APPROXIMATE MARKET COMPETITIVE LEVELS FOR TOTAL CASH COMPENSATION. EXECUTIVE PERFORMANCE IS EXPECTED TO MEET OR EXCEED PREDETERMINED OPERATIONAL AND FINANCIAL METRICS.

OTHER FACTORS, SUCH AS COMPETITIVE MARKET FORCES, JOB PERFORMANCE, UNIQUE QUALIFICATIONS, AND/OR INDIVIDUAL JOB RESPONSIBILITIES ARE ALSO CONSIDERED IN WESTERN CONNECTICUT HEALTH NETWORK, INC'S EXECUTIVE COMPENSATION DECISIONS.

ROLES OF THE COMMITTEE ON GOVERNANCE OF THE WESTERN CONNECTICUT HEALTH NETWORK, INC. AND KEY EXECUTIVES IN THE EXECUTIVE COMPENSATION PROCESS:

- THE COMMITTEE ON GOVERNANCE IN CONSULTATION WITH THE CEO AND THE SVP HR SELECTS THE OUTSIDE COMPENSATION CONSULTANTS. THE CURRENT CONSULTANT IS THE HAY GROUP, WHOSE PURPOSE IS TO PROVIDE A VALID INDEPENDENT ASSESSMENT OF THE RELEVANT MARKET RATES AND PAY PRACTICES FOR HEALTHCARE EXECUTIVES, PHYSICIAN EXECUTIVES AND FOR PHYSICIANS IN GENERAL.

- THE COMPENSATION CONSULTING FIRM COMPILES APPROPRIATE MARKET DATA, JOB EVALUATION AND RANKING INFORMATION FOR ALL EXECUTIVES AND PHYSICIANS OF THE ORGANIZATION, EXCLUDING THE CEO, AND WILL SUPPLY THIS MATERIAL TO THE CEO AND SVP HR FOR REVIEW AND AGREEMENT. ONCE THE REPORT IS FINAL IT WILL BE SUPPLIED TO THE COMMITTEE ON GOVERNANCE FOR THEIR CONSIDERATION AND ACCEPTANCE.

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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-THE COMMITTEE ON GOVERNANCE DETERMINES THE CEO'S SALARY BASED ON OVERALL PERFORMANCE AND MARKET DATA SUPPLIED BY THE OUTSIDE MARKET CONSULTANT.

THE LAST EXECUTIVE COMPENSATION EVALUATION BY AN OUTSIDE CONSULTANT WAS DONE IN NOVEMBER, 2011.

OTHER ORGANIZATION DOCUMENTS PUBLICLY AVAILABLE
FORM 990, PART VI, LINE 19

THE INFORMATION THAT HAS BEEN POSTED ON THE WESTERN CONNECTICUT HEALTH NETWORK, INC. WEBSITE FOR 2012 INCLUDES:

THE MOST CURRENT AUDITED FINANCIAL STATEMENTS.

ALSO INCLUDED IS THE CODE OF BUSINESS ETHICS, INFORMATION ABOUT OUR COMPLIANCE PROGRAM, AND A COPY OF OUR POLICY REGARDING PREVENTING OF FRAUD, WASTE AND ABUSE.

ALL GOVERNING DOCUMENTS REQUIRED BY LAW ARE MADE AVAILABLE UPON REQUEST.

THE CONFLICT OF INTEREST POLICY IS AVAILABLE UPON REQUEST.

ADDITIONAL OFFICER COMPENSATION INFORMATION
FORM 990, PART VII

FOR ALL OFFICERS AND THE TOP 5 EMPLOYEES, ALTHOUGH ONLY 40 HOURS IS NOTED TO REFLECT PAID HOURS, ACTUALLY WORKED HOURS EXCEEDED THIS AMOUNT.

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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NOTE: ALL AMOUNTS IN COLUMN F, OF PART VII, "ESTIMATED AMOUNT OF OTHER COMPENSATION", REPRESENT BENEFITS, AND DO NOT REFLECT ANY COMPENSATION FOR WHICH THE AVERAGE AMOUNT OF TIME WORKED CAN BE REFLECTED.

JOHN BORRUSO, MD, A FORMER DIRECTOR, WAS PAID DURING CALENDAR YEAR 2011 BY WESTERN CONNECTICUT MEDICAL GROUP IN THE CAPACITY OF A PHYSICIAN.

MORRIS GROSS ALSO RECEIVED 1099 COMPENSATION FROM WESTERN CONNECTICUT HOME CARE, WORKING IN THE CAPACITY OF A PHYSICAL THERAPIST. AVERAGE HOURS COULD NOT BE DETERMINED.

A STIPEND WAS PAID TO DAVID KRAMER, MD, A DIRECTOR, DURING THE YEAR FOR SPINE SURGERY CO-DIRECTORSHIP.

A STIPEND WAS PAID TO NEIL CULLIGAN, MD, A DIRECTOR, DURING THE YEAR FOR STROKE PROGRAM DIRECTORSHIP.

FUNDRAISING EXPENSES

FORM 990, PART IX, COLUMN D

ALTHOUGH CONTRIBUTIONS ARE REFLECTED ON LINE 1 OF PAGE 1 ON FORM 990, ALL FUNDRAISING EXPENSES WERE INCURRED BY THE WESTERN CONNECTICUT HEALTH NETWORK FOUNDATION, INC.

OTHER CHANGES IN NET ASSETS OR FUND BALANCES

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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FORM 990, PART XI, LINE 5

CAPTIVE UBI	-424,261
CHANGE IN EQUITY INTEREST OF WCHNF	5,780,415
CHANGE IN INVESTMENT OF WCHCIC	38,332
EQUITY TRANSFER TO WCHN-W/O OF INTERCOMPANY	-4,911,038
INVESTMENT K-1S	827,780
NET UNREALIZED GAINS OR LOSSES ON INVESTMENTS	19,910,410
PRIOR PERIOD ADJUSTMENT	69,357
TOTAL	21,290,995
PRIOR PERIOD ADJUSTMENT	69,357
TOTAL	21,290,995

ATTACHMENT 1

FORM 990, PART VII, COLUMN B - ESTIMATED AVERAGE PER WEEK

NAME AND TITLE	HOURS DEVOTED FOR RELATED ORGANIZATION
JOHN M MURPHY MD PRESIDENT/CEO	9.00
NEIL CULLIGAN MD DIRECTOR	2.00
DAVID KRAMER MD DIRECTOR	2.00
DAVID CYGANOWSKI TREASURER	2.00
ALPHONSE ALTORELLI MD DIRECTOR	2.00
RICHARD G JABARA DIRECTOR	2.00
ANTHEA DISNEY DIRECTOR	2.00
JOSEPH D SKRZYPCZAK SECRETARY	2.00
SPENCER HOULDIN DIRECTOR	2.00
JOHN R PATRICK DIRECTOR	2.00
BRIAN C WHITE	

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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ATTACHMENT 1 (CONT'D)

DIRECTOR	2.00
JAMES KENNEDY	
CHAIR/VICE CHAIR	6.00
JOHN MARTOCCI (TO 12/31)	
DIRECTOR	6.00
JAY LENT (TO 5/31)	
DIRECTOR	2.00
JOHN C KLINE (TO 12/31)	
DIRECTOR	2.00
STEVEN H ROSENBERG	
CFO	8.00
DONNA KAPLANIS	
ASS'T SECRETARY	8.00
MATTHEW A MILLER MD	
CHIEF MEDICAL OFFICER	4.00
MOREEN O DONAHUE	
SR. VP/CHIEF NURSE EXEC.	1.00
MORRIS GROSS	
VP OF FACILITIES	2.00
JUDITH WARD (TERM 12/8/11)	
VP, MARKETING	2.00
JOHN BORRUSO MD	
WCMG PHYSICIAN	50.00
DOUGLAS MAGAZU	
FINANCE EXEC. (FORMER)	50.00

ATTACHMENT 2

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
SLAM COLLABORATIVE PO BOX 12 BRATTLEBORO, VT 05302-0012	ARCHITECTS	4,362,896.
TOWERS WATSON PENNSYLVANIA, INC. PO BOX 8500 PHILADELPHIA, PA 19178	INVEST. CONSULTANTS	1,438,120.
DANBURY RADIOLOGICAL ASSOCIATES PO BOX 10068 LANCASTER, PA 17605	RADIOLOGY SERVICES	1,202,319.
PRICE WATERHOUSE COOPERS, LLP PO BOX 7247-8001 PHILADELPHIA, PA 19170	CONSULTANTS	870,725.
OASIS TECH. PARTNERS	IT CONSULTANTS	608,735.

