

PRICEWATERHOUSECOOPERS LLP  
125 HIGH STREET  
BOSTON, MA 02110

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INSTRUCTIONS FOR FILING  
LAWRENCE & MEMORIAL HOSPITAL  
FORM 8453-EO - EXEMPT ORG. DECLARATION & SIGNATURE FOR E-FILING  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

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SIGNATURE...

THE ORIGINAL FORM 8453-EO SHOULD BE SIGNED (USE FULL NAME) AND  
DATED BY THE TAXPAYER.

FILING...

RETURN YOUR SIGNED FORM 8453-EO DECLARATION TO:

PRICEWATERHOUSECOOPERS LLP  
125 HIGH STREET  
BOSTON MA 02110

PAYMENT OF TAX...

NO PAYMENT OF TAX IS REQUIRED.

DO NOT SEPARATELY FILE FORM 990 WITH THE INTERNAL REVENUE SERVICE.  
DOING SO WILL DELAY THE PROCESSING OF YOUR RETURN.

WE MUST RECEIVE YOUR SIGNED FORM BEFORE WE CAN ELECTRONICALLY  
TRANSMIT YOUR RETURN WHICH IS DUE ON AUGUST 17, 2015. WE  
WOULD APPRECIATE YOUR RETURNING THIS FORM AS SOON AS POSSIBLE  
AS THIS WILL EXPEDITE THE PROCESSING OF YOUR RETURN. THE INTERNAL  
REVENUE SERVICE WILL NOTIFY US WHEN YOUR RETURN IS ACCEPTED.  
YOUR RETURN IS NOT CONSIDERED FILED UNTIL THE INTERNAL REVENUE  
SERVICE CONFIRMS THEIR ACCEPTANCE, WHICH MAY OCCUR AFTER THE DUE  
DATE OF YOUR RETURN.

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# Exempt Organization Declaration and Signature for Electronic Filing

For calendar year 2013, or tax year beginning 10/01, 2013, and ending 09/30, 2014

## 2013

Department of the Treasury  
Internal Revenue Service

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

Name of exempt organization

Employer identification number

LAWRENCE & MEMORIAL HOSPITAL

06-0646704

### Part I Type of Return and Return Information (Whole Dollars Only)

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

1a Form 990 check here ▶ <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12) . . .	1b <u>358293262.</u>
2a Form 990-EZ check here ▶ <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9) . . . . .	2b _____
3a Form 1120-POL check here ▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22) . . . . .	3b _____
4a Form 990-PF check here ▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b _____
5a Form 8868 check here ▶ <input type="checkbox"/>	b Balance due (Form 8868, Part I, line 3c or Part II, line 8c) . . . . .	5b _____

### Part II Declaration of Officer

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

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

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

<b>Sign Here</b>	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"></div> <div style="width: 10%; text-align: center;">Date</div> </div>	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"><b>VICE PRESIDENT/CFO</b></div> <div style="width: 10%; text-align: center;">Title</div> </div>
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### Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

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

<b>ERO's Use Only</b>	ERO's signature ▶	Date <u>08/11/2015</u>	Check if also paid preparer <input type="checkbox"/>	Check if self-employed <input checked="" type="checkbox"/>	ERO's SSN or PTIN <u>P01390592</u>
	Firm's name (or yours if self-employed), address, and ZIP code ▶ <u>PRICEWATERHOUSECOOPERS LLP</u> <u>125 HIGH STREET</u> <u>BOSTON MA 02110</u>				EIN <u>13-4008324</u> Phone no. <u>617-530-5000</u>

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

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶ Firm's address ▶				Firm's EIN ▶ Phone no.

Form **990**

Department of the Treasury  
Internal Revenue Service

# Return of Organization Exempt From Income Tax

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

- ▶ Do not enter Social Security numbers on this form as it may be made public.
- ▶ Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

# 2013

Open to Public Inspection

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

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization LAWRENCE & MEMORIAL HOSPITAL			<b>D</b> Employer identification number 06-0646704		
	Doing Business As			<b>E</b> Telephone number (860) 442-0711		
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite 365 MONTAUK AVENUE					
	City or town, state or province, country, and ZIP or foreign postal code NEW LONDON, CT 06320			<b>G</b> Gross receipts \$ 360,381,252.		
<b>F</b> Name and address of principal officer: BRUCE CUMMINGS 365 MONTAUK AVENUE NEW LONDON, CT 06320			<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
			<b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No			
			If "No," attach a list. (see instructions)			
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			<b>J</b> Website: WWW.LMHOSPITAL.ORG			<b>H(c)</b> Group exemption number ▶
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			<b>L</b> Year of formation: 1912			<b>M</b> State of legal domicile: CT

## Part I Summary

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: TO IMPROVE THE HEALTH OF THE REGION.				
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.				
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	11.		
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	7.		
	<b>5</b> Total number of individuals employed in calendar year 2013 (Part V, line 2a)	<b>5</b>	2,648.		
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	359.		
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	2,524,951.		
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	-703,047.			
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	Prior Year	813,756.	Current Year	880,130.
	<b>9</b> Program service revenue (Part VIII, line 2g)		318,911,102.		345,412,898.
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)		7,077,778.		9,678,721.
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		2,094,550.		2,321,513.
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)		328,897,186.		358,293,262.
	<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)		0	
<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)			0		0
<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)			187,641,751.		192,997,162.
<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)			108,733.		645.
<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ 838,522.					
<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)			124,277,351.		155,434,308.
<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)		312,027,835.		348,432,115.	
<b>19</b> Revenue less expenses. Subtract line 18 from line 12		16,869,351.		9,861,147.	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	Beginning of Current Year	393,527,817.	End of Year	394,458,671.
	<b>21</b> Total liabilities (Part X, line 26)		194,363,317.		226,249,224.
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20.		199,164,500.		168,209,447.

## 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.

<b>Sign Here</b>	Signature of officer		Date		
	SETH VAN ESSENDELFT Type or print name and title		VICE PRESIDENT/CFO		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	ERIN COUTURE	<i>Erin Couture</i>	08/11/2015		P01390592
	Firm's name ▶ PRICEWATERHOUSECOOPERS LLP	Firm's EIN ▶ 13-4008324			
Firm's address ▶ 125 HIGH STREET BOSTON, MA 02110		Phone no. 617-530-5000			

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

For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2013)



Department of Treasury  
Internal Revenue Service  
Ogden UT 84201

Notice	CP211A
Tax period	September 30, 2014
Notice date	June 15, 2015
Employer ID number	06-0646704
To contact us	Phone 1-877-829-5500 FAX 801-620-5555

061899.565845.491298.21250 1 AT 0.416 370



LAWRENCE AND MEMORIAL HOSPITAL INC  
% BRUCE CUMMINGS  
365 MONTAUK AVE  
NEW LONDON CT 06320-4700

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Important information about your September 30, 2014 Form 990

## We approved your Form 8868, Application for Extension of Time To File an Exempt Organization Return

We approved the Form 8868 for your September 30, 2014 Form 990. Your new due date is August 15, 2015.

### What you need to do

File your September 30, 2014 Form 990 by August 15, 2015. We encourage you to use electronic filing—the fastest and easiest way to file.

Visit [www.irs.gov/charities](http://www.irs.gov/charities) to learn about approved e-File providers, what types of returns can be filed electronically, and whether you are required to file electronically.

### Additional information

- Visit [www.irs.gov/cp211a](http://www.irs.gov/cp211a).
- For tax forms, instructions, and publications, visit [www.irs.gov](http://www.irs.gov) or call 1-800-TAX-FORM (1-800-829-3676).
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.



Department of Treasury  
Internal Revenue Service  
Ogden UT 84201

Notice	CP211A
Tax period	September 30, 2014
Notice date	March 23, 2015
Employer ID number	06-0646704
To contact us	Phone 1-877-829-5500 FAX 801-620-5555

124646.542168.407293.18375 1 AT 0.406 370



LAWRENCE AND MEMORIAL HOSPITAL INC  
% BRUCE CUMMINGS  
365 MONTAUK AVE  
NEW LONDON CT 06320-4700

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Important information about your September 30, 2014 Form 990

## We approved your Form 8868, Application for Extension of Time To File an Exempt Organization Return

We approved the Form 8868 for your September 30, 2014 Form 990.  
Your new due date is May 15, 2015.

### What you need to do

File your September 30, 2014 Form 990 by May 15, 2015. We encourage you to use electronic filing—the fastest and easiest way to file.

Visit [www.irs.gov/charities](http://www.irs.gov/charities) to learn about approved e-File providers, what types of returns can be filed electronically, and whether you are required to file electronically.

### Additional information

- Visit [www.irs.gov/cp211a](http://www.irs.gov/cp211a).
- For tax forms, instructions, and publications, visit [www.irs.gov](http://www.irs.gov) or call 1-800-TAX-FORM (1-800-829-3676).
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.

**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III  Yes  No

**1** Briefly describe the organization's mission:

TO IMPROVE THE HEALTH OF THE REGION.

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

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

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

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

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

**4a** (Code: ) (Expenses \$ 243,616,475. including grants of \$ ) (Revenue \$ 345,020,034. )

SEE SCHEDULE O

**4b** (Code: ) (Expenses \$ 1,155,113. including grants of \$ ) (Revenue \$ 392,864. )

EDUCATIONAL PROGRAMS

**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

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

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

**4e** Total program service expenses ▶ 244,771,588.

**Part IV Checklist of Required Schedules**

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

**Part IV Checklist of Required Schedules (continued)**

		Yes	No
21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II . . . . .</i>		X
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III . . . . .</i>		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 25a. . . . .</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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I. . . . .</i>		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	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payable to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II. . . . .		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, Part II, III, or IV, and Part V, line 1 . . . . .</i>	X	
35 a	Did the organization have a controlled entity within the meaning of section 512(b)(13)? . . . . .	X	
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2. . . . .</i>	X	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2 . . . . .</i>		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 11b and 19? <b>Note.</b> 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 or note to any line in this Part V

Table with columns for line numbers (1a-14b), descriptions, and Yes/No checkboxes. Includes entries for Form 1096, Form W-2G, Form W-3, Form 990-T, Form 8886-T, Form 8282, Form 8899, Form 1098-C, Form 4966, Form 720, and Form 702.

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 or note to any line in this Part VI [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (11), 1b (7), 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.
19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: SETH VAN ESSENDELFT 365 MONTAUK AVENUE, NEW LONDON, CT 06320 860-442-0711

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

Check if Schedule O contains a response or note to any line in this Part VII. . . . .  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 (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JAY E. ALLEN, DMD TREASURER AS OF 12/13	2.00 0	X		X				0	0	0
(2) ULYSSES B. HAMMOND CHAIRMAN UNTIL 12/13	2.00 2.00	X		X				0	0	0
(3) CAROL O. RIDGEWAY DIRECTOR	2.00 0	X						0	0	0
(4) SCOTT D. BATES VICE CHAIRMAN UNTIL 12/13	2.00 4.00	X		X				0	0	0
(5) MARY ELLEN JUKOSKI, EDD VICE CHAIRMAN AS OF 12/13	2.00 0	X		X				0	0	0
(6) BRUCE D. CUMMINGS PRESIDENT/CEO	27.25 12.75	X		X			586,388.	0	111,145.	
(7) HENRY AMDUR, MD PAST PRESIDENT, UNTIL 12/13	2.00 38.00	X		X			0	379,835.	21,384.	
(8) DONALD J. FELITTO, MD DIRECTOR	2.00 4.00	X					27,945.	0		0
(9) DAVID F. REISFELD, MD DIRECTOR	2.00 38.00	X					0	330,927.	33,882.	
(10) B. MICHAEL RAUH, JR. TRE TO 12/13-DIR AS OF 12/13	2.00 0	X		X				0	0	0
(11) JAMES MITCHELL, PHD SECRETARY AS OF 12/13	2.00 0	X		X				0	0	0
(12) GRANVILLE MORRIS CHAIRMAN AS OF 12/13	2.00 2.00	X		X				0	0	0
(13) SHARON ARNOLD DIRECTOR AS OF 12/13	2.00 0	X						0	0	0
(14) NIALL J. DUHIG, MD DIRECTOR AS OF 12/13	2.00 0	X					58,200.	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 (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
15) LUGENE INZANA VP/CFO UNTIL 2/14	24.00 16.00			X				339,689.	0	64,510.
16) MAUREEN ANDERSON, ATTORNEY ASSISTANT SECRETARY	32.00 8.00			X				257,757.	0	53,166.
17) SETH VAN ESSENDELFT VP/CFO AS OF 8/14	24.00 16.00			X				0	0	0
18) JIM MOYLAN INTERIM VP/CFO 2/14 - 7/14	24.00 16.00			X				0	0	0
19) WILLIAM STANLEY VP DEV & COMMUNITY RELATIONS	16.00 24.00				X			189,999.	0	45,549.
20) DANIEL RISSI, MD VP CHIEF MEDICAL OFFICER	32.00 8.00				X			382,737.	0	66,098.
21) KIMBERLY KALAJAINEN VP CHIEF INFORMATION OFFICER	34.00 6.00				X			218,437.	0	49,105.
22) CRISTA DURAND (UNTIL 7/14) VP STRATEGIC PLANNING/MKTG	38.00 2.00				X			268,409.	0	54,696.
23) LAUREN WILLIAMS VP PATIENT CARE SERVICES	38.00 2.00				X			246,661.	0	39,652.
24) DONNA EPPS VP CHIEF HR OFFICER	38.00 2.00				X			197,572.	0	22,449.
25) CHRISTOPHER LEHRACH, MD CHIEF TRANSFORMATION OFFICER	34.00 6.00				X			209,144.	0	22,653.
<b>1b Sub-total</b>								672,533.	710,762.	166,411.
<b>c Total from continuation sheets to Part VII, Section A</b>								3,271,981.	0	563,664.
<b>d Total (add lines 1b and 1c)</b>								3,944,514.	710,762.	730,075.

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 **▶ 163**

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

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 **▶ 36**



**Part VIII Statement of Revenue**

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b> Federated campaigns . . . . .	<b>1a</b>						
	<b>b</b> Membership dues . . . . .	<b>1b</b>						
	<b>c</b> Fundraising events . . . . .	<b>1c</b>						
	<b>d</b> Related organizations . . . . .	<b>1d</b>						
	<b>e</b> Government grants (contributions) . .	<b>1e</b>	657,996.					
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above .	<b>1f</b>	222,134.					
	<b>g</b> Noncash contributions included in lines 1a-1f: \$							
	<b>h Total.</b> Add lines 1a-1f . . . . .			880,130.				
<b>Program Service Revenue</b>	<b>Business Code</b>							
	<b>2a</b> NET PATIENT SERVICES		900099	318,785,233.	318,785,233.			
	<b>b</b> LAB TESTING - ORR		900099	2,524,824.		2,524,824.		
	<b>c</b> PARAMEDIC SERVICES		900099	2,870,412.	2,870,412.			
	<b>d</b> OTHER PROGRAM SERVICE REVENUE		900099	21,232,429.	21,232,429.			
	<b>e</b> _____							
	<b>f</b> All other program service revenue . . . . .							
<b>g Total.</b> Add lines 2a-2f . . . . .			345,412,898.					
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . .			9,403,082.		127.	9,402,955.	
	<b>4</b> Income from investment of tax-exempt bond proceeds . . .			0				
	<b>5</b> Royalties . . . . .			0				
	<b>6a</b> Gross rents . . . . .	(i) Real						
		(ii) Personal						
		<b>b</b> Less: rental expenses . . .						
		<b>c</b> Rental income or (loss) . . .						
	<b>d</b> Net rental income or (loss) . . . . .				1,330,836.		1,330,836.	
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities						
		(ii) Other						
		<b>b</b> Less: cost or other basis and sales expenses . . . . .						
		<b>c</b> Gain or (loss) . . . . .						
	<b>d</b> Net gain or (loss) . . . . .				275,639.		275,639.	
	<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 . . . . .	<b>a</b>						
	<b>b</b> Less: direct expenses . . . . .	<b>b</b>						
<b>c</b> Net income or (loss) from fundraising events . . . . .				0				
<b>9a</b> Gross income from gaming activities. See Part IV, line 19 . . . . .	<b>a</b>							
<b>b</b> Less: direct expenses . . . . .	<b>b</b>							
<b>c</b> Net income or (loss) from gaming activities . . . . .				0				
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>							
<b>b</b> Less: cost of goods sold . . . . .	<b>b</b>							
<b>c</b> Net income or (loss) from sales of inventory . . . . .				0				
<b>Miscellaneous Revenue</b>			<b>Business Code</b>					
<b>11a</b> DINING ROOM		900099	990,677.			990,677.		
<b>b</b> _____								
<b>c</b> _____								
<b>d</b> All other revenue . . . . .								
<b>e Total.</b> Add lines 11a-11d . . . . .				990,677.				
<b>12 Total revenue.</b> See instructions . . . . .				358,293,262.	342,888,074.	2,524,951.	12,000,107.	