Name of the organization DANBURY HOSPITAL	Employer identification number 06-0646597
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ATTACHMENT 2 (CONT'D)

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
175 PORTLAND STREET, 4TH FLOOR BOSTON, MA 02114		
TOTAL COMPENSATION		<u>8,482,795.</u>

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No. 1545-0047

2011

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**

Name of the organization

DANBURY HOSPITAL

Employer identification number

06-0646597

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN 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
(1) -----					
(2) -----					
(3) -----					
(4) -----					
(5) -----					
(6) -----					

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to 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
(1) WEST CT HEALTH NETWORK AFFILIATES 22-2594968 95 LOCUST AVENUE DANBURY, CT 06810	OP HLTHCR SVC	CT	501(C)(3)	9	WCHN	X	
(2) WESTERN CT HEALTH NETWORK, INC. 22-2594977 24 HOSPITAL AVENUE DANBURY, CT 06810	PROGRAM DEVL P	CT	501(C)(3)	11 TYPE 2	N/A		X
(3) WEST CT HEALTH NETWORK FOUNDATION 23-7425557 24 HOSPITAL AVENUE DANBURY, CT 06810	ADMIN CONTRIB	CT	501(C)(3)	7	WCHN	X	
(4) WESTERN CT HOME CARE 06-0655138 4 LIBERTY STREET DANBURY, CT 06810	HOME HLTHCARE	CT	501(C)(3)	9	WCHN	X	
(5) WESTERN CT MEDICAL GROUP, P.C. 06-1137531 14 RESEARCH DRIVE, SUITE 201A BETHEL, CT 06801	PHYSICIAN SVC	CT	501(C)(3)	9	WCHN	X	
(6) THE NEW MILFORD HOSPITAL, INC. 06-0669121 21 ELM STREET NEW MILFORD, CT 06776	ACUTE CARE	CT	501(C)(3)	3	WCHN	X	
(7) NEW MILFORD HOSPITAL FOUNDATION 22-2515011 21 ELM STREET NEW MILFORD, CT 06776	ADMIN CONTRIB	CT	501(C)(3)	7	NMH	X	

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

Schedule R (Form 990) 2011

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to 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	
(1) NEW_MILFORD_MRI_JV_27-1877801 SEE PART VII	IMAGING SERVICES	CT	N/A	N/A	0	0		X	0		X	
(2) -----												
(3) -----												
(4) -----												
(5) -----												
(6) -----												
(7) -----												

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to 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
(1) BUSINESS SYSTEMS, INC. 06-1119262 95 LOCUST AVENUE DANBURY, CT 06810	PHARMACY	CT	N/A	C CORP	0	0	
(2) WEST. CT HEALTH NETWORK INSUR. CO. 98-0438151 10 MAIN STREET, P.O. BOX 1051 GT GRAND CAYMAN, CJ	MALPRACTICE	CJ	N/A	C CORP	11,982,398.	65,787,514.	100.0000
(3) FOUNDATION FOR COMM. HEALTHCARE 06-1437131 95 LOCUST AVENUE DANBURY, CT 06810	INACTIVE	CT	N/A	C CORP	0	0	
(4) MEDICAL SERVICES OF DANBURY 06-1635945 24 HOSPITAL AVENUE DANBURY, CT 06811	HEALTHCARE	CT	WCMG	C CORP	0	0	
(5) -----							
(6) -----							
(7) -----							

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

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

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

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 other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) WEST. CT HEALTH NETWORK AFFILIATES	A	138,352.	COST
(2) WEST. CT HEALTH NETWORK AFFILIATES	K	191,579.	COST
(3) WEST. CT HEALTH NETWORK AFFILIATES	L	509,444.	COST
(4) WEST. CT HEALTH NETWORK AFFILIATES	P	5,334,635.	COST
(5) WEST. CT HEALTH NETWORK AFFILIATES	Q	5,679,197.	COST
(6) WEST. CT HEALTH NETWORK FOUNDATION	A	73,808.	COST

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

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

		Yes	No
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	Sale of assets to related organization(s)		
g	Purchase of assets from related organization(s)		
h	Exchange of assets with related organization(s)		
i	Lease of facilities, equipment, or other assets to related organization(s)		
j	Lease of facilities, equipment, or other assets from related organization(s)		
k	Performance of services or membership or fundraising solicitations for related organization(s)		
l	Performance of services or membership or fundraising solicitations by related organization(s)		
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		
n	Sharing of paid employees with related organization(s)		
o	Reimbursement paid to related organization(s) for expenses		
p	Reimbursement paid by related organization(s) for expenses		
q	Other transfer of cash or property to related organization(s)		
r	Other transfer of cash or property from related organization(s)		

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 other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	WEST. CT HEALTH NETWORK FOUNDATION	C	7,792,719.	COST
(2)	WEST. CT HEALTH NETWORK FOUNDATION	J	54,797.	COST
(3)	WEST. CT HEALTH NETWORK FOUNDATION	K	67,423.	COST
(4)	WEST. CT HEALTH NETWORK FOUNDATION	P	4,868,899.	COST
(5)	WEST. CT HEALTH NETWORK FOUNDATION	Q	2,312,350.	COST
(6)	WESTERN CT HOME CARE, INC.	P	751,908.	COST

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

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

		Yes	No
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	Sale of assets to related organization(s)		
g	Purchase of assets from related organization(s)		
h	Exchange of assets with related organization(s)		
i	Lease of facilities, equipment, or other assets to related organization(s)		
j	Lease of facilities, equipment, or other assets from related organization(s)		
k	Performance of services or membership or fundraising solicitations for related organization(s)		
l	Performance of services or membership or fundraising solicitations by related organization(s)		
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		
n	Sharing of paid employees with related organization(s)		
o	Reimbursement paid to related organization(s) for expenses		
p	Reimbursement paid by related organization(s) for expenses		
q	Other transfer of cash or property to related organization(s)		
r	Other transfer of cash or property from related organization(s)		

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 other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	WESTERN CT HOME CARE, INC.	Q	964,685.	COST
(2)	WESTERN CT MEDICAL GROUP, P.C.	A	1,981,689.	COST
(3)	WESTERN CT MEDICAL GROUP, P.C.	K	2,420,280.	COST
(4)	WESTERN CT MEDICAL GROUP, P.C.	L	49,768,640.	COST
(5)	WESTERN CT MEDICAL GROUP, P.C.	N	5,872,853.	COST
(6)	WESTERN CT MEDICAL GROUP, P.C.	P	4,410,424.	COST

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

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

		Yes	No
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	Sale of assets to related organization(s)		
g	Purchase of assets from related organization(s)		
h	Exchange of assets with related organization(s)		
i	Lease of facilities, equipment, or other assets to related organization(s)		
j	Lease of facilities, equipment, or other assets from related organization(s)		
k	Performance of services or membership or fundraising solicitations for related organization(s)		
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o	Reimbursement paid to related organization(s) for expenses		
p	Reimbursement paid by related organization(s) for expenses		
q	Other transfer of cash or property to related organization(s)		
r	Other transfer of cash or property from related organization(s)		

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 other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	WESTERN CT MEDICAL GROUP, P.C.	Q	47,673,353.	COST
(2)	WESTERN CT MEDICAL GROUP, P.C.	R	116,037.	COST
(3)	THE NEW MILFORD HOSPITAL, INC.	H	276,250.	COST
(4)	THE NEW MILFORD HOSPITAL, INC.	K	824,097.	COST
(5)	THE NEW MILFORD HOSPITAL, INC.	N	2,773,965.	COST
(6)	THE NEW MILFORD HOSPITAL, INC.	P	11,176,809.	COST

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

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

		Yes	No
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	Sale of assets to related organization(s)		
g	Purchase of assets from related organization(s)		
h	Exchange of assets with related organization(s)		
i	Lease of facilities, equipment, or other assets to related organization(s)		
j	Lease of facilities, equipment, or other assets from related organization(s)		
k	Performance of services or membership or fundraising solicitations for related organization(s)		
l	Performance of services or membership or fundraising solicitations by related organization(s)		
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		
n	Sharing of paid employees with related organization(s)		
o	Reimbursement paid to related organization(s) for expenses		
p	Reimbursement paid by related organization(s) for expenses		
q	Other transfer of cash or property to related organization(s)		
r	Other transfer of cash or property from related organization(s)		

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 other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	THE NEW MILFORD HOSPITAL, INC.	Q	9,192,629.	COST
(2)	THE NEW MILFORD HOSPITAL, INC.	R	1,337,258.	COST
(3)	BUSINESS SYSTEMS, INC.	A	198,257.	COST
(4)	BUSINESS SYSTEMS, INC.	P	10,254,572.	COST
(5)	BUSINESS SYSTEMS, INC.	Q	10,200,518.	COST
(6)	WEST. CT HEALTH NETWORK INSURANCE CO., LTD	O	10,034,119.	COST