**Part IX Statement of Functional Expenses**

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

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

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	(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 . . . . .	3,740,368.		3,515,627.	224,741.
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 . . . . .	138,603,250.	105,388,782.	32,920,573.	293,895.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .	3,687,128.	2,734,203.	945,300.	7,625.
9 Other employee benefits . . . . .	36,722,150.	27,231,447.	9,414,763.	75,940.
10 Payroll taxes . . . . .	10,244,266.	7,596,673.	2,626,408.	21,185.
11 Fees for services (non-employees):				
a Management . . . . .	0			
b Legal . . . . .	1,972,752.	489,146.	1,483,606.	
c Accounting . . . . .	2,810.		2,810.	
d Lobbying . . . . .	0			
e Professional fundraising services. See Part IV, line 17.	645.			645.
f Investment management fees . . . . .	424,205.		424,205.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) . . . . .	5,613,434.	5,070,746.	542,688.	
12 Advertising and promotion . . . . .	0			
13 Office expenses . . . . .	5,482,206.	4,114,298.	1,332,050.	35,858.
14 Information technology . . . . .	4,462,189.	915,930.	3,534,336.	11,923.
15 Royalties . . . . .	0			
16 Occupancy . . . . .	6,860,579.	2,020,308.	4,840,271.	
17 Travel . . . . .	332,565.	142,214.	190,351.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0			
19 Conferences, conventions, and meetings . . . . .	0			
20 Interest . . . . .	3,542,721.	3,542,721.		
21 Payments to affiliates . . . . .	0			
22 Depreciation, depletion, and amortization . . . . .	22,635,121.	10,884,990.	11,749,744.	387.
23 Insurance . . . . .	5,568,734.	5,568,734.		
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 PURCHASED SVCS -----	32,289,846.	9,729,980.	22,552,741.	7,125.
b MEDICAL & SURGICAL -----	53,303,927.	53,003,757.	294,244.	5,926.
c EQUIP RENTAL & MAINTENANCE -----	7,520,012.	5,316,376.	2,203,636.	
d CONSULTING -----	3,458,663.	184,953.	3,273,710.	
e All other expenses -----	1,964,544.	836,330.	974,942.	153,272.
<b>25 Total functional expenses.</b> Add lines 1 through 24e	<b>348,432,115.</b>	<b>244,771,588.</b>	<b>102,822,005.</b>	<b>838,522.</b>
26 <b>Joint costs.</b> 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**

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing	0	<b>1</b>	0
	<b>2</b> Savings and temporary cash investments	483,541.	<b>2</b>	7,100,538.
	<b>3</b> Pledges and grants receivable, net	20,366.	<b>3</b>	20,366.
	<b>4</b> Accounts receivable, net	32,485,521.	<b>4</b>	35,011,996.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	<b>5</b>	0
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	0	<b>6</b>	0
	<b>7</b> Notes and loans receivable, net	304,200.	<b>7</b>	85,520.
	<b>8</b> Inventories for sale or use	5,845,470.	<b>8</b>	6,580,752.
	<b>9</b> Prepaid expenses and deferred charges	2,256,097.	<b>9</b>	2,689,506.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	<b>10a</b> 426,472,926.		
	<b>b</b> Less: accumulated depreciation	<b>10b</b> 265,615,130.	161,990,209.	<b>10c</b> 160,857,796.
	<b>11</b> Investments - publicly traded securities	149,858,150.	<b>11</b>	148,362,925.
	<b>12</b> Investments - other securities. See Part IV, line 11	6,773,578.	<b>12</b>	6,985,614.
	<b>13</b> Investments - program-related. See Part IV, line 11	0	<b>13</b>	0
	<b>14</b> Intangible assets	0	<b>14</b>	0
	<b>15</b> Other assets. See Part IV, line 11	33,510,685.	<b>15</b>	26,763,658.
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34)	393,527,817.	<b>16</b>	394,458,671.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses	37,658,612.	<b>17</b>	41,120,923.
	<b>18</b> Grants payable	0	<b>18</b>	0
	<b>19</b> Deferred revenue	0	<b>19</b>	0
	<b>20</b> Tax-exempt bond liabilities	88,266,954.	<b>20</b>	111,385,992.
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D	0	<b>21</b>	0
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	<b>22</b>	0
	<b>23</b> Secured mortgages and notes payable to unrelated third parties	0	<b>23</b>	0
	<b>24</b> Unsecured notes and loans payable to unrelated third parties	0	<b>24</b>	0
<b>25</b> 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	68,437,751.	<b>25</b>	73,742,309.	
<b>26 Total liabilities.</b> Add lines 17 through 25	194,363,317.	<b>26</b>	226,249,224.	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets	171,018,998.	<b>27</b>	138,729,444.
	<b>28</b> Temporarily restricted net assets	22,198,248.	<b>28</b>	23,432,028.
	<b>29</b> Permanently restricted net assets	5,947,254.	<b>29</b>	6,047,975.
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds		<b>32</b>	
<b>33</b> Total net assets or fund balances	199,164,500.	<b>33</b>	168,209,447.	
<b>34</b> Total liabilities and net assets/fund balances	393,527,817.	<b>34</b>	394,458,671.	

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	358,293,262.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	348,432,115.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	9,861,147.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	199,164,500.
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	1,128,066.
<b>6</b>	Donated services and use of facilities	<b>6</b>	0
<b>7</b>	Investment expenses	<b>7</b>	0
<b>8</b>	Prior period adjustments	<b>8</b>	0
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	-41,944,266.
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	168,209,447.

**Part XII Financial Statements and Reporting**

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

- 1** Accounting method used to prepare the Form 990:  Cash  Accrual  Other \_\_\_\_\_  
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant? .....  
 If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant? .....  
 If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- c** 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.
- 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? .....
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

	Yes	No
<b>2a</b>		X
<b>2b</b>	X	
<b>2c</b>	X	
<b>3a</b>		X
<b>3b</b>		

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

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

OMB No. 1545-0047

**2013**

**Open to Public Inspection**

▶ Attach to Form 990 or Form 990-EZ.  
▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

<b>Name of the organization</b> LAWRENCE & MEMORIAL HOSPITAL	<b>Employer identification number</b> 06-0646704
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**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

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

- 1  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-Non-functionally integrated
- 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?  
  - (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? 

	Yes	No
11g(i)		
  - (ii) A family member of a person described in (i) above? 

	Yes	No
11g(ii)		
  - (iii) A 35% controlled entity of a person described in (i) or (ii) above? 

	Yes	No
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 monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
<b>Total</b>									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule A (Form 990 or 990-EZ) 2013

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) 2009, (b) 2010, (c) 2011, (d) 2012, (e) 2013, (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) 2009, (b) 2010, (c) 2011, (d) 2012, (e) 2013, (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 2 columns: Percentage, %. Rows include: 14 Public support percentage for 2013; 15 Public support percentage from 2012 Schedule A, Part II, line 14; 16a 33 1/3% support test - 2013; b 33 1/3% support test - 2012; 17a 10%-facts-and-circumstances test - 2013; b 10%-facts-and-circumstances test - 2012; 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) 2009, (b) 2010, (c) 2011, (d) 2012, (e) 2013, (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; 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) 2009, (b) 2010, (c) 2011, (d) 2012, (e) 2013, (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 3 columns: Description, 2013, 2012. Row 15: Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f)). Row 16: Public support percentage from 2012 Schedule A, Part III, line 15.

Section D. Computation of Investment Income Percentage

Table with 3 columns: Description, 2013, 2012. Row 17: Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f)). Row 18: Investment income percentage from 2012 Schedule A, Part III, line 17.

19a 33 1/3% support tests - 2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

19b 33 1/3% support tests - 2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

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

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

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

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2013**

**Open to Public Inspection**

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

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 <b>LAWRENCE &amp; MEMORIAL HOSPITAL</b>	Employer identification number <b>06-0646704</b>
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**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) 2013

**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.

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b>	Total lobbying expenditures to influence public opinion (grass roots lobbying) . . . . .														
<b>b</b>	Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .														
<b>c</b>	Total lobbying expenditures (add lines 1a and 1b) . . . . .														
<b>d</b>	Other exempt purpose expenditures . . . . .														
<b>e</b>	Total exempt purpose expenditures (add lines 1c and 1d) . . . . .														
<b>f</b>	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">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.														
<b>g</b>	Grassroots nontaxable amount (enter 25% of line 1f) . . . . .														
<b>h</b>	Subtract line 1g from line 1a. If zero or less, enter -0- . . . . .														
<b>i</b>	Subtract line 1f from line 1c. If zero or less, enter -0- . . . . .														
<b>j</b>	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.)

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column (e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> 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 columns (a) Yes/No and (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 columns 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 columns 1-5. 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

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

SEE PAGE 4

**Part IV** Supplemental Information (continued)

## LOBBYING ACTIVITIES

SCHEDULE C, PART II-B, LINE 1

THE ORGANIZATION PAYS MEMBERSHIP DUES TO THE CONNECTICUT HOSPITAL ASSOCIATION AND AMERICAN HOSPITAL ASSOCIATION WHICH LOBBY ON BEHALF OF ITS MEMBER ORGANIZATIONS. THESE LOBBYING ACTIVITIES ARE DEFINED AS ASSOCIATIONS COMMUNICATION WITH THE FEDERAL AND STATE GOVERNMENTS TO INFLUENCE LEGISLATION.

THE ORGANIZATION PAYS MEMBERSHIP DUES TO MEMBER ORGANIZATIONS WHICH DO ENGAGE IN LOBBYING ACTIVITIES. THEREFORE, A PORTION OF THE DUES IS ATTRIBUTABLE TO LOBBYING ACTIVITIES.

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2013

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.

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

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

06-0646704

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... Yes No.

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..., 6 Staff and volunteer hours..., 7 Amount of expenses..., 8 Does each conservation easement reported on line 2(d) above satisfy the requirements..., 9 In Part XIII, 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 XIII, the text of the footnote to its financial statements that describes these items. b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1, (ii) Assets included in Form 990, Part X. 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items: a Revenues included in Form 990, Part VIII, line 1, b Assets included in Form 990, Part X.

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

Schedule D (Form 990) 2013

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

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

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

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

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

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

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

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII.

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	17,922,953.	16,251,377.	14,398,889.	14,741,092.	14,150,668.
b Contributions					
c Net investment earnings, gains, and losses	1,382,314.	1,952,978.	2,146,447.	17,500.	1,282,741.
d Grants or scholarships					
e Other expenditures for facilities and programs	269,234.	239,701.	266,733.	324,466.	652,042.
f Administrative expenses	48,666.	41,701.	27,226.	35,237.	40,275.
g End of year balance	18,987,367.	17,922,953.	16,251,377.	14,398,889.	14,741,092.

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

- a Board designated or quasi-endowment  85.0000 %
- b Permanent endowment  15.0000 %
- 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		

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

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

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,464,978.		1,464,978.
b Buildings		144,195,495.	74,047,970.	70,147,525.
c Leasehold improvements		6,714,851.	3,502,056.	3,212,795.
d Equipment		265,024,486.	183,101,232.	81,923,254.
e Other		9,073,116.	4,963,872.	4,109,244.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				160,857,796.

**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. 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) _____		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

**Part IX Other Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) OTHER RECEIVABLES	20,517,048.
(2) DEBT SERVICE FUND	1,304,563.
(3) DEFERRED FINANCING COSTS	2,315,752.
(4) DUE FROM AFFILIATES	2,064,619.
(5) CONSTRUCTION FUND	561,676.
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) . . . . . ▶	26,763,658.

**Part X Other Liabilities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes ATTACHMENT 1	
(2) DUE TO THIRD PARTY AGENCIES	5,165,225.
(3) DEFERRED COMPENSATION	23,825.
(4) SELF ASSURANCE RESERVES	3,554,817.
(5) ACCRUED POST RETIREMENT BENEFI	837,437.
(6) ACCRUED PENSION	20,197.
(7) ACCRUED 401K MATCH	856,099.
(8) ACCRUED MIN PENSION LIABILITY	41,478,451.
(9) ASSET RETIREMENT OBLIGATION	509,994.
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	73,742,309.

2. Liability for uncertain tax positions. In Part XIII, 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). Check here if the text of the footnote has been provided in Part XIII



**Part XIII** Supplemental Information (continued)

SCHEDULE D, PART V, LINE 4

THE ORGANIZATION'S ENDOWMENT FUNCTIONS TO SUPPORT AND PROVIDE INCOME FOR THE FURTHERANCE OF THE HEALTHCARE MISSION OF LAWRENCE & MEMORIAL HOSPITAL.

SCHEDULE D, PART X LINE 2

THE ORGANIZATIONS FINANCIAL STATEMENTS DO NOT INCLUDE A FIN 48 DISCLOSURE.

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**ATTACHMENT 1**


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SCHEDULE D, PART X - OTHER LIABILITIES

<u>DESCRIPTION</u>	<u>BOOK VALUE</u>
DUE TO L&M CORPORATION	2,215,430.
DEFERRED FINANCING COST	2,544,115.
MALPRACTICE INSURANCE	16,536,719.
TOTALS	<u><u>73,742,309.</u></u>

**SCHEDULE F  
(Form 990)**

**Statement of Activities Outside the United States**

OMB No. 1545-0047

**2013**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 14b, 15, or 16.
- ▶ Attach to Form 990. ▶ See separate instructions.
- ▶ Information about Schedule F (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization

Employer identification number

LAWRENCE & MEMORIAL HOSPITAL

06-0646704

**Part I** **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" on 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			INVESTMENTS		39,510,772.
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
<b>3a</b> Sub-total . . . . .					39,510,772.
<b>b</b> Total from continuation sheets to Part I . . . . .					
<b>c Totals</b> (add lines 3a and 3b)					39,510,772.

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

Schedule F (Form 990) 2013

**Part II** **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									
(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" on 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).

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**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2013**

**Open to Public Inspection**

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**

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

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

06-0646704

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	X	
<b>1b</b> If "Yes," was it a written policy? . . . . .	X	
<b>2</b> If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
<b>3</b> 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.		
<b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free care</i> ? 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>250.0000</u> %	X	
<b>b</b> Did the organization use FPG as a factor in determining eligibility for providing <i>discounted care</i> ? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: . . . . . <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	X	
<b>c</b> If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
<b>4</b> 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	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
<b>5b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	X	
<b>5c</b> 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
<b>6a</b> Did the organization prepare a community benefit report during the tax year? . . . . .		X
<b>6b</b> If "Yes," did the organization make it available to the public? . . . . .		

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
<b>a</b> Financial Assistance at cost (from Worksheet 1) . . . . .		2055	1,053,671.		1,053,671.	.30
<b>b</b> Medicaid (from Worksheet 3, column a) . . . . .		25363	52,916,613.	36,972,233.	15,944,379.	4.58
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .		785	1,636,597.	1,143,472.	493,126.	.14
<b>d</b> <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .		28203	55,606,881.	38,115,705.	17,491,176.	5.02
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . .	51	8538	2,136,727.	392,864.	1,743,863.	.50
<b>f</b> Health professions education (from Worksheet 5) . . . . .	15	3823	1,113,320.	3,500.	1,109,820.	.32
<b>g</b> Subsidized health services (from Worksheet 6) . . . . .	8	6254	4,719,285.	3,011,547.	1,707,738.	.49
<b>h</b> Research (from Worksheet 7) . . . . .	2		466,151.		466,151.	.13
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .	8	490	38,481.		38,481.	.01
<b>j</b> <b>Total.</b> Other Benefits . . . . .	84	19105	8,473,964.	3,407,911.	5,066,053.	1.45
<b>k</b> <b>Total.</b> Add lines 7d and 7j. . . . .	84	47308	64,080,845.	41,523,616.	22,557,229.	6.47

**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	2	752	42,429.		42,429.	.01
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	3		6,982.		6,982.	
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total	5	752	49,411.		49,411.	.01

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? . . . . .	1	X	
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount. . . . .	2		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit. . . . .	3		
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.			