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

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

	Yes	No
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	1a	
b Gift, grant, or capital contribution to related organization(s)	1b	
c Gift, grant, or capital contribution from related organization(s)	1c	
d Loans or loan guarantees to or for related organization(s)	1d	
e Loans or loan guarantees by related organization(s)	1e	
f Sale of assets to related organization(s)	1f	
g Purchase of assets from related organization(s)	1g	
h Exchange of assets with related organization(s)	1h	
i Lease of facilities, equipment, or other assets to related organization(s)	1i	
j Lease of facilities, equipment, or other assets from related organization(s)	1j	
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	
n Sharing of paid employees with related organization(s)	1n	
o Reimbursement paid to related organization(s) for expenses	1o	
p Reimbursement paid by related organization(s) for expenses	1p	
q Other transfer of cash or property to related organization(s)	1q	
r Other transfer of cash or property from related organization(s)	1r	

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 other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) WEST. CT HEALTH NETWORK INSURANCE CO., LTD	P	7,679,716.	COST
(2) WEST. CT HEALTH NETWORK INSURANCE CO., LTD	Q	7,775,212.	COST
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(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		Yes	No	
(1) -----													
(2) -----													
(3) -----													
(4) -----													
(5) -----													
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Part VII **Supplemental Information**

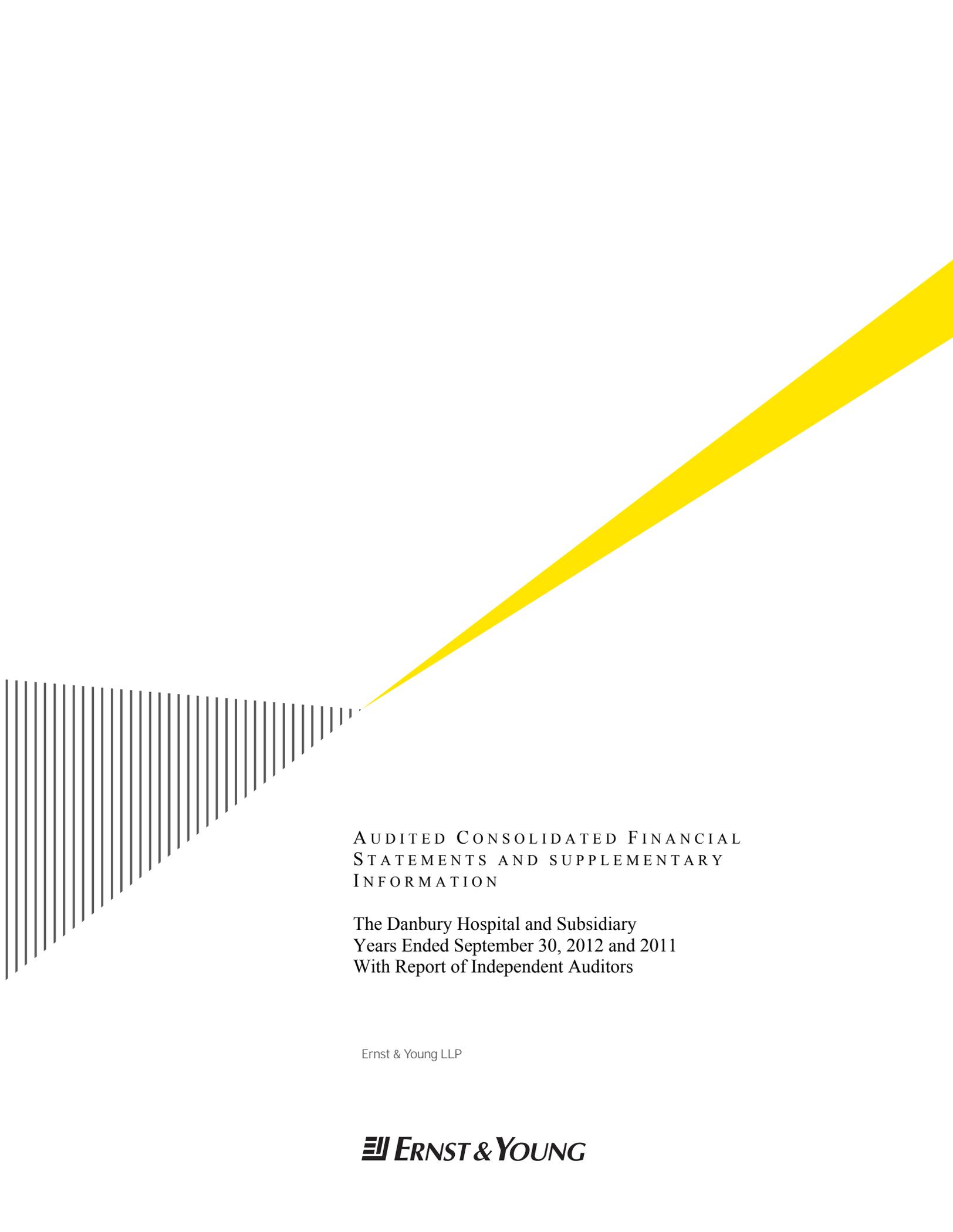
Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

SCHEDULE R, PART III

NEW MILFORD MRI JV, LLC

21 ELM STREET

NEW MILFORD, CT 06776



AUDITED CONSOLIDATED FINANCIAL
STATEMENTS AND SUPPLEMENTARY
INFORMATION

The Danbury Hospital and Subsidiary
Years Ended September 30, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

The Danbury Hospital and Subsidiary
Audited Consolidated Financial Statements
and Supplementary Information

Years Ended September 30, 2012 and 2011

Contents

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Report of Independent Auditors

Board of Directors
The Danbury Hospital

We have audited the accompanying consolidated balance sheets of The Danbury Hospital and Subsidiary (the Hospital) as of September 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Western Connecticut Health Network Insurance Co., Ltd. (the Company), a subsidiary of the Hospital, which statements reflect total assets of 8% and 7% as of September 30, 2012 and 2011, respectively, and total revenues of 2%, for the years then ended, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Company, is based solely on the report of the other auditors.

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

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Danbury Hospital and Subsidiary at September 30, 2012 and 2011, and the consolidated results of their operations and changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

January 25, 2013

The Danbury Hospital and Subsidiary

Consolidated Balance Sheets

	September 30	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 54,460,115	\$ 36,610,270
Current portion of assets limited as to use	900,896	1,273,013
Accounts receivable, less allowance for uncollectible accounts of approximately \$12,322,000 in 2012 and \$11,261,000 in 2011	60,038,935	53,313,528
Current portion of due from related parties	8,730,837	6,009,891
Inventories	9,333,372	8,853,966
Prepaid expenses and other	14,940,018	15,544,259
Total current assets	148,404,173	121,604,927
Assets limited as to use:		
Construction funds	100,552,317	125,248,424
Investments in WCHNIC	59,508,868	50,837,322
Total noncurrent assets limited as to use	160,061,185	176,085,746
Investments	173,599,412	151,523,870
Other assets	156,415	-
Due from related parties	8,172,413	5,905,152
Interest in Western Connecticut Health Network Foundation, Inc.	78,906,136	73,125,721
Property, plant and equipment:		
Land and land improvements	9,904,877	8,458,354
Buildings and building improvements	286,763,195	265,771,375
Equipment and other	229,444,069	218,310,465
Construction in progress (estimated cost to complete at September 30, 2012: \$111,203,000)	39,100,951	27,578,848
	565,213,092	520,119,042
Less accumulated depreciation	322,977,997	299,833,683
	242,235,095	220,285,359
Bond issuance costs, net	4,628,949	5,779,765
Total assets	\$ 816,163,778	\$ 754,310,540

	September 30	
	2012	2011
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 25,455,839	\$ 27,363,171
Payroll-related accruals	20,868,119	12,263,559
Due to third-party payors	9,985,351	11,107,547
Interest payable	1,624,480	1,803,683
Other accrued expenses	3,553,987	4,070,796
Current portion of long-term debt	1,555,000	2,515,000
Total current liabilities	<u>63,042,776</u>	<u>59,123,756</u>
Self-insurance liabilities	42,317,667	39,197,898
Other long-term liabilities	16,602,236	15,647,308
Long-term debt, less current portion	249,580,000	252,100,000
Net assets:		
Unrestricted	386,002,265	332,255,763
Temporarily restricted	29,794,088	27,787,449
Permanently restricted	28,824,746	28,198,366
Total net assets	<u>444,621,099</u>	<u>388,241,578</u>
Total liabilities and net assets	<u><u>\$ 816,163,778</u></u>	<u><u>\$ 754,310,540</u></u>

See accompanying notes.