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME) . . . . .	5	116,008,773.
6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	136,596,437.
7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	7	-20,587,664.
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: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

**Section C. Collection Practices**

9a Did the organization have a written debt collection policy during the tax year? . . . . .	9a	X	
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 . . . . .	9b	X	

**Part IV Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians - see instructions)

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

**Part V Facility Information**

**Section A. Hospital Facilities**

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

How many hospital facilities did the organization operate during the tax year? 1

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

	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
<b>1</b> LAWRENCE & MEMORIAL HOSPITAL 365 MONTAUK AVE NEW LONDON CT 06320 WWW.LMHOSPITAL.ORG 0047	X	X					X	X		
<b>2</b>										
<b>3</b>										
<b>4</b>										
<b>5</b>										
<b>6</b>										
<b>7</b>										
<b>8</b>										
<b>9</b>										
<b>10</b>										

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

Name of hospital facility or facility reporting group LAWRENCE & MEMORIAL HOSPITAL

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

**Community Health Needs Assessment** (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)

		Yes	No
<b>1</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9. . . . . If "Yes," indicate what the CHNA report describes (check all that apply):	X	
<b>a</b>	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input checked="" type="checkbox"/> Demographics of the community		
<b>c</b>	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input checked="" type="checkbox"/> How data was obtained		
<b>e</b>	<input checked="" type="checkbox"/> The health needs of the community		
<b>f</b>	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input checked="" type="checkbox"/> Other (describe in Section C)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA: <u>20 1 2</u>		
<b>3</b>	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	X	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C . . . . .		X
<b>5</b>	Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply):	X	
<b>a</b>	<input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.LMHOSPITAL.ORG</u>		
<b>b</b>	<input type="checkbox"/> Other website (list url): _____		
<b>c</b>	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>d</b>	<input checked="" type="checkbox"/> Other (describe in Section C)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):		
<b>a</b>	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>7</b>	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs . . . . .		X
<b>8a</b>	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .		X
<b>8b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .		
<b>c</b>	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information (continued)**

**Financial Assistance Policy** LAWRENCE & MEMORIAL HOSPITAL

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
<b>9</b>	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? . . . . .	X	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care: <u>2</u> <u>5</u> <u>0</u> % If "No," explain in Section C the criteria the hospital facility used.	X	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>4</u> <u>0</u> <u>0</u> % If "No," explain in Section C the criteria the hospital facility used.	X	
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply):	X	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input checked="" type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Residency		
<b>i</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	X	
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	X	
<b>a</b>	<input type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available on request		
<b>g</b>	<input type="checkbox"/> Other (describe in Section C)		

**Billing and Collections**

<b>15</b>	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	X	
<b>16</b>	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Section C)		
<b>17</b>	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged:		X
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Section C)		

**Part V Facility Information (continued)** LAWRENCE & MEMORIAL HOSPITAL

- 18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):
- a**  Notified individuals of the financial assistance policy on admission
  - b**  Notified individuals of the financial assistance policy prior to discharge
  - c**  Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
  - d**  Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
  - e**  Other (describe in Section C)

**Policy Relating to Emergency Medical Care**

- |   | Yes | No |
|---|-----|----|
| <b>19</b> 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? . . . . .<br>If "No," indicate why: | X   |    |
| <b>a</b> <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions   |     |    |
| <b>b</b> <input type="checkbox"/> The hospital facility's policy was not in writing   |     |    |
| <b>c</b> <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)   |     |    |
| <b>d</b> <input type="checkbox"/> Other (describe in Section C)   |     |    |

**Changes to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

- |   |    |   |
|---|----|---|
| <b>20</b> 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.  |    |   |
| <b>a</b> <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged   |    |   |
| <b>b</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   |    |   |
| <b>c</b> <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged  |    |   |
| <b>d</b> <input checked="" type="checkbox"/> Other (describe in Section C)  |    |   |
| <b>21</b> During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? . . . . .<br>If "Yes," explain in Section C. | 21 | X |
| <b>22</b> During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? . . . . .<br>If "Yes," explain in Section C.   | 22 | X |

**Part V Facility Information** (continued)

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

SCHEDULE H, PART V, SEC B, LINE 1J

IN ADDITION TO THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) COMPONENTS LISTED, THE L+M HOSPITAL CHNA REPORT INCLUDED ANALYSIS OF THE DATA IN TERMS OF STRENGTHS AND OPPORTUNITIES FOR ACTION. THIS ANALYSIS INFORMED THE CREATION OF THE COMMUNITY HEALTH IMPLEMENTATION PLAN.

SCHEDULE H, PART V, SECTION B, LINE 3:

UPON COMPLETION OF DATA COLLECTION AND ANALYSIS, L+M HOSPITAL CONVENED A TEAM OF HOSPITAL AND COMMUNITY REPRESENTATIVES TO A COMMUNITY HEALTH STRATEGIC PLANNING SESSION IN MAY 2012. THIS SESSION WAS FACILITATED BY HOLLERAN CONSULTING. THE PURPOSE OF THE STRATEGIC PLANNING SESSION WAS TO SHARE THE RESULTS OF THE COMMUNITY HEALTH NEEDS ASSESSMENT, TO DISCUSS AND PRIORITIZE COMMUNITY HEALTH NEEDS, AND TO DEVELOP COMMUNITY HEALTH GOALS AND STRATEGIES TO GUIDE THE L+M COMMUNITY HEALTH IMPLEMENTATION PLAN (CHIP). AN ASSET MAPPING PROCESS WAS ALSO UNDERTAKEN IN ORDER TO IDENTIFY EXISTING RESOURCES, SERVICES, AND INITIATIVES IN THE HOSPITAL SERVICE AREA. THE FOLLOWING INDIVIDUALS COMPRISED THE PLANNING TEAM:

BRUCE CUMMINGS, CEO, L+M HOSPITAL

BILL STANLEY, VP DEVELOPMENT/COMMUNITY RELATIONS, L+M HOSPITAL

SHRADDHA PATEL, DIRECTOR OF PLANNING, L+M HOSPITAL

SUNG PARK, OUTPATIENT REHAB MANAGER, L+M HOSPITAL

MARY ANN NASH, NUTRITION PROGRAM COORDINATOR, L+M HOSPITAL

DREW HAFFEY, MANAGER, THERAPEUTIC FITNESS + SPORTS MEDICINE, L+M HOSPITAL

TRISH PUGSLEY, MANAGER, JOSLIN DIABETES CENTER, L+M HOSPITAL

ALEJANDRO MELENDEZ-COOPER, SITE DIRECTOR, COMMUNITY HEALTH CENTER

**Part V Facility Information** *(continued)*

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

JEN MUGGEO, COMMUNITY EDUCATION, LEDGE LIGHT HEALTH DISTRICT

RUSSELL MELMED, EPIDEMIOLOGIST, LEDGE LIGHT HEALTH DISTRICT

STEPHANYE CLARKE, HEALTH PROGRAM COORDINATOR, LEDGE LIGHT HEALTH DISTRICT

STEVE SMITH, MD, PHYSICIAN, COMMUNITY HEALTH CENTER

MARY LENZINI, PRESIDENT, VISITING NURSE ASSOCIATION

JENNIFER O'BRIEN, COMMUNITY FOUNDATION OF SOUTHEASTERN CONNECTICUT

DINA SEARS-GRAVES, VP OF COMMUNITY INVESTMENT, UNITED WAY

NANCY COWSER, VP OF PLANNING, UNITED COMMUNITY + FAMILY SERVICES

DEBRA PENNUTO-MUNIZ, EXECUTIVE DIRECTOR, ENCUENTROS DE ESPERANZA

MICHELLE DEVINE, EXECUTIVE DIRECTOR, SOUTHEASTERN REGIONAL ACTION COUNCIL

RICK CALVERT, COO, CHILD + FAMILY AGENCY

JOANN EACCARINO, DIRECTOR-SCHOOL BASED HEALTH SERVICES, CHILD + FAMILY AGENCY

MICHAEL PASSERO, PRESIDENT, NEW LONDON CITY COUNCIL

JASON MARTIN, SUPERVISOR, THAMES VALLEY COUNCIL FOR COMMUNITY ACTION

TRACEE REISER, ASSOCIATE DEAN FOR COMMUNITY LEARNING, CONNECTICUT COLLEGE

JERRY LOKKEN, MANAGER, GROTON PARKS + RECREATION

FR. MICHAEL BELT, PASTOR, ST. JAMES EPISCOPAL

CHRIS SOTO, NEW LONDON COMMUNITY ACTIVIST

SCHEDULE H, PART V, SECTION B, LINE 5D:

THE CHNA REPORT WAS RELEASED AT A PRESENTATION OPEN TO THE PUBLIC ON JANUARY 23, 2013. IN ATTENDANCE WERE COMMUNITY PARTNERS REPRESENTING

**Part V Facility Information** (continued)

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

OTHER NON-PROFIT ORGANIZATIONS, BUSINESS LEADERS, INDIVIDUALS  
REPRESENTING THE EDUCATION SECTOR, HOSPITAL STAFF, MEMBERS OF THE PRESS,  
AND COMMUNITY MEMBERS.

SCHEDULE H, PART V, SECTION B, LINE 7:

DUE TO RESOURCE CONSTRAINTS, SOME OF THE IDENTIFIED NEEDS THROUGH THE  
CHNA WILL NOT BE ADDRESSED. IN OTHER CASES, OTHER ORGANIZATIONS ARE  
TAKING THE LEAD ON AN IDENTIFIED NEED AND L+M HOSPITAL IS COLLABORATING.  
A DRIVING PHILOSOPHY OF L+M'S COMMUNITY BENEFIT EFFORTS IS TO BUILD ON  
COMMUNITY RESOURCES, PROGRAMS AND SERVICES AND TO NOT DUPLICATE THEM. AS  
SUCH, IN EXAMINING EACH OF THE PRIORITIZED COMMUNITY HEALTH NEEDS,  
EXISTING COMMUNITY ASSETS WERE IDENTIFIED BEFORE CONSIDERING ANY NEW  
STRATEGIES THAT L+M MIGHT INITIATE AND/OR THOSE TO BE CONTINUED. WHERE  
THERE IS AN EXISTING COMMUNITY-BASED PROGRAM ADDRESSING ANY OF THE  
PRIORITIZED NEEDS, OR DUE TO RESOURCE LIMITATIONS, L+M WILL WORK TO  
SUPPORT AND BUILD CAPACITY OF THOSE PROGRAMS RATHER THAN TO CREATE  
SOMETHING NEW.

THERE ARE THREE SPECIFIC EXAMPLES OF AREAS WHERE THE DATA DEMONSTRATE  
THAT THE L+M COMMUNITY IS AN OUTLIER AS COMPARED TO NATIONAL BENCHMARKS.  
THE USE OF TOBACCO IN THE L+M SERVICE AREA, WHILE HAVING DECREASED,  
CONTINUES TO EXCEED THE HEALTHY PEOPLE 2020 GOAL. L+M OFFERS CESSATION  
SUPPORT TO EMPLOYEES PRESENTLY. ALTHOUGH THIS INDICATOR IS DIRECTLY  
LINKED TO THE PRIORITY AREA OF CANCER, DUE TO RESOURCE LIMITATIONS, L+M  
WILL NOT UNDERTAKE PROGRAMMING INTENDED FOR THE WIDER COMMUNITY RELATED  
TO TOBACCO CESSATION.

**Part V Facility Information** (continued)

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

SIMILARLY, ALTHOUGH EXCESSIVE DRINKING IN ADULTS OVER AGE 18 IN NEW LONDON COUNTY EXCEEDS THE NATIONAL BENCHMARK, AND CAN BE LINKED TO CANCER AND MENTAL HEALTH PRIORITY AREAS, L+M WILL SUPPORT EFFORTS LED BY COMMUNITY PARTNERS BUT WILL NOT TAKE THE LEAD IN PROGRAMMING AROUND THIS ISSUE. FOR EXAMPLE, MUCH WORK AROUND SUBSTANCE ABUSE AND ADDICTION ISSUES IS BEING CARRIED OUT BY THE SOUTHEASTERN CT REGIONAL ACTION COUNCIL, AN ENTITY ESTABLISHED BY THE CT LEGISLATURE TO ASSIST COMMUNITIES IN THIS AREA. ADDITIONALLY, THERE ARE COMMUNITY PARTNERS RECEIVING FEDERAL AND STATE GRANT FUNDS TO ADDRESS THIS AREA. L+M PARTNERS IN THESE EFFORTS BUT WILL NOT INITIATE NEW STRATEGIES.

LAST, THE URBAN CENTER OF NEW LONDON CONTINUES TO DEMONSTRATE VARIANCE FROM STATE RATES IN BIRTHS TO TEENS AND SEXUALLY TRANSMITTED INFECTIONS. ALTHOUGH L+M WILL WORK TO SUPPORT COMMUNITY PARTNERS IN ADDRESSING THESE ISSUES, RESOURCE LIMITATIONS WILL NO LONGER ALLOW L+M TO PLAY A LEADERSHIP ROLE.

SCHEDULE H, PART V, SECTION B, LINE 20D:

SEE EXPLANATION PROVIDED IN SCHEDULE H, PART I, LINE 3C

**Part V Facility Information** (continued)

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

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

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

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

**Part VI Supplemental Information**

Provide the following information.

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

SCHEDULE H, PART I, LINE 3C:

IT IS THE PHILOSOPHY AND POLICY OF LAWRENCE & MEMORIAL HOSPITAL ("L+M HOSPITAL") THAT MEDICALLY NECESSARY HEALTH CARE SERVICES SHOULD BE AVAILABLE TO ALL INDIVIDUALS REGARDLESS OF THEIR ABILITY TO PAY.

CHARITY CARE APPLIES TO ALL UNINSURED PATIENTS (DEFINED AS EARNING LESS THAN 250% OF THE POVERTY GUIDELINES) AS DESCRIBED IN § 19A-673 OF THE CONNECTICUT GENERAL STATUTES. L+M HOSPITAL WILL MEET OR EXCEED THE GUIDELINES SET-FORTH BY THE CONNECTICUT HOSPITAL ASSOCIATION ("CHA") ON THE STATEWIDE DISCOUNT POLICY FOR UNINSURED PATIENTS. CARE WILL BE PROVIDED FREE FOR THOSE UNINSURED PATIENTS WHO REQUEST ASSISTANCE AND VERIFY THEIR ANNUAL INCOME IS LESS THAN 250% OF THE FEDERAL INCOME POVERTY LEVEL ("FPL"). LIQUID ASSETS MUST NOT EXCEED \$50,000 (STOCKS, BONDS, CASH, 401, IRA, CD ETC.) EXCLUDING PRIMARY RESIDENCE AND PRIMARY MOTOR VEHICLE). BUSINESS ASSETS, RENTAL PROPERTY, SECONDARY RESIDENCE, RECREATIONAL VEHICLES AND OTHER SUCH LUXURY ITEMS WILL BE APPLIED TO THE LIQUID ASSETS. CARE WILL BE DISCOUNTED ON A SLIDING SCALE FOR SELF-PAY PATIENTS WHO HAVE NO THIRD PARTY INSURANCE TO COVER SERVICES WITH AN

**Part VI** Supplemental Information

Provide the following 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.

ANNUAL INCOME THAT IS BETWEEN 250% AND 400% OF THE FPL AND HAVE ASSETS  
LESS THAN \$50,000, IN ACCORDANCE WITH THE FOLLOWING:

251% - 300% = COST OF CHARGE

301% - 350% = 40%

351% - 400% = 30%

SCHEDULE H, PART I, LINE 7:

THE AMOUNTS REPORTED ON PART I, LINE 7 WERE CALCULATED AS DIRECT,  
SEPARATELY IDENTIFIABLE COSTS INCURRED BY THE HOSPITAL PLUS AN ALLOCATION  
OF OVERHEAD.

SCHEDULE H, PART II:

L+M HOSPITAL, WITH A MISSION TO "IMPROVE THE HEALTH OF THE REGION," HEWS  
TO THE WORLD HEALTH ORGANIZATION DEFINITION OF HEALTH: "A STATE OF  
COMPLETE PHYSICAL, MENTAL AND SOCIAL WELL-BEING AND NOT MERELY THE  
ABSENCE OF DISEASE OR INFIRMITY." IN ADDITION TO MEETING AN IDENTIFIED  
NEED IN THE COMMUNITY, L+M HOSPITAL CONTRIBUTES TO AN OVERALL HEALTHY

**Part VI Supplemental Information**

Provide the following information.

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- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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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.

COMMUNITY AND SUPPORTS THE HOSPITAL'S ROLE AS GOOD CORPORATE CITIZEN.

THIS SOCIAL IMPACT IS MEASURED IN TERMS OF COMMUNITY VIBRANCY, AND

BREADTH AND DEPTH OF COMMUNITY ACTIVITIES THAT ENHANCE THE QUALITY OF

LIFE IN THE REGION. THE MAJORITY OF THE HOSPITAL'S COMMUNITY BUILDING

ACTIVITIES FALL INTO THE CATEGORY OF IN-KIND AND FINANCIAL SUPPORT FOR

PARTNER NON-PROFITS ALSO ENGAGED IN COMMUNITY DEVELOPMENT SUCH AS THE

DISBURSEMENT OF SCHOLARSHIPS. WE PARTICIPATE IN ECONOMIC DEVELOPMENT

ACTIVITIES THROUGH THE REGION'S CHAMBERS OF COMMERCE. ALL OF THESE

ACTIVITIES HAVE AS THEIR PRIMARY PURPOSE TO BENEFIT THE COMMUNITY AND ARE

CARRIED OUT WITHOUT REMUNERATION.