The Danbury Hospital and Subsidiary

Consolidated Statements of Operations and Changes in Net Assets

	Year Ended September 30	
	2012	2011
Unrestricted revenues:		
Net patient service revenue	\$ 521,836,000	\$ 497,720,490
Provision for bad debt <i>(see Note 1)</i>	19,413,218	18,183,085
Net patient service revenue less provision for bad debt	502,422,782	479,537,405
Other operating revenues	27,310,465	19,846,375
	529,733,247	499,383,780
Expenses:		
Salaries, benefits and fees	313,980,347	308,540,688
Supplies and other	139,049,312	130,649,238
Insurance	11,680,311	8,742,635
Depreciation and amortization	31,663,499	27,369,949
Interest	4,156,059	4,587,742
	500,529,528	479,890,252
Income from operations	29,203,719	19,493,528
Nonoperating income:		
Investment income, net	1,690,407	6,100,396
Change in unrealized gains and losses on investments	19,910,410	(1,979,439)
Change in equity interest in unrestricted net assets of the Western Connecticut Health Network Foundation, Inc.	2,571,725	71,435
	24,172,542	4,192,392
Excess of revenues over expenses	53,376,261	23,685,920

Continued on next page.

The Danbury Hospital and Subsidiary

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

	Year Ended September 30	
	2012	2011
Unrestricted net assets:		
Excess of revenues over expenses (continued)	\$ 53,376,261	\$ 23,685,920
Change in equity interest of the Western Connecticut Health Network Foundation, Inc.	575,671	(4,066,145)
Transfers from the Western Connecticut Health Network Foundation, Inc.	4,705,608	9,075,863
Transfers to Western Connecticut Health Network, Inc.	(4,911,038)	(64,474,111)
Increase (decrease) in unrestricted net assets	53,746,502	(35,778,473)
Temporarily restricted net assets:		
Change in equity interest of the Western Connecticut Health Network Foundation, Inc.	2,006,639	(436,831)
Increase (decrease) in temporarily restricted net assets	2,006,639	(436,831)
Permanently restricted net assets:		
Change in equity interest of the Western Connecticut Health Network Foundation, Inc.	626,380	451,755
Increase in permanently restricted net assets	626,380	451,755
Increase (decrease) in net assets	56,379,521	(35,763,549)
Net assets at beginning of year	388,241,578	424,005,127
Net assets at end of year	\$ 444,621,099	\$ 388,241,578

See accompanying notes.

The Danbury Hospital and Subsidiary
Consolidated Statements of Cash Flows

	Year Ended September 30	
	2012	2011
Operating activities and other income		
Increase (decrease) in net assets	\$ 56,379,521	\$ (35,763,549)
Adjustments to reconcile change in net assets to net cash provided by operating activities and other income:		
Depreciation and amortization	31,663,499	27,369,949
Change in unrealized gains and losses on investments	(19,910,410)	1,979,439
(Increase) decrease in equity interest in net assets of the Western Connecticut Health Network Foundation, Inc.	(5,780,415)	3,979,786
Transfers from the Western Connecticut Health Network Foundation, Inc.	(4,705,608)	(9,075,863)
Transfers to Western Connecticut Health Network, Inc.	4,911,038	64,474,111
Provision for bad debt	19,413,218	18,183,085
Increase in other long-term liabilities	954,928	1,468,883
Increase in self-insurance liabilities	3,119,769	4,213,901
Changes in operating assets and liabilities (<i>see Note 11</i>)	(21,291,185)	(17,222,009)
Net cash provided by operating activities and other income	64,754,355	59,607,733
Investing activities		
Additions to property, plant and equipment, net	(53,613,235)	(64,479,026)
Increase in due from related parties and transfers to Western Connecticut Health Network, Inc.	(9,899,245)	(28,368,069)
Decrease (increase) in investments, net and assets limited as to use	14,231,546	(102,992,216)
Net cash used in investing activities	(49,280,934)	(195,839,311)
Financing activities		
Proceeds of issuance of bonds	41,030,816	172,402,621
Payments of long-term debt	(43,360,000)	(35,125,000)
Transfers from the Western Connecticut Health Network Foundation, Inc.	4,705,608	9,075,863
Net cash provided by financing activities	2,376,424	146,353,484
Net increase in cash and cash equivalents	17,849,845	10,121,906
Cash and cash equivalents at beginning of year	36,610,270	26,488,364
Cash and cash equivalents at end of year	\$ 54,460,115	\$ 36,610,270

See accompanying notes.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2012

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

The Danbury Hospital (the Hospital) is a voluntary, nonprofit association incorporated under the General Statutes of the State of Connecticut, and is a wholly owned subsidiary of Western Connecticut Health Network, Inc. The Board of the Hospital is appointed by Western Connecticut Health Network, Inc.

The accompanying consolidated financial statements include the accounts of the Hospital and the Hospital's wholly owned subsidiary, Western Connecticut Health Network Insurance Co., Ltd. (WCHNIC). All material intercompany transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related footnotes. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

Regulatory Matters

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

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with maturities of three months or less at date of purchase other than amounts held in the investment portfolio and assets limited as to use. Cash and cash equivalents are maintained with domestic financial institutions with deposits that exceed federally insured limits. It is the Hospital's policy to monitor the financial strength of these institutions.

Investments

The Hospital's investment portfolio reported in the accompanying balance sheets is designated as trading, with realized and unrealized gains and losses included in the excess of revenues over expenses.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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

Alternative investments (nontraditional, not-readily-marketable assets), some of which are structured such that the Hospital holds limited partnership interests, are reported based upon net asset value and derived from the application of the equity method of accounting. Individual investment holdings within the alternative investments may, in turn, include investments in both nonmarketable and market-traded securities. Valuations of these investments and, therefore, the Hospital's holdings, may be determined by the investment manager or general partner, and for "fund of funds" investments are primarily based on financial data supplied by the underlying investee funds. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. The Hospital accounts for these investments using the equity method of accounting and reports its share of the increase or decrease in the funds value as investment gain or loss. The financial statements of the investees are audited annually by independent auditors, although the timing for reporting the results of such audits does not coincide with the Hospital's annual consolidated financial statement reporting.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time frame or purpose. Temporarily restricted net assets primarily consist of contributions restricted for certain health care services. Permanently restricted net assets, which are primarily endowment gifts and assets held in trusts by others, have been restricted by donors and are to be maintained in perpetuity.

Assets Limited as to Use

Assets limited as to use represent assets set aside by the Board of Directors for the purpose of providing for future improvement, expansion and replacement of plant and equipment; assets held by trustees under indenture agreements related to financing activities with the State of Connecticut Health and Educational Facilities Authority (CHEFA); and investments held by WCHNIC. Assets limited as to use are reported at fair value based upon quoted market prices. The portion of amounts required for funding current liabilities is included in current assets.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Patient Accounts Receivable

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

The Hospital's estimation of the allowance for uncollectible accounts is based primarily upon the type and age of the patient accounts receivable and the effectiveness of the Hospital's collection efforts. The Hospital's policy is to reserve a portion of all self-pay receivables, including amounts due from the uninsured and amounts related to co-payments and deductibles, as these charges are recorded. On a monthly basis, the Hospital reviews its accounts receivable balances and various analytics to support the basis for its estimates. These efforts primarily consist of reviewing the following:

- Historical write-off and collection experience using a hindsight or look-back approach;
- Revenue and volume trends by payor, particularly the self-pay components;
- Changes in the aging and payor mix of accounts receivable, including increased focus on accounts due from the uninsured and accounts that represent co-payments and deductibles due from patients;
- Cash collections as a percentage of net patient revenue less the provision for bad debt; and
- Trending of days revenue in accounts receivable

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

The Hospital's primary concentration of credit risk is patient accounts receivable, which consists of amounts owed by various governmental agencies, insurance companies and private patients. The Hospital manages the receivables by regularly reviewing its patient accounts and contracts, and by providing appropriate allowances for uncollectible amounts. Significant concentrations of gross patient accounts receivable include 30% and 14%, and 30% and 13%, for Medicare and Medicaid, respectively, at September 30, 2012 and 2011, respectively.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. The Hospital provides for depreciation of property, plant and equipment using the straight-line method in amounts sufficient to depreciate the cost of the assets over their estimated useful lives.

Conditional asset retirement obligations amounted to \$396,262 and \$464,904 as of September 30, 2012 and 2011, respectively. These obligations are recorded in other long-term liabilities in the accompanying consolidated balance sheets. There are no assets that are legally restricted for purposes of settling asset retirement obligations. During 2012 and 2011, retirement obligations incurred and settled were minimal.

Bond Issuance Costs

Discounts and deferred costs related to the issuance of bonds are amortized over the period the obligation is outstanding, using the bonds outstanding method. Accumulated amortization of discounts and deferred costs were \$1,569,849 and \$1,347,238 at September 30, 2012 and 2011, respectively.

Inventories

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

Excess of Revenues over Expenses

The consolidated statements of operations and changes in net assets include the excess of revenues over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from the excess of revenues over expenses, include permanent transfers of assets to and from affiliates for other than goods and services and changes in the equity interest of the Western Connecticut Health Network Foundation, Inc.