**Part VI Supplemental Information**

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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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.
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CARRIED OUT WITHOUT REMUNERATION.

SCHEDULE H, PART III, LINES 2 AND 3:

L+M HOSPITAL USES A COST REPORTING SYSTEM TO DETERMINE THE BAD DEBT EXPENSE. THE AMOUNT OF BAD DEBT EXPENSE (AT COST) REPORTED ON PART III, LINE 2 IS TAKEN DIRECTLY FROM THE AUDITED FINANCIAL STATEMENTS. THE AMOUNT OF BAD DEBT EXPENSE (AT COST) ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS CALCULATED AS 3% OF THE AMOUNT OF BAD DEBT (AT COST) FROM THE AUDITED FINANCIAL STATEMENTS. THE AMOUNT OF 3% REPRESENTS THE BAD DEBT AMOUNT THAT COULD HAVE BEEN QUALIFIED FOR CHARITY CARE AS THIS THE PERCENTAGE OF GROSS REVENUE THAT IS SELF PAID.

SCHEDULE H, PART III, LINE 8:

THE MEDICARE SHORTFALL OF (\$20,587,664) REPORTED IN PART III, LINE 7 WAS CALCULATED BASED ON COST REPORTING. THE COSTING METHOD WAS FROM THE MEDICARE COST REPORT'S OWN METHODOLOGY OF ALLOCATING COST BY DEPARTMENT AND DERIVING A RATIO OF COST TO CHARGES. THIS AMOUNT SHOULD BE TREATED

**Part VI Supplemental Information**

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AS COMMUNITY BENEFIT BECAUSE THE RATES PAID BY MEDICARE DO NOT ACCURATELY REFLECT THE COST OF CARE PROVIDED BY L+M HOSPITAL. ACCORDINGLY, L+M HOSPITAL MUST SUBSIDIZE THE COST OF CARE PROVIDED TO MEDICARE BENEFICIARIES WITH OTHER REVENUES.

SCHEDULE H, PART III, LINE 9B:

IN ACCORDANCE WITH ITS WRITTEN CREDIT AND COLLECTION POLICY, L+M HOSPITAL WILL NOT PURSUE COLLECTION EFFORTS, DIRECTLY OR THROUGH COLLECTION AGENCIES, ON THE PORTION OF A PATIENT'S BILL FOR WHICH THAT PATIENT HAS ESTABLISHED ELIGIBILITY FOR CHARITY CARE.

SCHEDULE H, PART VI, LINE 2

NEEDS ASSESSMENT:

L&M HOSPITAL EMPLOYS A VARIETY OF STRATEGIES IN GAUGING THE HEALTH NEEDS OF THE COMMUNITIES IT SERVES. THE MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA), COVERING THE LAWRENCE + MEMORIAL PRIMARY SERVICE AREA WAS CONDUCTED UNDER THE GUIDANCE OF AN OUTSIDE EXPERT. THE ASSESSMENT UPDATES THE LAST COMPREHENSIVE CHNA AND FURTHER ANALYZES HEALTH STATUS AS

**Part VI Supplemental Information**

Provide the following information.

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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.

IT RELATES TO IDENTIFIED HEALTH CARE AND PUBLIC HEALTH ISSUES IN NEW LONDON COUNTY. METHODS INCLUDED USING SCIENTIFICALLY VALID DATA, COMPARATIVE INFORMATION, AND INPUT FROM LOCAL RESIDENTS, PROVIDERS AND LEADERS. INDICATORS WERE COMPUTED FROM AN EXTENSIVE SET OF SECONDARY HEALTH-RELATED DATA.

L+M HOSPITAL REVIEWS DISEASE INCIDENCE AND PREVALENCE RATES FOR THE LOCAL COMMUNITY, STATE, AND NATION. RATES ARE COLLECTED FROM MEDICAL JOURNALS, THE CT DEPARTMENT OF HEALTH, OR NATIONAL HEALTH RESOURCES SUCH AS THE KAISER FAMILY FOUNDATION OR CDC. THIS ANALYSIS INFORMS L+M ON THE HEALTH STATUS OF THE COMMUNITY AND IS USED TO FOCUS PROGRAM AND SERVICE DEVELOPMENT ON AREAS OF GREATEST CONCERN.

INFORMATION ON COMMUNITY NEEDS IS ALSO GATHERED THROUGH PARTNERSHIPS WITH OTHER COMMUNITY ORGANIZATIONS SUCH AS THE UNITED WAY, THE LEDGE LIGHT HEALTH DISTRICT, AND OTHER LOCAL NON-PROFITS. PERIODIC REVIEW OF DATA AND UPDATING AS APPROPRIATE IS CONDUCTED. L+M HOSPITAL COMPLETES A PHYSICIAN MANPOWER STUDY REGULARLY. THIS STUDY, CONDUCTED BY AN OUTSIDE

**Part VI Supplemental Information**

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CONSULTANT, DOCUMENTS THE DEMAND FOR PHYSICIANS BY SPECIALTY BASED ON  
 PHYSICIAN-TO-POPULATION RATIOS, THE SUPPLY OF PHYSICIANS IN THE  
 COMMUNITY, AND THE RESULTANT GAPS BETWEEN DEMAND AND SUPPLY. THE  
 ANALYSIS INFORMS L+M OF DEFICIENCIES IN PHYSICIAN SUPPLY AND HELPS FOCUS  
 RECRUITMENT EFFORTS TO MEET THE DEMANDS OF THE COMMUNITY.

ALL COMMUNITY BENEFIT ACTIVITIES ARE REGULARLY EVALUATED FOR IMPACT AND  
 EFFECTIVENESS AND AUDITED FOR COMPLIANCE WITH THE ORGANIZATION'S  
 COMMUNITY BENEFIT POLICY.

SCHEDULE H, PART VI, LINE 3

PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE:  
 IN ACCORDANCE WITH ITS CHARITY CARE POLICY, L+M HOSPITAL NOTIFIES  
 PATIENTS OF THE AVAILABILITY OF FINANCIAL ASSISTANCE USING SEVERAL  
 METHODS. 1) SIGNAGE INDICATING THE AVAILABILITY OF CHARITY CARE IS  
 POSTED IN ENGLISH AND SPANISH IN PATIENT ACCOUNTS, HEALTH ACCESS  
 MANAGEMENT AND CERTAIN CLINICAL AREAS. SUMMARIES OF THE PROGRAMS WILL  
 ALSO BE AVAILABLE IN THOSE AREAS. 2) PATIENT FINANCIAL ADVISORS WILL

**Part VI Supplemental Information**

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ATTEMPT TO VISIT ALL INPATIENTS REGISTERED AS SELF-PAY PATIENTS. A SUMMARY EXPLAINING CHARITY CARE WILL BE GIVEN TO THE PATIENT OR GUARANTOR WHEN THIS VISIT OCCURS. 3) PATIENTS WITH NO INSURANCE WILL RECEIVE AN INITIAL LETTER WITHIN ONE WEEK OF DISCHARGE INFORMING THEM THAT L+M HOSPITAL CONSIDERS THEM "INSURED" PER THE CONNECTICUT GENERAL STATUTES SECTION 19A-673. IT IS THE RESPONSIBILITY OF THE PATIENT TO ADVISE L+M HOSPITAL IF THEY BELIEVE THEY QUALIFY AS "UNINSURED" (AT OR UNDER 250% OF THE FPG). 4) A SERIES OF MONTHLY STATEMENTS WILL BE SENT FOLLOWING DISCHARGE. EACH STATEMENT WILL REMIND THE PATIENT OF THE AVAILABILITY OF CHARITY CARE.

SCHEDULE H, PART VI, LINE 4

COMMUNITY INFORMATION:

POPULATION SIZE

THE COMMUNITIES THAT COMPRISE THE SERVICE AREA OF LAWRENCE & MEMORIAL INCLUDE TEN TOWNS ALONG THE CONNECTICUT SHORELINE BETWEEN RHODE ISLAND AND THE CONNECTICUT RIVER AND INLAND TO SALEM, CT, WITH A TOTAL POPULATION OF APPROXIMATELY 180,000 PEOPLE YEAR-ROUND, INCREASING TO

**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.

250,000 IN THE SUMMER. OUR COMMUNITIES REPRESENT A BROAD MIX OF URBAN,  
SUBURBAN, AND RURAL AREAS.

**GENERAL DEMOGRAPHICS**

THE TOWNS AND CITIES IN THIS AREA ARE VERY DIVERSE, NOT ONLY  
SOCIO-ECONOMICALLY BUT ALSO IN TERMS OF RACE, ETHNICITY, FAITH TRADITION,  
RESIDENT TRANSIENCE, EMPLOYMENT, HEALTH INSURANCE STATUS, AND EDUCATIONAL  
ATTAINMENT. FROM 2000 TO 2010, THERE WAS A SLIGHT OVERALL GROWTH IN  
POPULATION WITH DRAMATIC CHANGES OCCURRING IN ETHNIC AND RACIAL  
COMPOSITION OF THE LOCAL POPULATION; THE PERCENTAGE OF HISPANICS  
INCREASED BY 75.4%, AFRICAN AMERICANS INCREASED BY 16.9%, NATIVE  
AMERICANS INCREASED BY 0.7%, ASIANS INCREASED BY 124% AND THOSE WHO  
INDICATE "OTHER" INCREASED BY 64%. OTHER INCREASES HAVE OCCURRED IN THE  
EASTERN EUROPEAN, AND HAITIAN POPULATIONS, AMONG OTHERS, WITH LOCAL  
SCHOOL DISTRICTS REPORTING SIGNIFICANT PERCENTAGES OF CHILDREN WHO ARE  
ENGLISH LANGUAGE LEARNERS (21.6 PERCENT IN NEW LONDON, 11.5 PERCENT IN  
NORWICH). CHANGES IN THE ETHNIC AND RACIAL MAKEUP OF COUNTY RESIDENTS ARE  
IMPACTING THE BURDEN OF DISEASE AND DEMAND FOR HEALTH SERVICES.

**Part VI Supplemental Information**

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ACCORDING TO THE CDC OFFICE OF MINORITY HEALTH & HEALTH EQUITY (2012), RACE AND ETHNICITY CORRELATE WITH SIGNIFICANT HEALTH DISPARITIES. SPECIFICALLY, HISPANIC/LATINOS ARE AT HIGHER RISK FOR ASTHMA, DIABETES, HIV/AIDS, CERVICAL CANCER, LACK OF PRENATAL CARE, AND INFANT MORTALITY. BLACKS/AFRICAN AMERICANS ARE AT HIGHER RISK FOR HEART DISEASE, HYPERTENSION, DIABETES, AND INFANT MORTALITY. BOTH POPULATIONS ARE ALSO AT HIGHER RISK FOR OVERWEIGHT/ OBESITY ISSUES.

#### MAJOR EMPLOYERS

THE REGION HAS TRANSITIONED FROM A LARGELY DEFENSE INDUSTRY-BASED ECONOMY TO ONE THAT RELIES HEAVILY UPON EMPLOYMENT IN THE SERVICE AND TRADE SECTORS AND IN GENERAL HAS A HIGHER PERCENTAGE OF PERSONS EMPLOYED IN THOSE SECTORS -WITH CORRESPONDING LOWER RATES OF PAY- WHICH IS CORRELATED WITH THE LOWER PER CAPITA INCOME AND GREATER ECONOMIC VULNERABILITY. MAJOR EMPLOYERS INCLUDE THE MASHANTUCKET PEQUOT AND MOHEGAN TRIBES (FOXWOODS RESORT AND CASINO AND MOHEGAN SUN CASINO RESPECTIVELY), PFIZER GLOBAL RESEARCH AND DEVELOPMENT, EDUCATIONAL INSTITUTIONS (CONNECTICUT

**Part VI** Supplemental Information

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COLLEGE, MITCHELL COLLEGE AND THE U.S. COAST GUARD ACADEMY), GENERAL DYNAMICS/ELECTRIC BOAT, DOMINION, AND LAWRENCE + MEMORIAL.

THERE ARE PRIMARY SOCIAL AND HEALTH CARE FACTORS IN THE URBAN CENTERS OF THE REGION, RACIAL AND ETHNIC HEALTH DISPARITIES, HIGHER POVERTY AND UNEMPLOYMENT RATES, LOWER LEVELS OF EDUCATIONAL ATTAINMENT, LIMITED ACCESS TO AFFORDABLE HOUSING AND TRANSPORTATION, HIGHER RATES OF DEATH FROM CHRONIC ILLNESS, AND A GREATER LIKELIHOOD OF RESIDENTS NOT HAVING HEALTH INSURANCE, ALL OF WHICH PRESENT PARTICULAR CHALLENGES. MEDIAN HOUSEHOLD INCOME IN THE L+M SERVICE AREA IS FAR BELOW THAT OF THE STATE, WITH AFRICAN AMERICAN AND HISPANIC FAMILIES' INCOMES SIGNIFICANTLY LOWER THAN WHITE FAMILIES' INCOMES. THE REGION INCLUDES ONE PRIORITY SCHOOL DISTRICT. THREE OF OUR COMMUNITIES HAVE A GREATER PERCENTAGE OF CHILDREN LIVING IN POVERTY THAN THE STATE AVERAGE OF 26.1% - GROTON 27.7%, NEW LONDON 59.7% AND NORWICH 43.4% (CHILDREN UNDER 200% OF THE FEDERAL POVERTY LEVEL 2006 - 2010, CT VOICES FOR CHILDREN).

THE CHRONIC DISEASE BURDEN IS HIGH THROUGHOUT NEW LONDON COUNTY WITH

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NORWICH AND NEW LONDON HAVING HIGHER PERCENTAGES WITH 3+ CHRONIC CONDITIONS THAN OTHER REGIONS. NEW LONDON AND NORWICH ALSO HAVE A HIGHER PERCENTAGE OF PEOPLE WHO SELF-IDENTIFY AS "NOT WELL" AND, ALONG WITH SOME OUTLYING TOWNS, HAVE THE LEAST FAVORABLE INDICATORS FOR CHRONIC DISEASE.

SCHEDULE H, PART VI, LINE 5

PROMOTION OF COMMUNITY HEALTH:

L+M HOSPITAL'S COMMUNITY BENEFIT PROGRAMS AND SERVICES FORWARD THE ORGANIZATIONAL MISSION "TO IMPROVE THE HEALTH OF THE REGION" AND ALIGN WITH THE PRINCIPLES AS SET FORTH IN THE ORGANIZATION'S COMMUNITY BENEFIT POLICY. THOSE PRINCIPLES INCLUDE:

1. EMPHASIS ON PROGRAMS TO MEET A SIGNIFICANT UNMET HEALTH NEED INCLUDING EFFORTS TO IDENTIFY AND INCLUDE VULNERABLE POPULATIONS OR THOSE MOST AT-RISK AS DETERMINED BY RISK FACTORS WHICH PREDISPOSE THOSE POPULATIONS TOWARD A HIGHER INCIDENCE OF DISEASE AND/OR BARRIERS TO OBTAINING APPROPRIATE HEALTHCARE.
2. EMPHASIS ON PRIMARY PREVENTION AND INCLUDING AT LEAST ONE OF THREE PRIMARY PREVENTION STRATEGIES: HEALTH PROMOTION, DISEASE PREVENTION, AND

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HEALTH PROTECTION. HEALTH PROMOTION ENTAILS ENCOURAGING HEALTHY LIFESTYLES; DISEASE PREVENTION FOCUSES ON INDIVIDUALS IDENTIFIED AS AT-RISK FOR HEALTH PROBLEMS; HEALTH PROTECTION ACTIVITIES INFLUENCE THE ENVIRONMENT TO SUPPORT HEALTHY BEHAVIORS.

3. PROGRAMS SHOULD DEVELOP EVIDENCE-BASED LINKS BETWEEN CLINICAL SERVICES AND HEALTH IMPROVEMENT ACTIVITIES DELIVERED BOTH INSIDE AND OUTSIDE THE HOSPITAL.

4. PROGRAMS SHOULD FOCUS ON TARGETING CHARITABLE RESOURCES THAT MOBILIZE AND BUILD CAPACITY WITHIN EXISTING COMMUNITY ASSETS WHILE MINIMIZING DUPLICATION OF EFFORT.

5. PROGRAMS SHOULD EMPHASIZE COLLABORATION WITH COMMUNITY STAKEHOLDERS.

AS EVIDENCED BY THE WIDE RANGE OF COMMUNITY BENEFIT PROGRAMS AND SERVICES OFFERED, L+M IS ENGAGED IN MEETING THE IDENTIFIED HEALTH NEEDS OF THE COMMUNITIES WE SERVE. THERE IS AN ORGANIZATIONAL HISTORY OF COLLECTING DATA TO DETERMINE HOW BEST TO DIRECT OUR RESOURCES AND HOW TO MAKE THE GREATEST IMPACT IN PROMOTING COMMUNITY HEALTH. OUR ANNUAL COMMUNITY BENEFIT REPORT PUBLICATION DESCRIBES A SAMPLING OF PROGRAMS AND THE

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AMOUNT OF INVESTMENT THAT L+M MAKES IN CARRYING OUT THESE PROGRAMS.