Transactions deemed by management to be ongoing, major or central to the provision of health care services are reported within income from operations.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying value of financial instruments classified as current assets and current liabilities as of September 30, 2012 and 2011 approximate fair value based on current market conditions. The fair values of other financial instruments are disclosed in the respective notes and/or in Note 4.

Pension Plan

The Hospital participates in a noncontributory defined benefit pension plan sponsored by Western Connecticut Health Network, Inc. covering substantially all of its employees. Contributions are made to the plan in amounts sufficient to meet the Employee Retirement Income Security Act's minimum funding requirements. Net periodic pension expense allocated to the Hospital was \$16,688,567 and \$20,984,556 for 2012 and 2011, respectively. In 2012, the defined benefit pension plan was frozen. The Network established a defined contribution plan for all employees. Pension expense related to the defined contribution plan was \$5,721,897 for the year ended September 30, 2012. During 2011, the Hospital transferred net assets of \$26,813,388 to Western Connecticut Health Network, Inc. relating to the funding the Hospital made to the defined benefit pension plan.

Western Connecticut Health Network, Inc.'s defined benefit pension plan had estimated projected benefit obligations of \$525,237,935 and \$406,545,972 at September 30, 2012 and 2011, respectively, and the fair value of plan assets were \$384,083,218 and \$315,609,522 at September 30, 2012 and 2011, respectively. The discount rate was 4.23% and 5.58% for the years ended September 30, 2012 and 2011, respectively.

Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital is also exempt from state and local taxes. WCHNIC is a foreign corporation exempt from U.S. taxation and is not subject to taxes under the Cayman Islands tax concessions law.

At September 30, 2012, the Hospital has net operating loss carryforwards from unrelated business activities of approximately \$38,744,000, which began expiring in 2009. A deferred tax asset for these losses of approximately \$15,497,600 is offset by a corresponding valuation allowance of the same amount due to the uncertainty of utilizing the deferred tax asset in future periods.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Interest in the Western Connecticut Health Network Foundation, Inc.

The interest in the Western Connecticut Health Network Foundation, Inc. represents the Hospital's interest in the net assets of the Western Connecticut Health Network Foundation, Inc. and is accounted for in accordance with ASC 958-20, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others* (see Note 10).

Reclassifications

Certain 2011 amounts have been reclassified to conform to the 2012 presentation. These reclassifications are not material to the overall consolidated financial statements.

Adoption of New Accounting Standards

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") No. 2010-23, *Measuring Charity Care for Disclosure*. The new guidance requires that the level of charity care provided be presented based on the direct and indirect costs of the charity services provided. Separate disclosure of the amount of any cash reimbursements received for providing charity care must also be disclosed. The new disclosure requirements became effective for the Hospital on October 1, 2011 and are included in the accompanying consolidated financial statements for all periods presented (see Note 2).

In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The new guidance requires the Hospital to change the presentation of its statement of operations by reclassifying the provision for bad debts associated with patient service revenue (net of contractual allowances and discounts) from an operating expense to a deduction from patient service revenue. Additionally, the Hospital is required to provide enhanced disclosures about its policies for recognizing revenue and assessing bad debts, as well as qualitative and quantitative information about changes in the allowance for uncollectible accounts. The new guidance was adopted by the Hospital as of and for the year ended September 30, 2012 and retrospectively applied the presentation requirements for the year ended September 30, 2011.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue and Charity Care

The following summarizes net patient service revenue:

	Year Ended September 30	
	2012	2011
Gross patient service revenue	\$ 1,177,078,060	\$ 1,113,153,089
Deductions:		
Allowances	641,272,278	604,036,581
Charity care (at charges)	13,969,782	11,396,018
	655,242,060	615,432,599
Net patient service revenue	521,836,000	497,720,490
Provision for bad debt	19,413,218	18,183,085
Net patient service revenue less provision for bad debt	\$ 502,422,782	\$ 479,537,405

During 2012 and 2011, approximately 32% and 7%, and 33% and 6%, respectively, of net patient service revenue was received under the Medicare and Medicaid programs, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. The Hospital believes it is in compliance with all applicable laws and regulations. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital.

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. The difference is accounted for as allowances. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, fee-for-service, discounted charges and per diem payments. Net patient service revenue is affected by the State of Connecticut Disproportionate Share program and is reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. During 2012 and 2011, the Hospital recorded increases in net patient service revenue of approximately \$6,875,000 and \$2,300,000, respectively, related to changes in previously estimated third party payor settlements.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

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

The Hospital has established estimates based on information presently available, of amounts due to or from Medicare, Medicaid and third-party payors for adjustments to current and prior year payment rates, based on industry-wide and Hospital-specific data. Such amounts are included in the accompanying balance sheets.

Patient service revenue, net of contractual allowances and before the provision for bad debts, recognized in the period from major payor sources for the year ended September 30, 2012, is as follows:

Third-party payors	\$ 499,154,107
Self-pay patients	<u>36,651,675</u>
	<u>\$ 535,805,782</u>

It is the policy of the Hospital to provide necessary care to all persons seeking treatment without discrimination on the grounds of age, race, creed, national origin or any other grounds unrelated to an individual's need for the service or the availability of the needed service at the Hospital. A patient is classified as a charity care patient by reference to 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, but also includes certain cases where incurred charges are significant when compared to a responsible party's income. Those charges are not included in net patient service revenue for financial reporting purposes.

The estimated cost of charity care provided was approximately \$5,700,000 and \$4,700,000 for the years ended September 30, 2012 and 2011, respectively. The estimated cost of charity care is based on the ratio of cost to charges, as determined by hospital specific data.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

3. Investments and Assets Limited as to Use

The composition of investments and assets limited as to use is set forth in the following table:

	September 30	
	2012	2011
Cash and cash equivalents	\$ 427,998	\$ 1,430,645
Money market funds	101,453,213	126,521,437
Common collective funds	67,236,615	59,122,057
Fixed income securities	56,444,462	50,738,895
Mutual funds	91,392,277	81,244,459
Alternative investments (at equity method)	17,606,928	9,825,136
	<u>\$ 334,561,493</u>	<u>\$ 328,882,629</u>

Investment income, net included in non-operating income for the year ended September 30 consists of:

	2012	2011
Interest and dividend income	\$ 1,833,787	\$ 4,520,294
Realized gains and losses, net and equity income on alternative investments	(143,380)	1,580,102
	<u>\$ 1,690,407</u>	<u>\$ 6,100,396</u>

4. Fair Values of Financial Instruments

For assets and liabilities required to be measured at fair value, the Hospital measures fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are applied based on the unit of account from the Hospital's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated) for purposes of applying other accounting pronouncements.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

4. Fair Values of Financial Instruments (continued)

The Hospital follows a valuation hierarchy that is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

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

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

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

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

Financial assets carried at fair value in the accompanying consolidated balance sheets are classified in the table below in one of the three categories described above:

	September 30, 2012			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 54,460,115	\$ —	\$ —	\$ 54,460,115
Investments and assets limited as to use:				
Cash and cash equivalents	427,998	—	—	427,998
Money market funds	101,453,213	—	—	101,453,213
Domestic equity:				
Common collective funds	—	46,981,107	—	46,981,107
International equity:				
Common collective funds	—	17,531,854	—	17,531,854
Fixed income:				
Mutual funds	91,392,277	—	—	91,392,277
Securities	40,392,934	16,051,528	—	56,444,462
Other:				
Common collective funds	—	2,723,654	—	2,723,654
	<u>\$ 288,126,537</u>	<u>\$ 83,288,143</u>	<u>\$ —</u>	<u>\$ 371,414,680</u>

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

4. Fair Values of Financial Instruments (continued)

The amounts reported in the table above do not include alternative investments totaling \$17,606,928 that are accounted for under the equity method of accounting.

	September 30, 2011			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 36,610,270	\$ –	\$ –	\$ 36,610,270
Investments and assets limited as to use:				
Cash and cash equivalents	1,430,645	–	–	1,430,645
Money market funds	126,521,437	–	–	126,521,437
Domestic equity:				
Common collective funds	–	44,096,534	–	44,096,534
International equity:				
Common collective funds	–	15,025,523	–	15,025,523
Fixed income:				
Mutual funds	81,244,459	–	–	81,244,459
Securities	27,264,022	23,474,873	–	50,738,895
	\$ 273,070,833	\$ 82,596,930	\$ –	\$ 355,667,763

The amounts reported in the table above do not include alternative investments totaling \$9,825,136 that are accounted for under the equity method of accounting.

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

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt and Credit Facility

Long-term debt consisted of the following:

	September 30	
	2012	2011
Hospital revenue bonds financed with CHEFA:		
Series G	\$ —	\$ 39,700,000
Series H	39,615,000	41,560,000
Intercompany debt with Western Connecticut Health Network, Inc.	211,520,000	173,355,000
	251,135,000	254,615,000
 Less current portion	 1,555,000	 2,515,000
	\$ 249,580,000	\$ 252,100,000

The following is a summary of the combined aggregate amount of maturities and sinking fund requirements of the aforementioned obligations at September 30, 2012 according to their long-term amortization schedule:

2013	\$ 1,555,000
2014	2,880,000
2015	4,925,000
2016	5,485,000
2017	5,700,000
Thereafter	230,590,000
	\$ 251,135,000

The fair value of the Hospital's long-term debt as determined by the Hospital's investment advisor using a discounted cash flow analysis was approximately \$263,780,000 and \$248,699,000 at September 30, 2012 and 2011, respectively. The Hospital paid interest of \$8,210,188 and \$4,282,932 in 2012 and 2011, respectively. The Hospital has capitalized interest of approximately \$3,746,000 and \$863,000 in September 30, 2012 and 2011, respectively. Debt service funds held under bond indenture agreements for Series G Bonds, Series H Bonds and Series N Bonds were \$900,896 and \$1,273,013 at September 30, 2012 and 2011, respectively.

The Series G revenue bonds (Series G Bonds) were scheduled to mature from 2012 through 2029 at an average coupon rate of 5.63%. The proceeds of the Series G Bonds were used to construct a new Cancer Center and to reimburse the Hospital for equipment purchases made during fiscal

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt and Credit Facility (continued)

year 1999. The scheduled payment of principal and interest on the Series G Bonds was guaranteed by an insurance policy issued by a commercial insurer. In November 2011, the Series G bonds were refunded by Western Connecticut Health Network Issue, Series N CHEFA revenue bonds (Series N Bonds).

The Series H revenue bonds (Series H Bonds) mature from 2030 through 2036 at an average coupon rate of 4.425%. The proceeds of the Series H Bonds were used for the construction, renovation and equipping of an outpatient diagnostic building with approximately 28,000 square feet of medical office space, a 381-space parking garage, a 264-space surface parking lot and to fund capitalized interest. The scheduled payment of principal and interest on the Series H Bonds when due is guaranteed by an insurance policy issued by a commercial insurer.

Under the terms of the Series H Bonds financing arrangements between the Hospital and the Western Connecticut Health Network Foundation, Inc. (the Obligated Group) and CHEFA, the proceeds of the revenue bonds were loaned to the Hospital. The Hospital is obligated to provide amounts sufficient to pay the principal and interest due on the Series H Bonds. The Master Indentures and Supplemental Master Indentures provide for the potential establishment and maintenance of a Debt Service Reserve Fund and a pledge of gross receipts, as defined. The Master Indentures also establish a debt service coverage ratio requirement and restricts the incurrence of certain indebtedness by the Obligated Group. No violations of financial covenants existed as of September 30, 2012 or 2011.

In 2011, Western Connecticut Health Network, Inc. issued three series of bonds. The Obligated Group was expanded to also include Western Connecticut Health Network, Inc., New Milford Hospital, New Milford Hospital Foundation, Inc. and Western Connecticut Medical Group, P.C. All proceeds from the bonds were used to finance Hospital capital projects. All members of the Obligated Group are jointly and severally liable under the Master Indenture to make all payments required with respect to obligations under the Master Indenture. The bonds are reflected as intercompany debt in the schedule above, and include:

The Series K revenue bonds (Series K Bonds) were issued in the amount of \$33,035,000. The Series K Bonds bear interest at the bank purchase rate (1.446% and 1.972% at September 30, 2012 and 2011, respectively) and mature serially from September 30, 2011 to September 30, 2036.

The Series M revenue bonds (Series M Bonds) were issued in the aggregate principle of \$46,030,000, with interest payable initially on January 1, 2012 and semiannually on each January 1 and July 1 thereafter. The Series M Bonds will bear interest at rates ranging from

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt and Credit Facility (continued)

5.000% to 5.375% and are scheduled to mature from July 1, 2031 to July 1, 2041. The Series M Bonds are also subject to annual sinking fund installments commencing in 2024 through scheduled maturity. The Series L Revenue Bonds (Series L Bonds) of \$96,000,000 were issued concurrently with Series M Bonds and are subject to annual sinking fund installments commencing July 1, 2015 and continuing through final maturity on July 1, 2041. The Series L Bonds bear interest at the bank purchase rate (1.355% and 1.348% at September 30, 2012 and 2011, respectively). The proceeds of the Series L Bonds and Series M Bonds are being used for funding the planning, design, acquisition, construction, equipping and furnishing of the Hospital's new patient tower, expansion of a parking garage, capital improvements and to fund capitalized interest.

In 2012, Western Connecticut Health Network, Inc. issued Series N Bonds in the amount of \$39,880,000 and bear interest at rates between 3% and 5%. The Series N Bonds mature serially from July 1, 2014 to July 1, 2029. The proceeds of the Series N Bonds were used to refund the Hospital's Series G Bonds.

6. Commitments and Contingencies

Malpractice claims have been asserted against the Hospital by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. In addition, the Hospital is a party to various lawsuits incidental to its business. Management believes that the claims and lawsuits will not have a material adverse effect on the Hospital's financial position.

The Hospital has several operating lease agreements for certain real estate and equipment. Certain of these leases have renewal options for periods up to five years and escalation clauses. Rent is payable in equal monthly installments. Rent expense was \$7,062,202 and \$5,857,937 for the years ended September 30, 2012 and 2011, respectively.

The future minimum lease payments are as follows:

2013	\$ 7,281,518
2014	4,944,467
2015	4,280,102
2016	3,815,329
2017	3,669,318
Thereafter	<u>12,359,341</u>
	<u>\$ 36,350,075</u>

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

7. Related Party Transactions

The Hospital has recorded amounts due from related parties as follows:

	September 30	
	2012	2011
Western Connecticut Health Network Affiliates, Inc.	\$ 627,583	\$ 408,534
The New Milford Hospital, Inc.	8,258,912	8,315,822
Business Systems, Inc.	2,740,137	1,543,248
Western Connecticut Health Network Foundation, Inc.	463,421	765,775
Western Connecticut Home Care, Inc.	346,733	74,202
Western Connecticut Medical Group, P.C.	4,466,464	807,462
	\$ 16,903,250	\$ 11,915,043

The Hospital earned income from related parties as follows:

	Year Ended September 30	
	2012	2011
Western Connecticut Health Network Affiliates, Inc.	\$ 138,352	\$ 139,850
Western Connecticut Medical Group, P.C.	1,988,697	1,764,159
Western Connecticut Health Network Foundation, Inc.	75,269	71,915
The New Milford Hospital, Inc.	609,784	493,259
Business Systems, Inc.	198,257	265,365
	\$ 3,010,359	\$ 2,734,548

Western Connecticut Medical Group, P.C. (WCMG) is a tax exempt professional corporation which provides medical services to the Hospital. Charges for physician services provided to the Hospital by WCMG were \$49,768,640 and \$40,419,666 for the years ended September 30, 2012 and 2011, respectively.

In 2012 and 2011, respectively, the Hospital transferred net assets of \$4,911,038 and \$64,474,111 to Western Connecticut Health Network, Inc. relating to funding the Hospital made to the defined benefit pension plan, benefits paid on their behalf and to forgive intercompany debt of WCMG and other affiliates.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

8. Professional Liability Self-Insurance

Effective October 1, 2004, the Hospital formed a captive insurance company, WCHNIC, domiciled in the Cayman Islands, to provide alternative professional liability insurance to the Hospital and WCMG, as well as providing community doctors with a competitive professional liability insurance option.

Coverage for medical malpractice insurance is on a claims-made basis. The coverage limits are \$5,000,000 per claim and \$25,000,000 in the aggregate. The excess indemnity coverage is \$25,000,000 per claim and \$25,000,000 in the aggregate. The Hospital has recorded a liability of \$9,049,000 and \$7,991,000 at September 30, 2012 and 2011, respectively, based on a discount rate of 3.5% for incurred-but-not-reported claims, which is included in other long-term liabilities on the accompanying consolidated balance sheets.

Assets held by WCHNIC approximate \$65,788,000 and \$56,572,000 as of September 30, 2012 and 2011, respectively, of which a majority is reflected as assets limited as to use in the accompanying consolidated balance sheets. Total liabilities recorded by WCHNIC approximate \$42,543,000 and \$39,372,000 as of September 30, 2012 and 2011, respectively, of which a majority is reflected as self-insurance liabilities in the accompanying consolidated balance sheets.