COMMUNITY INVOLVEMENT IN GOVERNANCE AND ADVISORY GROUPS

COMMUNITY ENGAGEMENT IN THE PLANNING, IMPLEMENTATION AND EVALUATION OF

L+M HOSPITAL INITIATIVES IS OF UTMOST IMPORTANCE. CONSUMERS AND

STAKEHOLDER ORGANIZATIONS PARTICIPATE IN A RANGE OF ACTIVITIES SO AS TO

ENSURE THAT MANY PERSPECTIVES ARE CONSIDERED. ONE EXAMPLE OF BROAD

COMMUNITY INVOLVEMENT IS IN OUR FACILITATION OF A MULTI-SECTOR

STAKEHOLDER COLLABORATIVE TO BRING A COMMUNITY FITNESS CENTER TO OUR HOME

COMMUNITY. THE RECONNECTING THE HOMELESS PROGRAM ENGAGES IN COMMUNITY

COLLABORATIVES THAT PROVIDE IMPORTANT INPUT FOR THE PROGRAM AND EMPHASIS

IS PLACED ON HOSPITAL REPRESENTATIVE PARTICIPATION IN OTHER COMMUNITY

ORGANIZATIONS SO AS TO PROVIDE OPPORTUNITIES TO HEAR FROM OUR CONSUMERS.

LAWRENCE + MEMORIAL'S BOARD OF DIRECTORS IS MADE UP OF COMMUNITY LEADERS

WHO RESIDE IN THE HOSPITAL'S PRIMARY SERVICE AREA. THESE VOLUNTEERS GIVE

COUNTLESS HOURS OF SERVICE TO THE HOSPITAL IN THEIR OVERSIGHT ROLE. THEY

ARE INVOLVED IN THE STRATEGIC PLANNING, IN FUNDRAISING, AND IN GENERAL

STEWARDSHIP AMONG OTHER RESPONSIBILITIES. OUR CORPORATORS ARE OUR

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COMMUNITY-LIAISONS AND REPRESENT ALL SECTORS OF OUR COMMUNITIES PROVIDING  
INPUT AND FEEDBACK REGULARLY. MEDICAL STAFF PRIVILEGES ARE OFFERED TO  
ALL QUALIFIED PHYSICIANS IN THE COMMUNITY.

SCHEDULE H, PART VI, LINE 6

AFFILIATED HEALTH CARE SYSTEM:

THE ENTITIES OF L+M HEALTHCARE INCLUDE L+M HOSPITAL, THE L+M MEDICAL  
GROUP (LMPA, PHYSICIAN PRACTICES), THE VISITING NURSE ASSOCIATION OF  
SOUTHEASTERN CT (VNASC), AND WESTERLY HOSPITAL (RHODE ISLAND) EACH OF  
WHICH HAVE A ROLE IN PROMOTING THE HEALTH OF OUR COMMUNITIES. THE L+M  
HOSPITAL ROLE IS DESCRIBED IN QUESTION 5 ABOVE AND WESTERLY HOSPITAL  
OPERATES IN SIMILAR FASHION: IMPLEMENTING COMMUNITY HEALTH IMPROVEMENT  
ACTIVITIES, PROVIDING OPPORTUNITIES FOR HEALTH PROFESSIONS STUDENTS,  
ENSURING ACCESS TO CARE, PROMOTING PRIMARY PREVENTIVE CARE, PROVIDING  
SUBSIDIZED HEALTH SERVICES AND SERVING AS A SAFETY NET PROVIDER. VNASC  
CARES FOR EVERYONE FROM THE ELDERLY WHO WISH TO REMAIN IN THEIR HOMES FOR  
AS LONG AS THEY CAN AND PATIENTS RECOVERING FROM SURGERY OR ILLNESS, TO  
NEW MOTHERS, SCHOOLCHILDREN, AND THE HOMELESS USING THE MOST CURRENT

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MEDICAL ADVANCES AND TECHNOLOGIES IN HOME HEALTHCARE, AND STRENGTHENS  
 COMMUNITY RESOURCES FOR EVERYONE. LMPA, THROUGH ITS PATIENT-CENTERED  
 MEDICAL HOME PRIMARY CARE AND SPECIALTY PRACTICES PROVIDES DIAGNOSTIC,  
 THERAPEUTIC AND PREVENTIVE HEALTH CARE THROUGH PHYSICIANS OF FAMILY  
 PRACTICE, INTERNAL MEDICINE, PEDIATRICS, DERMATOLOGY, ENDOCRINOLOGY,  
 GENERAL SURGERY, ORTHOPEDIC SURGERY, NEUROSURGERY, BREAST AND  
 RECONSTRUCTIVE SURGERY, NEUROLOGY, REHABILITATION MEDICINE, OBSTETRICS,  
 GYNECOLOGY, CARDIOLOGY AND INTERVENTIONAL PAIN MANAGEMENT IN MULTIPLE  
 LOCATIONS THROUGHOUT SOUTHEASTERN CT AND SOUTHWESTERN RI.

SCHEDULE H, PART VI, LINE 7

STATE FILING OF COMMUNITY BENEFIT REPORT:

L+M HOSPITAL FILES ITS COMMUNITY BENEFIT REPORT IN CONNECTICUT ONLY. THE  
 L+M HEALTHCARE AFFILIATED ORGANIZATION, WESTERLY HOSPITAL, FILES REPORTS  
 IN RHODE ISLAND.

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OTHER INFORMATION:

A MAJORITY OF L+M HOSPITAL'S TRUSTEES ARE MEMBERS OF THE COMMUNITY SERVED BY L+M HOSPITAL AND ARE NOT EMPLOYED BY L+M HOSPITAL NOR ARE THEY FAMILY MEMBERS OF PERSONS EMPLOYED BY L+M HOSPITAL. L+M HOSPITAL EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY WHO WISH TO JOIN THE STAFF, CONSISTENT WITH THE SIZE AND NATURE OF ITS FACILITIES. EXCESS RECEIPTS FROM OPERATIONS ARE DEVOTED TO IMPROVEMENT OF FACILITIES, DEBT SERVICE, MEDICAL TRAINING AND RESEARCH.

HEALTH ADVOCACY INITIATIVES

L+M HOSPITAL IS INVOLVED IN HEALTH ADVOCACY INITIATIVES TO REDUCE UNINTENTIONAL INJURY TO CHILDREN, AND TO IMPROVE THE HEALTHCARE, PUBLIC HEALTH AND SOCIAL SERVICE SYSTEMS IN NEW LONDON COUNTY. OUR SAFE KIDS NEW LONDON COUNTY PROGRAM PLAYS A LEADERSHIP ROLE ON THE LOCAL, STATE AND NATIONAL LEVELS IN ADVOCATING FOR PUBLIC POLICIES THAT REDUCE INJURY RISK FOR CHILDREN. L+M HOSPITAL'S LEADERSHIP IN THE NEW LONDON COUNTY HEALTH COLLABORATIVE, AND PARTNERSHIP WITH OVER 12 OTHER ORGANIZATIONS INCLUDING BACKUS HOSPITAL, THREE HEALTH DEPARTMENTS, THREE FEDERALLY QUALIFIED

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HEALTH CENTERS, THE COUNTY ANTI-POVERTY AGENCY, TWO HOMECARE ORGANIZATIONS, AND THE COUNTY'S LARGEST CHILD ADVOCACY ORGANIZATION, HAS RESULTED IN THE COLLABORATIVE BEING LOOKED TO AS A VALUABLE RESOURCE FOR POLICY MAKERS. ADDITIONALLY, THE EFFORTS OF THE NEW LONDON COUNTY HEALTH COLLABORATIVE ARE HAVING AN IMPACT ON COMMUNITY HEALTH, INITIALLY IN THE AREA OF IMPROVED ACCESS TO CARE.

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

- ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
- ▶ Attach to Form 990. ▶ See separate instructions.
- ▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**

**Open to Public  
Inspection**

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

06-0646704

**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 checked="" 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 directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                                |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations                | <input checked="" 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
<b>1b</b>		X
<b>2</b>	X	
<b>4a</b>		X
<b>4b</b>	X	
<b>4c</b>		X
<b>5a</b>		X
<b>5b</b>		X
<b>6a</b>		X
<b>6b</b>		X
<b>7</b>	X	
<b>8</b>		X
<b>9</b>		

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

Schedule J (Form 990) 2013

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 BRUCE D. CUMMINGS PRESIDENT/CEO	(i)	567,106.	0	19,282.	90,112.	21,033.	697,533.	0
	(ii)	0	0	0	0	0	0	0
2 HENRY AMDUR, MD PAST PRESIDENT, UNTIL 12/13	(i)	0	0	0	0	0	0	0
	(ii)	277,234.	100,621.	1,980.	10,000.	11,384.	401,219.	0
3 LUGENE INZANA VP/CFO UNTIL 2/14	(i)	338,447.	0	1,242.	39,749.	24,761.	404,199.	0
	(ii)	0	0	0	0	0	0	0
4 WILLIAM STANLEY VP DEV & COMMUNITY RELATIONS	(i)	184,059.	0	5,940.	24,087.	21,462.	235,548.	0
	(ii)	0	0	0	0	0	0	0
5 MAUREEN ANDERSON, ATTOR ASSISTANT SECRETARY	(i)	256,947.	0	810.	29,561.	23,605.	310,923.	0
	(ii)	0	0	0	0	0	0	0
6 DANIEL RISSI, MD VP CHIEF MEDICAL OFFICER	(i)	379,173.	0	3,564.	45,065.	21,033.	448,835.	0
	(ii)	0	0	0	0	0	0	0
7 KIMBERLY KALAJAINEN VP CHIEF INFORMATION OFFICER	(i)	214,293.	0	4,144.	25,481.	23,624.	267,542.	0
	(ii)	0	0	0	0	0	0	0
8 CRISTA DURAND (UNTIL 7/ VP STRATEGIC PLANNING/MKTG	(i)	267,869.	0	540.	31,875.	22,821.	323,105.	0
	(ii)	0	0	0	0	0	0	0
9 LAUREN WILLIAMS VP PATIENT CARE SERVICES	(i)	244,339.	0	2,322.	28,607.	11,045.	286,313.	0
	(ii)	0	0	0	0	0	0	0
10 PAMELA KANE VP PHYSICIANS PRACTICE	(i)	222,668.	0	540.	26,950.	28,211.	278,369.	0
	(ii)	0	0	0	0	0	0	0
11 DAVID F. REISFELD, MD DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	292,427.	37,210.	1,290.	10,000.	23,882.	364,809.	0
12 GERALDINE RUFFA, MD MEDICAL DIRECTOR, PHYSICIAN	(i)	231,489.	0	1,940.	10,000.	1,216.	244,645.	0
	(ii)	0	0	0	0	0	0	0
13 DONNA EPPS VP CHIEF HR OFFICER	(i)	188,474.	0	9,098.	22,449.	0	220,021.	0
	(ii)	0	0	0	0	0	0	0
14 PAUL CHAUSSE DIRECTOR OF REVENUE CYCLE	(i)	152,304.	18,994.	300.	10,000.	9,947.	191,545.	0
	(ii)	0	0	0	0	0	0	0
15 GARY CASS DIRECTOR HR/LABOR RELATIONS	(i)	165,696.	85.	3,810.	10,000.	18,852.	198,443.	0
	(ii)	0	0	0	0	0	0	0
16 CHRISTOPHER LEHRACH, MD CHIEF TRANSFORMATION OFFICER	(i)	199,958.	0	9,186.	10,000.	12,653.	231,797.	0
	(ii)	0	0	0	0	0	0	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 and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 WARREN B. ROGERS DIRECTOR OF PHARMACY	(i)	141,715.	0	22,035.	5,400.	25,210.	194,360.	0
	(ii)	0	0	0	0	0	0	0
2	(i)							
	(ii)							
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.

SCHEDULE J, PART I, LINE 1

WILLIAM STANLEY, VP OF DEVELOPMENT, HAS A NONTAXABLE MEMBERSHIP TO THE THAMES CLUB IN NEW LONDON. THE THAMES CLUB IS A SOCIAL CLUB THAT ALLOWS NETWORKING WITH POTENTIAL DONORS OR BOARD MEMBERS. NO PERSONAL USE IS ALLOWED AND ALL USE IS FOR BUSINESS PURPOSES.

BRUCE CUMMINGS, PRESIDENT & CEO, AUTHORIZES WILLIAM STANLEY'S MEMBERSHIP IN THE THAMES CLUB IN HIS ROLE AS VICE PRESIDENT OF DEVELOPMENT & COMMUNITY RELATIONS OF LAWRENCE & MEMORIAL HOSPITAL. IN AN EFFORT TO CONDUCT BUSINESS IN THE COMMUNITY AND REPRESENT LAWRENCE & MEMORIAL HOSPITAL, THE THAMES CLUB PROVIDES AN APPROPRIATE SETTING FOR MEETINGS WITH BOARD MEMBERS AND BOTH CURRENT AND POTENTIAL DONORS.

SCHEDULE J, PART I, LINE 4B

LAWRENCE & MEMORIAL HOSPITAL ESTABLISHED A SECTION 457(F) SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN FOR THE HOSPITAL'S SENIOR MANAGEMENT. AMOUNTS FOR BRUCE CUMMINGS ARE CREDITED TO THE RETIREMENT ACCOUNT IN MONTHLY INSTALLMENTS THROUGHOUT EACH PLAN YEAR. AMOUNTS FOR ALL OTHER MEMBERS OF SENIOR MANAGEMENT ARE CREDITED TO THE PLAN ANNUALLY. PLAN AMOUNTS WILL BE

**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.

PAID ONLY IF CERTAIN CONDITIONS ARE MET, INCLUDING REMAINING EMPLOYED BY THE HOSPITAL THROUGH AGE 65, AS OUTLINED IN THE PLAN AGREEMENT. SECTION 457(F) CONTRIBUTIONS ARE REPORTED ON SCHEDULE J, PART II, COLUMN C.

DURING 2013, SECTION 457(F) CONTRIBUTIONS WERE CREDITED TOWARDS THE PLAN

AS FOLLOWS:

BRUCE CUMMINGS -	\$80,112
DANIEL RISSI -	\$35,065
LUGENE INZANA -	\$29,749
CRISTA DURAND -	\$21,875
LAUREN WILLIAMS -	\$18,680
PAMELA KANE -	\$16,950
KIMBERLY KALAJAINEN -	\$15,481
WILLIAM STANLEY -	\$14,087
DONNA EPPS -	\$12,449
MAUREEN ANDERSON -	\$19,561

**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.

SCHEDULE J, PART I, LINE 7

L&M HOSPITAL HAS AN EXECUTIVE INCENTIVE PLAN. BONUSES ARE AWARDED UNDER THE PLAN BASED ON THE EXECUTIVE MEETING TEAM AND PERSONAL GOALS. THE PLAN ALSO INCLUDES A DISCRETIONARY COMPONENT. MEMBERS OF L&M HOSPITAL'S SENIOR MANAGEMENT TEAM (PRESIDENT & VICE PRESIDENTS) ARE ELIGIBLE FOR ANNUAL EXECUTIVE INCENTIVE PLAN AWARDS, BASED ON PRE-SET PERCENTAGES OF BASE SALARY TO EACH EXECUTIVE BASED ON THE HOSPITAL MEETING ITS FINANCIAL AND WORK-PLAN GOALS AS WELL AS THE EXECUTIVE MEETING PREDETERMINED INDIVIDUAL AND TEAM GOALS. IN THE CASE OF AN EXECUTIVE NOT MEETING ALL OF HIS OR HER PREDETERMINED GOALS, A PERCENTAGE OF THE ELIGIBLE TARGET AMOUNT MAY BE AWARDED.

**SCHEDULE K  
(Form 990)**

**Supplemental Information on Tax-Exempt Bonds**

OMB No. 1545-0047

**2013**

**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.**

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

06-0646704

**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
<b>A</b> CT HEFA FIXED RATE REV BONDS, SERIES F	06-0806186		09/15/2011	61,831,040.	SEE PART VI		X		X		X
<b>B</b> CT HEFA SERIES G	06-0806186		10/10/2013	30,000,000.	SEE PART VI		X		X		X
<b>C</b> CT HEFA SERIES H	06-0806186		05/05/2013	21,405,000.	SEE PART VI		X		X		X
<b>D</b>											

**Part II Proceeds**

	A		B		C		D	
<b>1</b> Amount of bonds retired	8,235,000.		800,000.		23,209,539.			
<b>2</b> Amount of bonds legally defeased								
<b>3</b> Total proceeds of issue	61,831,040.		30,000,000.		21,405,000.			
<b>4</b> Gross proceeds in reserve funds					2,247,255.			
<b>5</b> Capitalized interest from proceeds								
<b>6</b> Proceeds in refunding escrows								
<b>7</b> Issuance costs from proceeds	1,021,749.		299,000.		442,716.			
<b>8</b> Credit enhancement from proceeds								
<b>9</b> Working capital expenditures from proceeds								
<b>10</b> Capital expenditures from proceeds			29,139,324.					
<b>11</b> Other spent proceeds	60,809,291.				18,715,029.			
<b>12</b> Other unspent proceeds			561,676.					
<b>13</b> Year of substantial completion	2011		2014					
	Yes	No	Yes	No	Yes	No	Yes	No
<b>14</b> Were the bonds issued as part of a current refunding issue?	X			X	X			
<b>15</b> Were the bonds issued as part of an advance refunding issue?		X		X	X			
<b>16</b> Has the final allocation of proceeds been made?	X			X	X			
<b>17</b> Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

**Part III Private Business Use**

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

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

Part III Private Business Use (Continued)

TAX-EXEMPT BONDS

Table with 9 rows and 8 columns (A, B, C, D) for Private Business Use. Rows include questions about management contracts, research agreements, and percentages of financed property.

Part IV Arbitrage

Table with 6 rows and 8 columns (A, B, C, D) for Arbitrage. Rows include questions about Form 8038-T, rebates, and hedges.



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

FORM 990, SCHEDULE K, PART I, COLUMN (F)

NAME OF BOND: \$58,940,000 FIXED RATE REV BONDS, SERIES F THE PROCEEDS OF THE SERIES F BONDS WERE USED TO REFUND THE OUTSTANDING AUTHORITY REVENUE BONDS, LAWRENCE & MEMORIAL HOSPITAL ISSUE, SERIES D (THE "SERIES D BONDS") AND TO FUND ALL OR A PORTION OF THE FOLLOWING CAPITAL PROJECTS:

(1) REPLACEMENT OF A LINEAR ACCELERATOR ON THE MAIN CAMPUS OF THE HOSPITAL.

(2) CAPITAL IMPROVEMENTS FOR INFRASTRUCTURE RENOVATION AND IMPROVEMENT ON THE MAIN CAMPUS, INCLUDING HEATING, VENTILATION, AND AIR CONDITIONING PROJECT.

(3) REPLACEMENT OF A CATHETERIZATION LAB AND EQUIPMENT ON THE MAIN CAMPUS.

(4) ACQUISITION OF APPROXIMATELY 100 ACRES OF LAND IN WATERFORD, CONNECTICUT FOR DEVELOPMENT OF A NEW CANCER CENTER.

(5) ACQUISITION AND INSTALLATION OF MAGNETIC RESONANCE IMAGING (MRI) AND CT EQUIPMENT AT THE CROSSROADS FACILITY.

NAME OF BOND: \$29,200,000 PRIVATE PLACEMENT, SERIES G, ON OCTOBER 10, 2013 SERIES G WAS ISSUED IN A PRIVATE PLACEMENT OFFERING WITH BANK OF AMERICA-MERRILL LYNCH AND CHEFA WITH AN INTEREST RATE OF 3.20% UNTIL OCTOBER 1, 2023, WITH AN OPTION TO EXTEND AT A NEGOTIATED RATE WITH A

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

MATURITY DATE OF JULY 1, 2038. THE PROJECT BEING FINANCED AND REFINANCED

WITH THE PROCEEDS OF THE BONDS CONSISTS OF:

(1) THE CONSTRUCTION AND EQUIPPING OF AN APPROXIMATELY 50,000 SQUARE FOOT COMMUNITY CANCER CENTER LOCATED AT 230 PARKWAY SOUTH, WATERFORD, CONNECTICUT.

(2) THE RENOVATION AND EQUIPPING OF APPROXIMATELY 15,000 SQUARE FEET OF SPACE AT THE INSTITUTION'S MAIN CAMPUS FACILITY LOCATED AT 365 MONTAUK AVENUE, NEW LONDON, CONNECTICUT TO PROVIDE FOR A JOINT CENTER TO ACCOMMODATE POST-SURGICAL JOINT REPLACEMENT PATIENTS.

(3) THE RENOVATION OF AN APPROXIMATELY 48,000-SQUARE FOOT, 3-STORY BUILDING LOCATED AT 194 HOWARD STREET, NEW LONDON, CONNECTICUT TO BE USED AS A MEDICAL OFFICE BUILDING

(4) THE PAYING OF ALL OR A PORTION OF THE COSTS INCIDENTAL TO THE ISSUANCE OF THE BONDS, INCLUDING ISSUANCE COSTS OF THE BONDS AND ANY RESERVE FUNDS AS MAY BE NECESSARY TO SECURE THE BONDS.

NAME OF BOND: \$21,405,000 VARIABLE RATE DEMAND REV BOND, SERIES H, ON NOVEMBER 5, 2013, SERIES H WAS ISSUED WITH A VARIABLE RATE AND A MATURITY DATE OF JULY 1, 2034. THIS BOND HAS A LETTER OF CREDIT GUARANTEED BY TD BANK. INTEREST ON THE SERIES H BONDS ACCRUES AT THE WEEKLY RATE AND IS PAYABLE ON THE FIRST BUSINESS DAY OF EACH MONTH COMMENCING JANUARY 1,

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

2014. THE SERIES H BONDS WERE ISSUED BY CHEFA TO REFINANCE SERIES E, WHICH REFUNDED 2004 ISSUE, WHICH REFUNDED 1998 ISSUE.

OF AN APPROXIMATELY 50,000 SQUARE FOOT COMMUNITY CANCER CENTER LOCATED AT 230 PARKWAY SOUTH, WATERFORD, CONNECTICUT; (2) THE RENOVATION AND EQUIPPING OF APPROXIMATELY 15,000 SQUARE FEET OF SPACE AT THE INSTITUTION'S MAIN CAMPUS FACILITY LOCATED AT 365 MONTAUK AVENUE, NEW LONDON, CONNECTICUT TO PROVIDE FOR A JOINT CENTER TO ACCOMMODATE POST-SURGICAL JOINT REPLACEMENT PATIENTS; (3) THE RENOVATION OF AN APPROXIMATELY 48,000-SQUARE FOOT, 3-STORY BUILDING LOCATED AT 194 HOWARD STREET, NEW LONDON, CONNECTICUT TO BE USED AS A MEDICAL OFFICE BUILDING; AND (4) THE PAYING OF ALL OR A PORTION OF THE COSTS INCIDENTAL TO THE ISSUANCE OF THE BONDS, INCLUDING ISSUANCE COSTS OF THE BONDS AND ANY RESERVE FUNDS AS MAY BE NECESSARY TO SECURE THE BONDS.

FORM 990, SCHEDULE K, PART III, LINE 9; PART IV, LINE 7; & PART V IN GENERAL, L&M HOSPITAL WORKS TO ENSURE POST ISSUANCE COMPLIANCE FOR ITS TAX-EXEMPT BONDS IN ACCORDANCE WITH BOND ISSUANCE DOCUMENTS. L&M HOSPITAL IS IN THE PROCESS OF DEVELOPING WRITTEN PROCEDURES FOR POST ISSUANCE COMPLIANCE FOR THE FOLLOWING:

- TO ENSURE ALL NONQUALIFIED BONDS OF THE ISSUANCE ARE REMEDIATED IN ACCORDANCE WITH REQUIREMENTS OF REGULATIONS SECTIONS 1.141-12 & 1.145-2.

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

- TO MONITOR THE REQUIREMENTS OF SECTION 148.
  
- TO ENSURE THAT VIOLATIONS OF FEDERAL TAX REQUIREMENTS ARE TIMELY IDENTIFIED AND CORRECTED THROUGH THE VOLUNTARY CLOSING AGREEMENT PROGRAM IF SELF-REMEDATION IS NOT AVAILABLE UNDER APPLICABLE REGULATIONS.

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

LAWRENCE & MEMORIAL 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

**2013**

**Open to Public  
Inspection**

Employer identification number

06-0646704

FORM 990, PART III, LINE 4A

LAWRENCE & MEMORIAL HOSPITAL PROVIDES QUALITY MEDICAL CARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY.

ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION AND STABILITY OF LAWRENCE & MEMORIAL HOSPITAL, WE RECOGNIZE THAT NOT ALL PERSONS HAVE THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES; AND, FURTHER, WE BELIEVE THAT A PART OF OUR MISSION IS TO CARE FOR THE MEDICALLY UNDER-SERVED IN OUR COMMUNITY WITH RESPECT TO PROVIDING HEALTH CARE SERVICES AND HEALTH CARE EDUCATION. IN KEEPING WITH OUR HOSPITAL'S MISSION OF "IMPROVING THE HEALTH OF OUR REGION" AND OUR COMMITMENT TO SERVE ALL MEMBERS OF ITS COMMUNITY, WE PROVIDE:

- FREE CARE AND/OR SUBSIDIZED CARE.
- CARE PROVIDED TO PERSONS COVERED BY GOVERNMENT PROGRAMS AT BELOW COST.
- A BROAD RANGE OF HEALTH CARE ACTIVITIES, PROGRAMS AND SERVICES TO SUPPORT OUR COMMUNITY.
- A SPECIAL COMMUNITY OUTREACH PROGRAM.

THESE PROGRAMS WILL BE CONSIDERED WHERE THE NEED AND/OR AN INDIVIDUAL'S INABILITY TO PAY COEXIST. THESE ACTIVITIES INCLUDE WELLNESS PROGRAMS, EMERGENCY RESPONSE PROGRAMS, COMMUNITY HEALTH SCREENINGS, COMMUNITY EDUCATION PROGRAMS, SPECIAL PROGRAMS FOR THE ELDERLY, HANDICAPPED, AND THE MEDICALLY UNDER-SERVED, AND A VARIETY OF BROAD COMMUNITY SUPPORT

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
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## ACTIVITIES.

DURING THE YEAR ENDED SEPTEMBER 30, 2014, LAWRENCE & MEMORIAL HOSPITAL SERVED 14,153 HOSPITALIZED PATIENTS AND 181,988 PATIENT VISITS THROUGH OUR AMBULATORY PROGRAMS. IN ADDITION, 86,353 EMERGENCY CASES CAME THROUGH OUR EMERGENCY FACILITIES IN NEW LONDON (50,457) AND GROTON (35,896). SAME DAY SURGERIES ACCOUNTED FOR 8,283 PROCEDURES.

RECOGNIZING ITS MISSION TO THE COMMUNITY, LAWRENCE & MEMORIAL HOSPITAL PROVIDES CARE TO PERSONS COVERED BY FEDERAL AND STATE PROGRAMS AT OR BELOW COST. LAWRENCE & MEMORIAL HOSPITAL ALSO RECOGNIZES THE IMPORTANCE OF CHARITY CARE IN FULFILLING ITS MISSION TO THE ENTIRE COMMUNITY. CHARITY CARE IS ALSO PROVIDED THROUGH MANY REDUCED PRICE SERVICES AND FREE PROGRAMS OFFERED THROUGHOUT THE YEAR, BASED UPON ACTIVITIES AND SERVICES WHICH LAWRENCE & MEMORIAL HOSPITAL BELIEVES WILL SERVE A "BONA FIDE" COMMUNITY HEALTH CARE NEED.

FORM 990, PART III, LINE 4B

=====

LAWRENCE & MEMORIAL HOSPITAL BELIEVES THAT MOTIVATION THROUGH EDUCATION IS A STRONG FORCE IN HELPING INDIVIDUALS PREVENT ILLNESSES AND MAKE INFORMED CHOICES ABOUT THEIR BODIES AND WHAT HAPPENS TO THEM. OUR APPROACH PROVIDES ACCURATE HEALTH INFORMATION THROUGH A VARIETY OF PROGRAMMING EFFORTS SO CONSUMERS FEEL A PART OF THE DECISION-MAKING PROCESS AND HAVE AN ACTIVE ROLE IN THOSE DECISIONS. AS A RESULT,

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
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LAWRENCE & MEMORIAL REMAINS AMONG CONNECTICUT'S MOST PRO-ACTIVE HOSPITALS IN OFFERING DIVERSIFIED AND BROAD-BASED COMMUNITY HEALTH EDUCATION PROGRAMS. THESE PROGRAMMING EFFORTS INCLUDE COMMUNITY LECTURES AT THE HOSPITAL, CABLE TV ACCESS PROGRAMMING, RELIABLE HEALTH INFORMATION WITH OVER 2,500 HEALTH-RELATED ARTICLES ON THE HOSPITAL'S WEB SITE (WWW.LMHOSPITAL.ORG), TOURS, SUPPORT GROUPS, COMMUNITY EDUCATIONAL PROGRAMS, PUBLIC SERVICE ANNOUNCEMENTS AND SCREENING AND HEALTH FAIRS, INCLUDING ONSITE VISITS TO LARGE AND SMALL COMPANIES.

LAWRENCE & MEMORIAL'S COMMUNITY OUTREACH PROGRAM HAS BEEN ABLE TO REACH A BROAD, CROSS-SECTION OF THE GREATER NEW LONDON COMMUNITY IN SOUTHEASTERN CONNECTICUT.

THE COMMUNITY CONTRIBUTIONS ALSO INCLUDE SOME UNMENTIONED COMMUNITY BENEFITS SUCH AS: ADMINISTRATIVE AND FINANCIAL SUPPORT, OFFICE SPACE AND A LIBRARY OF ACCESSIBLE RESOURCES TO LEADERSHIP WITHIN THE VARIOUS FAITH COMMUNITIES IN OUR REGION.

IN ADDITION, THERE ARE MANY COMMUNITY ORGANIZATIONS THAT WE SUPPORT AS PART OF BEING A GOOD NEIGHBOR AND TO RECOGNIZE THEIR EFFORTS IN OUR COMMUNITY.

FORM 990, PART VI, LINE 2

DONALD FELITTO, MAUREEN ANDERSON, LUGENE INZANA, JIM MOYLAN, DANIEL RISSI, SETH VAN ESSEDELFT AND HENRY AMDUR SERVE ON THE BOARD OF L&M INDEMNITY, A RELATED ORGANIZATION.

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
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FORM 990, PART VI, LINE 11B

WORKING WITH A PAID PREPARER, A FORM 990 IS PREPARED. L&M HOSPITAL'S FORM 990 IS THEN REVIEWED BY THE HOSPITAL'S INTERNAL MANAGEMENT. THE COMPLETED FORM 990 IS PROVIDED TO ALL MEMBERS OF THE BOARD OF DIRECTORS PRIOR TO THE FORM BEING FILED WITH THE IRS.

FORM 990, PART VI, LINE 12C

L&M HOSPITAL REQUIRES ALL BOARD MEMBERS, OFFICERS, AND KEY EMPLOYEES TO COMPLETE A CONFLICT OF INTEREST QUESTIONNAIRE. QUESTIONNAIRES ARE COMPLETED ANNUALLY AND ARE REVIEWED BY L&M HOSPITAL'S GENERAL COUNSEL. ANY ACTUAL OR POTENTIAL CONFLICTS DISCLOSED ARE PRESENTED TO THE BOARD. APPROPRIATE CORRECTIVE ACTIONS ARE DECIDED ON A CASE BY CASE BASIS.

FORM 990, PART VI, LINE 15

L&M HOSPITAL EXECUTIVE COMPENSATION COMMITTEE ANNUALLY REVIEWS THE SALARIES OF ITS EXECUTIVE MANAGEMENT. UTILIZING AN INDEPENDENT COMPENSATION CONSULTANT, THE EXECUTIVE COMPENSATION COMMITTEE APPROVES COMPENSATION. THE COMMITTEE'S DELIBERATIONS ARE REFLECTED IN ITS MINUTES. CEO'S COMPENSATION IS APPROVED BY THE FULL BOARD.

FORM 990, PART VI, LINE 18

FORM 990 WILL ALSO BE MADE AVAILABLE THROUGH GUIDESTAR.ORG.

FORM 990, PART VI, LINE 19

THE ORGANIZATION MAKES GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE UPON REQUEST.

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
--	--

FORM 990, PART VII, SECTION A

ROBERT KELTNER, MD; NIALL DUHIG, MD AND DONALD FELITTO, MD ARE  
COMPENSATED AS MEDICAL STAFF AND NOT AS DIRECTORS.