The reserve for losses and loss adjustment expenses for WCHNIC are included in self-insurance liabilities in the accompanying consolidated balance sheets. Activity in the reserve for losses and loss adjustment expenses for the years ended September 30, 2012 and 2011 is summarized as follows:

	2012	2011
Balance at beginning of year	\$ 35,675,566	\$ 32,294,365
Incurred related to:		
Current period	7,922,650	8,782,963
Prior period	960,245	(2,689,921)
Total incurred	8,882,895	6,093,042
Paid related to:		
Current period	(21,742)	(92,030)
Prior period	(5,023,091)	(2,619,811)
Total paid	(5,044,833)	(2,711,841)
Net provision for losses and loss adjustment expenses	\$ 39,513,628	\$ 35,675,566

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

8. Professional Liability Self-Insurance (continued)

ASC 944, *Financial Services – Insurance*, requires the application of deposit accounting for any policies or agreements that do not transfer insurance risk. To the extent that an insurance contract or a reinsurance contract does not, despite its form, provide for indemnification of the insured or the ceding company by the insurer or reinsurer against loss or liability, the premium paid less the amount of the premium to be retained by the insurer or reinsurer shall be accounted for as a deposit by the insurer or ceding company. Accordingly, a portion of WCHNIC's activity is recorded using deposit accounting on the Hospital's consolidated balance sheets.

Activity in the deposit liability for the years ended September 30, 2012 and 2011, included in self-insurance liabilities on the consolidated balance sheets, is summarized as follows:

	<u>2012</u>	<u>2011</u>
Balance at beginning of year	\$ 3,355,509	\$ 2,533,888
Losses paid	(1,657,800)	(88,040)
Loss on deposit liability transferred to statement of income	937,723	909,661
Balance at end of year	<u>\$ 2,635,432</u>	<u>\$ 3,355,509</u>

Also included in self-insurance liabilities as of September 30, 2012 and 2011 are unearned premiums of \$168,607 and \$166,823, respectively.

The actuary estimated the liability for unpaid losses based on industry data, as well as entity-specific data. Management considers the liability to be adequate as of September 30, 2012 and 2011; however, no assurance can be given that the ultimate settlement of losses may not vary materially from the liability recorded. Future adjustments to the amounts recorded resulting from the continual review process, as well as differences between estimates and ultimate payments, will be reflected in the consolidated statements of operations and changes in net assets of future years when such adjustments, if any, become known.

9. Net Assets

Temporarily restricted net assets of \$29,794,088 and \$27,787,449 as of September 30, 2012 and 2011, respectively, are available to the Hospital for health care services. Permanently restricted net assets total \$28,824,746 and \$28,198,366 as of September 30, 2012 and 2011, respectively, and are investments to be held in perpetuity, the income from which is expendable to support health care services.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

10. Endowments

The Western Connecticut Health Network Foundation, Inc. (WCHNF) endowment consists of approximately 32 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported in the accompanying consolidated balance sheets based on the existence or absence of donor-imposed restrictions.

Leadership of WCHNF has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WCHNF 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 of the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, WCHNF considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

10. Endowments (continued)

WCHNF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that WCHNF must hold in perpetuity or for a donor-specific period(s) as well as board-designated funds. Under this policy, as approved by the Western Connecticut Health Network, Inc.'s Board of Directors, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, WCHNF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). WCHNF targets a diversified asset allocation to achieve its long-term objective within prudent risk constraints. Each year, the WCHNF Board of Directors will approve an endowment and similar fund spending rate. The objectives of the portfolio are the enhancement of capital and real purchasing power while limiting exposure to risk of loss. The endowment spending rate will be calculated on the 13 quarter trailing average market value of each portfolio as of the prior May 31. The computed value may be adjusted for large contributions, withdrawals or market value swings as necessary. A default spending cap on appreciation of seven percent in any given year is currently in effect. The WCHNF Board abides by these regulations and will adjust this rate accordingly.

Endowment net asset composition by type of fund as of September 30, 2012, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ —	\$ 13,820,607	\$ 25,696,434	\$ 39,517,041
Board-designated endowment funds	8,357,137	—	—	8,357,137
Endowment net assets at end of year	\$ 8,357,137	\$ 13,820,607	\$ 25,696,434	\$ 47,874,178

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

10. Endowments (continued)

Changes in endowment funds for the fiscal year ended September 30, 2012, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of the year	\$ 7,218,125	\$ 14,345,583	\$ 25,445,909	\$ 47,009,617
Investment return:			-	
Investment income, net	210,135	1,000,507		1,210,642
Change in unrealized gains and losses	928,877	4,578,012	-	5,506,889
Total investment return	1,139,012	5,578,519	-	6,717,531
Contributions	-	266,310	115,180	381,490
Net asset reclassification - net change in loss on endowments	-	(28,482)	-	(28,482)
Appropriation of endowment assets for expenditures	-	(6,205,978)	-	(6,205,978)
Other changes:				
Transfers to permanently restricted endowment	-	(135,345)	135,345	-
Endowment net assets at end of year	<u>\$ 8,357,137</u>	<u>\$ 13,820,607</u>	<u>\$ 25,696,434</u>	<u>\$ 47,874,178</u>

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 14,345,583	\$ 25,445,909	\$ 39,791,492
Board-designated endowment funds	7,218,125	-	-	7,218,125
Endowment net assets at end of year	<u>\$ 7,218,125</u>	<u>\$ 14,345,583</u>	<u>\$ 25,445,909</u>	<u>\$ 47,009,617</u>

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

10. Endowments (continued)

Changes in endowment funds for the fiscal year ended September 30, 2011, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of the year	\$ 12,020,250	\$ 18,999,710	\$ 24,796,155	\$ 55,816,115
Investment return:				
Investment income, net	1,156,098	3,898,117	–	5,054,215
Change in unrealized gains and losses	(513,521)	(2,459,072)	–	(2,972,593)
Total investment return	642,577	1,439,045	–	2,081,622
Contributions	–	274,835	47,145	321,980
Net asset reclassification - net change in loss on endowments	–	24,840	–	24,840
Appropriation of endowment assets for expenditures	(5,444,702)	(6,212,604)	–	(11,657,306)
Other changes:				
Transfers to permanently restricted endowment	–	(180,243)	602,609	422,366
Endowment net assets at end of year	\$ 7,218,125	\$ 14,345,583	\$ 25,445,909	\$ 47,009,617

From time to time, the fair value of assets associated with individual donor-restricted endowments funds may fall below the level fund of the corpus that UPMIFA requires WCHNF to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. There was \$28,482 in deficiencies of this nature which are reported in unrestricted net assets as of September 30, 2011 (none at September 30, 2012).

Also included within permanently restricted net assets is \$3,378,837 of beneficial interests in trusts held by others.

The Danbury Hospital and Subsidiary

Notes to Consolidated Financial Statements (continued)

11. Changes in Components of Working Capital Other Than Cash and Cash Equivalents

	Year Ended September 30	
	2012	2011
(Increase) decrease in operating assets:		
Accounts receivable, net	\$ (26,138,625)	\$ (20,066,983)
Inventories	(479,406)	(1,315,408)
Prepaid expenses and other	447,826	(1,837,495)
	(26,170,205)	(23,219,886)
Increase (decrease) in operating liabilities:		
Accounts payable	(1,907,332)	6,640,485
Interest payable	(179,203)	746,294
Payroll-related accruals	8,604,560	(2,557,926)
Due to third-party payors	(1,122,196)	27,574
Other accrued expenses	(516,809)	1,141,450
	4,879,020	5,997,877
Change in working capital other than cash and cash equivalents	\$ (21,291,185)	\$ (17,222,009)

12. Functional Expenses

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

	Year Ended September 30	
	2012	2011
Health care services	\$ 421,646,074	\$ 408,290,627
General and administrative	78,883,454	71,599,625
	\$ 500,529,528	\$ 479,890,252

13. Subsequent Events

Subsequent events have been evaluated through January 25, 2013, which represents the date the consolidated financial statements were issued.

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

Report of Independent Auditors on Supplementary Information

Board of Directors
The Danbury Hospital

We have audited the consolidated financial statements of The Danbury Hospital and Subsidiary (the Hospital) as of and for the years ended September 30, 2012 and 2011, and have issued our report thereon dated January 25, 2013, which contained an unqualified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheets and statements of operations are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, based on our audits and the report of other auditors, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ernst & Young LLP

January 25, 2013

The Danbury Hospital and Subsidiary
Consolidating Balance Sheets

	September 30, 2012				September 30, 2011			
	The Danbury Hospital	Western Connecticut Health Network Insurance Co., Ltd.	Adjustments and Eliminations	Total	The Danbury Hospital	Western Connecticut Health Network Insurance Co., Ltd.	Adjustments and Eliminations	Total
Assets:								
Current assets:								
Cash and cash equivalents	\$ 53,518,078	\$ 942,037	\$ –	\$ 54,460,115	\$ 36,603,282	\$ 6,988	\$ –	\$ 36,610,270
Current portion of assets limited as to use	900,896	–	–	900,896	1,273,013	–	–	1,273,013
Accounts receivable, less allowance for uncollectible accounts of \$12,322,000 in 2012 and \$11,261,000 in 2011	60,038,935	–	–	60,038,935	53,313,528	–	–	53,313,528
Current portion of due from related parties	8,994,093	–	(263,256)	8,730,837	6,177,652	–	(167,761)	6,009,891
Inventories	9,333,372	–	–	9,333,372	8,853,966	–	–	8,853,966
Prepaid expenses and other	9,603,409	5,336,609	–	14,940,018	9,816,103	5,728,156	–	15,544,259
Total current assets	142,388,783	6,278,646	(263,256)	148,404,173	116,037,544	5,735,144	(167,761)	121,604,927
Assets limited as to use:								
Construction funds	100,552,317	–	–	100,552,317	125,248,424	–	–	125,248,424
Investments in WCHNIC	–	59,508,868	–	59,508,868	–	50,837,322	–	50,837,322
Total noncurrent assets limited as to use	100,552,317	59,508,868	–	160,061,185	125,248,424	50,837,322	–	176,085,746
Investments	173,599,412	–	–	173,599,412	151,523,870	–	–	151,523,870
Other assets	156,415	–	–	156,415	–	–	–	–
Due from related parties	8,172,413	–	–	8,172,413	5,905,152	–	–	5,905,152
Investment in Western Connecticut Health Network Insurance Co., Ltd.	23,244,364	–	(23,244,364)	–	17,200,124	–	(17,200,124)	–
Interest in Western Connecticut Health Network Foundation, Inc.	78,906,136	–	–	78,906,136	73,125,721	–	–	73,125,721
Property, plant and equipment:								
Land and land improvements	9,904,877	–	–	9,904,877	8,458,354	–	–	8,458,354
Buildings and building improvements	286,763,195	–	–	286,763,195	265,771,375	–	–	265,771,375
Equipment and other	229,444,069	–	–	229,444,069	218,310,465	–	–	218,310,465
Construction in progress (estimated cost to complete at September 30, 2012-\$111,203,000)	39,100,951	–	–	39,100,951	27,578,848	–	–	27,578,848
	565,213,092	–	–	565,213,092	520,119,042	–	–	520,119,042
Less accumulated depreciation	322,977,997	–	–	322,977,997	299,833,683	–	–	299,833,683
	242,235,095	–	–	242,235,095	220,285,359	–	–	220,285,359
Bond issuance costs, net	4,628,949	–	–	4,628,949	5,779,765	–	–	5,779,765
Total assets	\$ 773,883,884	\$ 65,787,514	\$ (23,507,620)	\$ 816,163,778	\$ 715,105,959	\$ 56,572,466	\$ (17,367,885)	\$ 754,310,540

Continued on next page.

The Danbury Hospital and Subsidiary
Consolidating Balance Sheets (continued)

	September 30, 2012				September 30, 2011			
	The Danbury Hospital	Western Connecticut Health Network Insurance Co., Ltd.	Adjustments and Eliminations	Total	The Danbury Hospital	Western Connecticut Health Network Insurance Co., Ltd.	Adjustments and Eliminations	Total
Liabilities and net assets:								
Current liabilities:								
Accounts payable	\$ 25,493,612	\$ (37,773)	\$ –	\$ 25,455,839	\$ 27,356,488	\$ 6,683	\$ –	\$ 27,363,171
Payroll-related accruals	20,868,119	–	–	20,868,119	12,263,559	–	–	12,263,559
Due to affiliates	–	263,256	(263,256)	–	–	167,761	(167,761)	–
Due to third-party payors	9,985,351	–	–	9,985,351	11,107,547	–	–	11,107,547
Interest payable	1,624,480	–	–	1,624,480	1,803,683	–	–	1,803,683
Other accrued expenses	3,553,987	–	–	3,553,987	4,070,796	–	–	4,070,796
Current portion of long-term debt	1,555,000	–	–	1,555,000	2,515,000	–	–	2,515,000
Total current liabilities	63,080,549	225,483	(263,256)	63,042,776	59,117,073	174,444	(167,761)	59,123,756
Self-insurance liabilities	–	42,317,667	–	42,317,667	–	39,197,898	–	39,197,898
Other long-term liabilities	16,602,236	–	–	16,602,236	15,647,308	–	–	15,647,308
Long-term debt, less current portion	249,580,000	–	–	249,580,000	252,100,000	–	–	252,100,000
Net assets:								
Share capital	–	12,000	(12,000)	–	–	12,000	(12,000)	–
Additional paid in capital	–	8,663,333	(8,663,333)	–	–	8,663,333	(8,663,333)	–
Unrestricted	386,002,265	14,569,031	(14,569,031)	386,002,265	332,255,763	8,524,791	(8,524,791)	332,255,763
Temporarily restricted	29,794,088	–	–	29,794,088	27,787,449	–	–	27,787,449
Permanently restricted	28,824,746	–	–	28,824,746	28,198,366	–	–	28,198,366
Total net assets	444,621,099	23,244,364	(23,244,364)	444,621,099	388,241,578	17,200,124	(17,200,124)	388,241,578
Total liabilities and net assets	\$ 773,883,884	\$ 65,787,514	\$ (23,507,620)	\$ 816,163,778	\$ 715,105,959	\$ 56,572,466	\$ (17,367,885)	\$ 754,310,540

The Danbury Hospital and Subsidiary
Consolidating Statements of Operations

	September 30, 2012				September 30, 2011			
	The Danbury Hospital	Western Connecticut Health Care Insurance Co., Ltd.	Adjustments and Eliminations	Total	The Danbury Hospital	Western Connecticut Health Care Insurance Co., Ltd.	Adjustments and Eliminations	Total
Unrestricted revenues:								
Net patient service revenue	\$ 521,836,000	\$ -	\$ -	\$ 521,836,000	\$ 497,720,490	\$ -	\$ -	\$ 497,720,490
Provision for bad debt	19,413,218	-	-	19,413,218	18,183,085	-	-	18,183,085
Net patient service revenue less provision for bad debt	502,422,782	-	-	502,422,782	479,537,405	-	-	479,537,405
Other operating revenues	22,126,583	11,982,398	(6,798,516)	27,310,465	13,930,894	12,289,002	(6,373,521)	19,846,375
	<u>524,549,365</u>	<u>11,982,398</u>	<u>(6,798,516)</u>	<u>529,733,247</u>	<u>493,468,299</u>	<u>12,289,002</u>	<u>(6,373,521)</u>	<u>499,383,780</u>
Expenses:								
Salaries, benefits and fees	313,980,347	-	-	313,980,347	308,540,688	-	-	308,540,688
Supplies and other	145,584,073	263,755	(6,798,516)	139,049,312	136,790,504	232,255	(6,373,521)	130,649,238
Insurance	-	11,680,311	-	11,680,311	-	8,742,635	-	8,742,635
Depreciation and amortization	31,663,499	-	-	31,663,499	27,369,949	-	-	27,369,949
Interest	4,156,059	-	-	4,156,059	4,587,742	-	-	4,587,742
	<u>495,383,978</u>	<u>11,944,066</u>	<u>(6,798,516)</u>	<u>500,529,528</u>	<u>477,288,883</u>	<u>8,974,890</u>	<u>(6,373,521)</u>	<u>479,890,252</u>
Income from operations	29,165,387	38,332	-	29,203,719	16,179,416	3,314,112	-	19,493,528
Nonoperating income:								
Investment income, net	1,690,407	-	-	1,690,407	14,482,744	1,617,652	(10,000,000)	6,100,396
Change in unrealized gains and losses on investments	19,910,410	6,005,908	(6,005,908)	19,910,410	(1,979,439)	(1,358,375)	1,358,375	(1,979,439)
Change in equity interest in unrestricted net assets of the Western Connecticut Health Network Foundation, Inc.	2,571,725	-	-	2,571,725	71,435	-	-	71,435
Change in investment in WCHCIC	38,332	-	(38,332)	-	(5,068,236)	-	5,068,236	-
	<u>24,210,874</u>	<u>6,005,908</u>	<u>(6,044,240)</u>	<u>24,172,542</u>	<u>7,506,504</u>	<u>259,277</u>	<u>(3,573,389)</u>	<u>4,192,392</u>
Excess of revenues over expenses	<u>\$ 53,376,261</u>	<u>\$ 6,044,240</u>	<u>\$ (6,044,240)</u>	<u>\$ 53,376,261</u>	<u>\$ 23,685,920</u>	<u>\$ 3,573,389</u>	<u>\$ (3,573,389)</u>	<u>\$ 23,685,920</u>

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