PART 990, PART IX, LINE 25

FUNDRAISING EXPENSES ARE REPORTED ON FORM 990, PART IX FOR LAWRENCE &  
MEMORIAL HOSPITAL (EIN 06-0646704). CONTRIBUTIONS ARE REPORTED ON THE  
FORMS 990 FOR BOTH LAWRENCE & MEMORIAL HOSPITAL (EIN 06-0646704) AND  
LAWRENCE & MEMORIAL CORPORATION (EIN 22-2553028). ADDITIONAL  
CONTRIBUTIONS IN THE AMOUNT OF \$2,958,303 ARE REPORTED ON THE FORM 990  
FOR LAWRENCE & MEMORIAL CORPORATION (EIN 22-2553028).

FORM 990, PART XI, LINE 9

REALIZED GAINS	-\$369,002
PAYMENTS TO AFFILIATES	-\$37,512,133
CHANGE IN VALUE OF IRREVOCABLE TRUSTS	\$111,315
INCREASE IN FUNDS HELD IN TRUST BY OTHERS	\$100,721
CHANGE IN MINIMUM PENSION LIABILITY	-\$4,281,517
DONATED EQUIPMENT	\$6,350
	-----
	-\$41,944,266

ATTACHMENT 1

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

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
YANKEE REMODELER OF NEW LONDON 95 TRUMAN STREET NEW LONDON, CT 06320	REMODELING COMPANY	1,192,000.
TOTAL LAUNDRY COLLABORATIVE, LLC	LAUNDRY SERVICES	831,187.

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
--	--

ATTACHMENT 1 (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>
114 WOODLAND STREET HARTFORD, CT 06105		
NIXON PEABODY, LLP ATTORNEYS AT LAW 100 SUMMER ST BOSTON, MA 02110-2131	ATTORNEYS	2,412,538.
INPATIENT CONSULTANTS OF NEW ENGLAND, PC PO BOX 844929 LOS ANGELES, CA 90084-4929	HOSPITALISTS	2,189,288.
PRESIDIO NETWORKED SOLUTIONS GROUP, LLC PO BOX 677638 DALLAS, TX 75267-7638	IT SERVICES	1,393,802.

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No. 1545-0047

**2013**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

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

Name of the organization

Employer identification number

LAWRENCE & MEMORIAL HOSPITAL

06-0646704

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) -----					
(2) -----					
(3) -----					
(4) -----					
(5) -----					
(6) -----					

**Part II Identification of Related Tax-Exempt Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) LAWRENCE & MEMORIAL CORPORATION 365 MONTAUK AVENUE NEW LONDON, CT 06320 22-2553028	SUPPORT	CT	501(C)(3)	11 TYPE I	N/A		X
(2) LAWRENCE & MEMORIAL FOUNDATION, INC. 365 MONTAUK AVENUE NEW LONDON, CT 06320 22-2553026	FUNDRAISING	CT	501(C)(3)	PF	L&M CORP	X	
(3) L&M HEALTHCARE, INC. 365 MONTAUK AVENUE NEW LONDON, CT 06320 22-2553031	HEALTHCARE	CT	501(C)(3)	9	L&M CORP	X	
(4) ASSOCIATED SPECIALISTS OF SE CT 404 THAMES STREET GROTON, CT 06340 20-8006123	PHYS PRACTICE	CT	501(C)(3)	11 TYPE I	L&M HOSPITAL	X	
(5) VISITING NURSE ASSOCIATE OF SE CT 403 N FRONTAGE ROAD WATERFORD, CT 06385 06-0646616	HEALTHCARE	CT	501(C)(3)	9	L&M CORP	X	
(6) L&M PHYSICIAN ASSOCIATION INC 365 MONTAUK AVENUE NEW LONDON, CT 06320 27-1094375	HEALTHCARE	CT	501(C)(3)	11 TYPE I	L&M CORP	X	
(7) LMW HEALTHCARE, INC. 25 WELLS ST WESTERLY, RI 02879 46-0543230	HEALTHCARE	RI	501(C)(3)	11 TYPE I	L&M CORP	X	

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

Schedule R (Form 990) 2013

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Related Organizations and Unrelated Partnerships**

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

OMB No. 1545-0047

**2013**

**Open to Public  
Inspection**

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

06-0646704

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) -----					
(2) -----					
(3) -----					
(4) -----					
(5) -----					
(6) -----					

**Part II Identification of Related Tax-Exempt Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) THE WESTERLY HOSPITAL FOUNDATION, INC. 05-0508064 25 WELLS STREET WESTERLY, RI 02891	FUNDRAISING	RI	501(C)(3)	11 TYPE I	LMW HEALTH	X	
(2) -----							
(3) -----							
(4) -----							
(5) -----							
(6) -----							
(7) -----							

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

Schedule R (Form 990) 2013

**Part III Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) -----												
(2) -----												
(3) -----												
(4) -----												
(5) -----												
(6) -----												
(7) -----												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) L&M SYSTEMS, INC. 22-2553037 365 MONTAUK AVENUE NEW LONDON, CT 06320	HEALTHCARE	CT	N/A	C					X
(2) L&M HOMECARE SERVICES, INC. 06-1389272 365 MONTAUK AVENUE NEW LONDON, CT 06320	THERAPY	CT	N/A	C					X
(3) L&M INDEMNITY 98-1021436 PO BOX 1159 KY1-1102 GRAND CAYMAN, CAYMAN ISLANDS CJ	INSURANCE	CJ	N/A	C					X
(4) CHARITABLE REMAINDER TRUSTS (3)	SUPPORT	CT	L&M HOSPITAL	TRUST					X
(5) -----									
(6) -----									
(7) -----									

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

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

	Yes	No
<b>1</b> 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?		
<b>a</b> Receipt of <b>(i)</b> interest <b>(ii)</b> annuities <b>(iii)</b> royalties or <b>(iv)</b> rent from a controlled entity . . . . .		X
<b>b</b> Gift, grant, or capital contribution to related organization(s) . . . . .	X	
<b>c</b> Gift, grant, or capital contribution from related organization(s) . . . . .		X
<b>d</b> Loans or loan guarantees to or for related organization(s) . . . . .		X
<b>e</b> Loans or loan guarantees by related organization(s) . . . . .		X
<b>f</b> Dividends from related organization(s) . . . . .		X
<b>g</b> Sale of assets to related organization(s) . . . . .		X
<b>h</b> Purchase of assets from related organization(s) . . . . .		X
<b>i</b> Exchange of assets with related organization(s) . . . . .		X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) . . . . .	X	
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) . . . . .		X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) . . . . .		X
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) . . . . .		X
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) . . . . .		X
<b>o</b> Sharing of paid employees with related organization(s) . . . . .	X	
<b>p</b> Reimbursement paid to related organization(s) for expenses . . . . .	X	
<b>q</b> Reimbursement paid by related organization(s) for expenses . . . . .		X
<b>r</b> Other transfer of cash or property to related organization(s) . . . . .		X
<b>s</b> 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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)	L&M PHYSICIAN ASSOCIATION, INC.	P	20,865,372.	CASH
(2)	LMW HEALTHCARE, INC.	P	774,443.	CASH
(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) -----													
(6) -----													
(7) -----													
(8) -----													
(9) -----													
(10) -----													
(11) -----													
(12) -----													
(13) -----													
(14) -----													
(15) -----													
(16) -----													

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**Part VII** **Supplemental Information**

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

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**Lawrence + Memorial  
Corporation and Subsidiaries**  
Consolidated Financial Statements and  
Supplemental Information  
September 30, 2014 and 2013

# Lawrence + Memorial Corporation and Subsidiaries

## Index

September 30, 2014 and 2013

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## **Report of Independent Auditors**

To the Board of Trustees of  
Lawrence + Memorial Corporation

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

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

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

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

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We did not audit the financial statements of Visiting Nurse Association of Southeastern Connecticut, Inc., a wholly owned subsidiary, which statements reflect total assets of \$20,659,633 and \$18,372,801 as of September 30, 2014 and September 30, 2013, respectively, and total revenues of \$16,156,841 and \$14,990,091 for the years then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Visiting Nurse Association of Southeastern Connecticut, Inc., is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lawrence + Memorial Corporation (the "Corporation") and its subsidiaries at September 30, 2014 and September 30, 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual organizations and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, and changes in net assets, of the individual organizations.

*PricewaterhouseCoopers LLP*

January 23, 2015

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

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

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

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

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

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

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

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

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

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

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

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

# Lawrence + Memorial Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2014 and 2013

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#### 1. Significant Accounting Policies and Organization

##### Organization

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

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

##### Acquisition of Westerly Hospital

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

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

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

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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The fair value of assets and liabilities acquired under this transaction as of June 1, 2013 are as follows:

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

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

Intangible assets acquired in conjunction with the Westerly acquisition include:

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

# Lawrence + Memorial Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2014 and 2013

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

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

#### **Principles of Consolidation**

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

#### **Use of Estimates**

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

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

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

#### **Donor Restricted Gifts**

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

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

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

# Lawrence + Memorial Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2014 and 2013

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#### **Investments**

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

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

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

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

#### **Fair Value Measurements**

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

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

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

# Lawrence + Memorial Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2014 and 2013

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Lawrence + Memorial Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2014 and 2013

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#### **Income Taxes**

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

#### **Inventories**

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

#### **Impairment of Long-Lived Assets**

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

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

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

#### **Labor action update**

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

#### **Subsequent Events**

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

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

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**2. Revenues From Services to Patients and Charity Care**

The following summarizes net revenues from services to patients:

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

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

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

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

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

**Lawrence + Memorial Corporation and Subsidiaries**  
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**3. Investments**

Investments included in current assets consist of the following:

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

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

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

  

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

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

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers.

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

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

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

The following table is a roll forward of the amounts by investment type for financial instruments classified by the Corporation within Level 3 of the fair value hierarchy defined above:

	Beginning October 1, 2013	Investment Income	Realized Gains/(losses)	Unrealized Gains	Investment Fees	Purchases	Sales	Ending September 30, 2014
<b>Investment pool</b>								
Hedge funds	\$ 62,386,880	\$ 624,650	\$ 270,868	\$ 2,318,323	\$ (158,389)	\$ 381,586	\$ (268,029)	\$ 65,555,889
Private equities	1,996,835	-	387,382	311,627	(86,266)	2,169,982	(76,416)	4,703,144
Funds held in trust	10,956,429	141,409	(38,835)	344,380	(51,515)	-	(3,258)	11,348,610
Total	\$ 75,340,144	\$ 766,059	\$ 619,415	\$ 2,974,330	\$ (296,170)	\$ 2,551,568	\$ (347,703)	\$ 81,607,643

  

	Beginning October 1, 2012	Investment Income	Realized Gains	Unrealized Gains	Investment Fees	Purchases	Sales	Ending September 30, 2013
<b>Investment pool</b>								
Hedge funds	\$ 56,124,316	\$ 354,977	\$ 1,118,631	\$ 5,509,944	\$ (131,712)	\$ 1,037,785	\$ (1,627,061)	\$ 62,386,880
Private equities	487,257	-	67,055	122,281	(63,590)	1,398,832	(15,000)	1,996,835
Funds held in trust	6,451,420	-	-	322,158	(64,965)	4,247,816	-	10,956,429
Total	\$ 63,062,993	\$ 354,977	\$ 1,185,686	\$ 5,954,383	\$ (260,267)	\$ 6,684,433	\$ (1,642,061)	\$ 75,340,144

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

A summary of the endowment investment return is presented below:

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

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

	Strategy	Fair Value	# of Investments	Remaining Life	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Restrictions in Place at Year End
Equity securities	Global developed and emerging market equity	\$ 15,362,932	1	N/A	\$ -	No remaining commitments	Monthly with 10 day's notice	None	None
Absolute return	Long/short and long-biased equity and credit hedge funds	19,653,964	2	N/A		No remaining commitments	Annual with 90 day's notice	lock up provision of 12 months from the purchase date	None
Directional hedge	Long/short and long-biased equity and credit hedge funds	25,350,100	1	N/A		No remaining commitments	Quarterly with 60 day's notice	lock up provision of 25 months from the purchase date	None
Commodities	Commodity index	5,146,893	1	N/A		No remaining commitments	Monthly with 5 day's notice	None	None
Private equity	Private equity	4,745,144	8	N/A		Illiquid long term 5 years	None	None	None
		<u>\$ 70,259,033</u>							

#### 4. Endowments

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

The Corporation understands net asset classification guidance to require that donor restricted endowment gifts be maintained in perpetuity. Consistent with net asset classification guidance, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure. The Corporation considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund.
- The purposes of the Corporation and donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Corporation.

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

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

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

  

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Endowment net assets at beginning of year</b>	\$ 6,676,924	\$ 13,633,436	\$ 2,866,683	\$ 23,177,043
Addition of Westerly Hospital Endowment Net Assets	1,714,560	810,769	4,345,662	6,870,991
Investment return				
Investment income	287,500	161,761	(748)	448,513
Net realized and unrealized gain	451,980	1,701,848	14,570	2,168,398
Contributions	126,620	-	22,888	149,508
Total investment return	866,100	1,863,609	36,710	2,766,419
Income distribution	-	(129,592)	-	(129,592)
<b>Endowment net assets at end of year</b>	<b>\$ 9,257,584</b>	<b>\$ 16,178,222</b>	<b>\$ 7,249,055</b>	<b>\$ 32,684,861</b>

Endowment funds classified as permanently and temporarily restricted net assets:

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

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

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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**Endowment Funds With Deficits**

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

**Endowment Investment Return Objectives and Risk Parameters**

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

**Strategies Employed for Achieving Endowment Investment Objectives**

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

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

Spending is guided by several factors most important is the value of the portfolio. Generally, the Board will approve a spending policy limiting annual expenditures for grants and operating expenses up to 4.5% of the value of the Funds' assets based on a 12 quarter rolling average for the endowment, and operating funds.

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

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

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

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

**Lawrence + Memorial Corporation and Subsidiaries**  
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Permanently restricted net assets at September 30, 2014 and 2013 are restricted to:

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

**6. Property, Plant and Equipment**

Property, plant and equipment consists of the following:

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

**7. Long-Term Debt**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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The fair value of the outstanding bonds is \$106,215,296 and \$78,820,117 at September 30, 2014 and September 30, 2013, respectively.

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

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

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

**8. Pension and Other Postretirement Benefits**

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

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

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

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

September 30):

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

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

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

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

**Lawrence + Memorial Corporation and Subsidiaries**  
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	2014	2013
Discount rate	4.05 %	4.51 %
Average rate of compensation increases	2.50 %	2.50 %

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

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

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

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

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

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

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

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

**Plan Assets**

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

**Lawrence + Memorial Corporation and Subsidiaries**  
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The following table summarizes the fair values of investments by major type held by the pension plan at September 30, 2014:

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

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

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

There were no transfers between levels during 2014 or 2013.

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

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

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

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

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

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

**9. Functional Expenses**

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

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

**10. Commitments and Contingencies**

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

# Lawrence + Memorial Corporation and Subsidiaries

## Consolidating Balance Sheet

### September 30, 2014

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc.	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc.	Westerly Hospital	Eliminating Entries	Consolidated
<b>Assets</b>											
Current assets											
Cash and cash equivalents	\$ 6,917,676	\$ 334,893	\$ -	\$ 7,252,569	\$ -	\$ 1,901,701	\$ 950,345	\$ 1,675,245	\$ 4,700,669	\$ -	\$ 16,480,529
Investments	128,450,331	31,541,423	-	159,991,754	-	-	16,769,765	7,523,944	140,576	-	184,426,039
Patient accounts receivable, net	36,373,069	-	-	36,373,069	-	2,378,629	-	2,740,706	5,990,650	-	47,482,954
Other receivables	4,156,260	-	-	4,156,260	24,500	289,393	1,322,262	-	-	-	5,792,415
Inventories	6,580,753	-	-	6,580,753	-	-	-	-	1,812,254	-	8,393,007
Due from affiliates	1,954,838	24,500	(1,954,838)	24,500	2,215,430	-	-	438,951	58,427	(2,239,930)	-
Prepaid expenses and other current assets	2,689,506	-	-	2,689,506	-	545,698	16,143	-	-	-	3,748,725
Debt service fund	1,304,562	-	-	1,304,562	-	-	-	-	-	-	1,304,562
<b>Total current assets</b>	<b>188,426,995</b>	<b>31,900,816</b>	<b>(1,954,838)</b>	<b>218,372,973</b>	<b>2,239,930</b>	<b>5,115,421</b>	<b>19,058,515</b>	<b>12,378,846</b>	<b>12,702,476</b>	<b>(2,239,930)</b>	<b>267,628,231</b>
Assets limited as to use											
Cash	182,862	-	-	182,862	-	-	-	-	-	-	182,862
Construction funds	561,676	-	-	561,676	-	-	-	-	-	-	561,676
Investments held in trust	925,227	-	-	925,227	-	-	-	-	-	-	925,227
Endowment investments	18,987,367	3,565,739	-	22,553,106	-	-	-	6,654,619	7,433,703	-	36,641,428
Investment in subsidiaries	-	19,281,447	-	19,281,447	-	-	-	-	-	(19,281,447)	-
Funds held in trust by others	6,985,614	-	-	6,985,614	-	-	-	-	4,362,996	-	11,348,610
Contributions receivable	20,366	2,750,421	-	2,770,787	-	-	-	-	750,000	-	3,520,787
Funds held in escrow by agreement with State of Connecticut Health and Educational Facilities Authority and trustees	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets limited as to use</b>	<b>27,663,112</b>	<b>25,597,607</b>	<b>-</b>	<b>53,260,719</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,654,619</b>	<b>12,546,699</b>	<b>(19,281,447)</b>	<b>53,180,590</b>
Other assets											
Intangible assets, net	16,536,719	-	-	16,536,719	-	2,137,101	287,916	-	2,978,625	-	2,978,625
Other receivables	2,315,752	-	-	2,315,752	-	-	-	-	-	(16,380,950)	2,580,786
Deferred financing costs and other assets, net	-	-	-	-	-	-	-	-	-	-	2,315,752
Property, plant and equipment											
Land improvements	8,846,232	12,330,635	-	21,176,867	-	-	-	330,275	1,816,131	-	23,323,273
Buildings/leasehold improvements	150,910,346	-	-	150,910,346	-	1,046,733	-	2,238,496	16,849,576	-	171,045,151
Equipment/furniture	265,024,485	17,010	-	265,041,495	-	976,188	-	994,431	17,402,771	-	284,414,885
Accumulated depreciation	(265,615,130)	(104,684)	-	(265,719,814)	-	(973,022)	-	(1,937,034)	(5,430,921)	-	(274,060,791)
Construction in progress	1,691,863	-	-	1,691,863	-	-	-	-	435,918	-	2,127,781
Property, plant and equipment, net	160,857,796	12,242,961	-	173,100,757	-	1,049,899	-	1,626,168	31,073,475	-	206,850,299
<b>Total assets</b>	<b>\$ 395,800,374</b>	<b>\$ 69,741,384</b>	<b>\$ (1,954,838)</b>	<b>\$ 463,586,920</b>	<b>\$ 2,239,930</b>	<b>\$ 8,302,421</b>	<b>\$ 19,346,431</b>	<b>\$ 20,659,633</b>	<b>\$ 59,301,275</b>	<b>\$ (37,902,327)</b>	<b>\$ 535,534,283</b>

# Lawrence + Memorial Corporation and Subsidiaries

## Consolidating Balance Sheet

### September 30, 2014

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc.	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc.	Westerly Hospital	Eliminating Entries	Consolidated
<b>Liabilities and Net Assets</b>											
Current liabilities											
Accounts payable	\$ 25,786,034	\$ 115,809	\$ -	\$ 25,901,843	\$ -	\$ 343,515	\$ 197,453	\$ 1,615,548	\$ 9,471,491	\$ -	\$ 37,529,850
Accrued vacation and sick pay	11,281,701	-	-	11,281,701	-	1,595,316	-	-	1,346,711	-	14,223,728
Salaries, wages, payroll taxes and amounts withheld from employees	5,950,567	-	-	5,950,567	-	3,536,119	-	-	1,184,830	-	10,671,516
Due to affiliates	2,215,430	1,912,595	(1,954,838)	2,173,187	66,743	-	-	-	-	(2,239,930)	-
Due to third party payors	5,165,225	-	-	5,165,225	-	-	-	234,000	1,858,724	-	7,257,949
Other current liabilities	-	-	-	-	-	-	428,096	154,457	-	-	582,553
Current portion of long-term debt	5,342,305	-	-	5,342,305	-	-	-	-	134,675	-	5,476,980
Total current liabilities	55,741,262	2,028,404	(1,954,838)	55,814,828	66,743	5,474,950	625,549	2,004,005	13,996,431	(2,239,930)	75,742,576
Accrued pension and other postretirement benefits	43,216,010	-	-	43,216,010	-	-	-	-	-	-	43,216,010
Other liabilities	20,601,530	-	-	20,601,530	-	3,744,380	17,719,560	-	1,335,389	(17,789,969)	25,610,890
Long-term debt less current portion	108,587,802	-	-	108,587,802	-	-	-	-	-	-	108,587,802
Total liabilities	228,146,604	2,028,404	(1,954,838)	228,220,170	66,743	9,219,330	18,345,109	2,004,005	15,331,820	(20,029,899)	253,157,278
Net assets											
Unrestricted	138,173,767	67,562,541	-	205,736,308	2,173,187	(916,909)	1,001,322	18,628,628	33,152,392	(17,872,428)	241,902,500
Temporarily restricted	23,432,028	150,439	-	23,582,467	-	-	-	-	1,188,220	-	24,770,687
Permanently restricted	6,047,975	-	-	6,047,975	-	-	-	27,000	9,628,843	-	15,703,818
Total net assets	167,653,770	67,712,980	-	235,366,750	2,173,187	(916,909)	1,001,322	18,655,628	43,969,455	(17,872,428)	282,377,005
	\$ 395,800,374	\$ 69,741,384	\$ (1,954,838)	\$ 463,586,920	\$ 2,239,930	\$ 8,302,421	\$ 19,346,431	\$ 20,659,633	\$ 59,301,275	\$ (37,902,327)	\$ 535,534,283

# Lawrence + Memorial Corporation and Subsidiaries

## Consolidating Balance Sheet

### September 30, 2013

Assets	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc.	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc.	Westerly Hospital	Eliminating Entries	Consolidated
<b>Current assets</b>											
Cash and cash equivalents	\$ 418,968	\$ 129,669	\$ -	\$ 548,637	\$ -	\$ 2,024,446	\$ 82,453	\$ 763,154	\$ 8,093,557	\$ -	\$ 11,532,247
Investments	130,950,162	29,022,418	-	159,972,580	-	-	14,317,990	7,049,416	-	-	181,339,986
Patient accounts receivable, net	33,903,908	-	-	33,903,908	-	2,259,926	-	2,471,162	5,775,458	-	44,410,454
Other receivables	3,977,343	-	-	3,977,343	559,500	280,553	504,021	-	-	-	5,321,417
Inventories	5,845,470	-	-	5,845,470	-	13,280	-	-	1,642,404	-	7,501,154
Due from affiliates	1,316,775	24,500	(1,316,775)	24,500	1,867,732	-	-	420,324	-	(1,892,232)	-
Prepaid expenses and other current assets	2,296,097	-	-	2,296,097	-	586,555	2,893	-	291,638	-	3,557,507
Debt service fund	1,306,255	-	-	1,306,255	-	-	-	-	-	-	1,306,255
<b>Total current assets</b>	<b>179,974,978</b>	<b>29,176,587</b>	<b>(1,316,775)</b>	<b>207,834,790</b>	<b>2,427,232</b>	<b>5,164,760</b>	<b>14,907,357</b>	<b>10,724,056</b>	<b>15,803,057</b>	<b>(1,892,232)</b>	<b>254,969,020</b>
<b>Assets limited as to use</b>											
Cash	182,366	-	-	182,366	-	-	-	-	-	-	182,366
Construction funds	9,541,685	-	-	9,541,685	-	-	-	-	-	-	9,541,685
Investments held in trust	985,034	-	-	985,034	-	-	-	-	-	-	985,034
Endowment investments	17,922,954	3,300,079	-	21,223,033	-	-	-	5,961,912	6,970,851	-	34,155,796
Investment in subsidiaries	-	19,281,447	-	19,281,447	-	-	-	-	-	(19,281,447)	-
Funds held in trust by others	6,773,578	-	-	6,773,578	-	-	-	-	4,182,851	-	10,956,429
Contributions receivable	20,366	1,932,627	-	1,952,993	-	-	-	-	750,000	-	2,702,993
Funds held in escrow by agreement with State of Connecticut Health and Educational Facilities Authority and trustees	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets limited as to use</b>	<b>2,247,255</b>	<b>2,247,255</b>	<b>-</b>	<b>2,247,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,247,255</b>
<b>Other assets</b>	<b>37,673,238</b>	<b>24,514,153</b>	<b>-</b>	<b>62,187,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,961,912</b>	<b>11,903,702</b>	<b>(19,281,447)</b>	<b>60,771,558</b>
Intangible assets, net	-	-	-	-	-	-	-	-	-	-	-
Other receivables	13,694,110	-	-	13,694,110	-	1,119,441	418,675	-	3,352,875	-	3,352,875
Deferred financing costs and other assets, net	1,776,176	-	-	1,776,176	-	-	-	-	-	(12,684,764)	2,547,462
<b>Property, plant and equipment</b>	<b>7,343,577</b>	<b>12,330,635</b>	<b>-</b>	<b>19,674,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330,275</b>	<b>1,520,000</b>	<b>-</b>	<b>21,524,487</b>
Buildings/leasehold improvements	120,101,634	-	-	120,101,634	-	1,339,331	-	2,238,496	14,617,927	-	138,297,388
Equipment/furniture	234,099,872	21,774	-	234,121,646	-	902,509	-	947,778	16,710,300	-	252,682,233
Accumulated depreciation	(245,331,839)	(47,756)	-	(245,379,595)	-	(1,153,698)	-	(1,829,716)	(1,736,025)	-	(250,099,034)
Construction in progress	45,776,965	-	-	45,776,965	-	-	-	-	-	-	45,776,965
Property, plant and equipment, net	161,990,209	12,304,653	-	174,294,862	-	1,088,142	-	1,686,833	31,112,202	-	208,192,039
<b>Total assets</b>	<b>\$ 395,108,711</b>	<b>\$ 65,995,393</b>	<b>\$ (1,316,775)</b>	<b>\$ 459,787,329</b>	<b>\$ 2,427,232</b>	<b>\$ 7,372,343</b>	<b>\$ 15,326,032</b>	<b>\$ 18,372,801</b>	<b>\$ 62,171,836</b>	<b>\$ (33,858,443)</b>	<b>\$ 531,599,130</b>

# Lawrence + Memorial Corporation and Subsidiaries

## Consolidating Balance Sheet

### September 30, 2013

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc.	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc.	Westerly Hospital	Eliminating Entries	Consolidated
<b>Liabilities and Net Assets</b>											
Current liabilities											
Accounts payable	\$ 24,079,687	\$ 148,360	\$ -	\$ 24,228,047	\$ -	\$ 204,726	\$ 75,246	\$ 1,470,128	\$ 16,633,323	\$ -	\$ 42,611,470
Accrued vacation and sick pay	11,523,272	-	-	11,523,272	-	1,057,435	-	-	-	-	12,580,707
Salaries, wages, payroll taxes and amounts withheld from employees	4,495,457	-	-	4,495,457	-	2,351,953	-	-	3,254,244	(1,892,232)	10,101,654
Due to affiliates	1,867,732	758,960	(1,316,775)	1,309,917	582,315	-	-	251,000	1,793,887	-	5,870,981
Due to third party payors	3,826,094	-	-	3,826,094	-	-	13,606	109,411	-	-	123,017
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term debt	4,487,234	-	-	4,487,234	-	-	-	-	4,860,642	-	9,347,876
Total current liabilities	50,279,476	907,320	(1,316,775)	49,870,021	582,315	3,614,114	88,852	1,830,539	26,542,096	(1,892,232)	80,635,705
Accrued pension and other postretirement benefits	42,309,345	-	-	42,309,345	-	-	-	-	-	-	42,309,345
Other liabilities	17,774,823	13,802,758	-	17,774,823	-	2,407,115	13,906,589	-	1,425,678	(13,837,528)	21,676,677
Long-term debt less current portion	86,439,477	14,710,078	(1,316,775)	100,242,235	-	6,021,229	13,995,441	-	759,562	-	101,001,797
Total liabilities	196,803,121	14,710,078	(1,316,775)	210,196,424	582,315	6,021,229	13,995,441	1,830,539	28,727,336	(15,729,760)	245,623,524
Net assets											
Unrestricted	170,160,088	50,262,836	-	220,422,924	1,844,917	1,351,114	1,330,591	16,515,262	23,195,021	(18,128,683)	246,531,146
Temporarily restricted	22,198,248	1,022,479	-	23,220,727	-	-	-	-	934,255	-	24,154,982
Permanently restricted	5,947,254	-	-	5,947,254	-	-	-	27,000	9,315,224	-	15,289,478
Total net assets	198,305,590	51,285,315	-	249,590,905	1,844,917	1,351,114	1,330,591	16,542,262	33,444,500	(18,128,683)	285,975,606
	\$ 395,108,711	\$ 65,995,393	\$ (1,316,775)	\$ 459,787,329	\$ 2,427,232	\$ 7,372,343	\$ 15,326,032	\$ 18,372,801	\$ 62,171,836	\$ (33,858,443)	\$ 531,599,130

# Lawrence + Memorial Corporation and Subsidiaries

## Consolidating Statement of Operations

### Year Ended September 30, 2014

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc.	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc.	Westerly Hospital	Eliminating Entries	Consolidated
Net revenues from services to patients	\$ 337,129,192	\$ -	\$ -	\$ 337,129,192	\$ -	\$ -	\$ -	\$ 12,091,733	\$ 74,974,391	\$ -	\$ 453,529,100
Provision for bad debt	(14,930,302)	-	-	(14,930,302)	-	-	-	(75,000)	(4,758,600)	-	(20,298,386)
Net revenue less provision for bad debt	322,198,890	-	-	322,198,890	-	-	-	12,016,733	70,215,791	-	433,230,714
Other operating revenues	28,151,061	2,958,303	-	31,109,364	486,265	4,787,661	5,376,504	4,140,108	2,963,560	(28,068,175)	20,795,287
Net assets released from restriction	671,797	204,406	-	876,203	-	-	-	-	-	-	876,203
	\$ 351,021,748	\$ 3,162,709	\$ -	\$ 354,184,457	\$ 486,265	\$ 33,586,961	\$ 5,376,504	\$ 16,156,841	\$ 73,179,351	\$ (28,068,175)	\$ 454,902,204
Operating expenses	143,838,674	-	-	143,838,674	-	37,356,344	-	10,811,798	28,074,499	(6,613,808)	213,467,507
Salaries and wages	51,044,718	-	-	51,044,718	-	6,483,081	-	2,598,219	6,454,031	(7,394,212)	59,185,837
Employee benefits	59,538,141	206,897	-	59,745,038	-	1,334,391	-	330,396	10,588,285	-	71,998,110
Supplies	38,647,767	518,743	-	39,166,510	19,330	3,462,524	334,538	480,267	15,344,077	(4,332,235)	54,475,011
Purchased services	34,490,156	42,546	-	34,532,702	122,200	7,849,748	5,486,160	937,952	4,066,583	(9,568,175)	43,427,170
Other	3,542,721	8,500	-	3,551,221	-	-	-	-	419,698	(416,000)	3,554,919
Interest	22,728,484	61,692	-	22,790,176	-	234,268	-	107,318	4,347,360	-	27,479,122
Depreciation and amortization	353,830,861	838,378	-	354,669,239	141,530	56,720,356	5,820,888	15,265,950	89,294,533	(28,324,430)	473,887,676
(Loss) from operations	(2,808,913)	2,324,331	-	(484,582)	344,735	(23,133,395)	(444,194)	890,891	3,884,818	256,255	(18,685,472)
Nonoperating gains	180,488	-	-	180,488	-	-	-	-	-	-	180,488
Unrestricted investment income	8,608,113	355,103	-	8,963,216	-	-	203,572	652,017	13,359	-	9,932,164
Income from investments	-	-	-	-	-	-	-	-	5,284,752	-	5,284,752
Inherent contribution received from purchase of Westerly Hospital	-	-	-	-	-	-	-	-	-	-	-
	8,788,601	355,103	-	9,143,704	-	-	203,572	652,017	5,298,111	-	15,297,404
(Deficit)/excess of revenues over expenses	5,979,688	2,679,434	-	8,659,122	344,735	(23,133,395)	(240,622)	1,542,908	9,182,929	256,255	(3,389,088)
Net unrealized gains/(losses) on investments	31,059	1,515,218	-	1,546,277	-	-	(88,647)	570,458	-	-	2,028,088
Transfer to L & M Affiliate	(33,861,262)	12,237,912	-	(21,623,350)	(16,465)	20,865,372	-	-	774,443	-	-
Net assets released from restrictions used for purchases of property and equipment	139,360	867,140	-	1,006,500	-	-	-	-	-	-	1,006,500
Donated equipment	6,350	-	-	6,350	-	-	-	-	-	-	6,350
Pension related changes other than periodic pension costs	(4,281,516)	-	-	(4,281,516)	-	-	-	-	-	-	(4,281,516)
Decrease in unrestricted net assets	(31,986,321)	17,299,704	-	(14,686,617)	328,270	(2,268,023)	(329,269)	2,113,366	9,957,372	256,255	(4,628,646)

# Lawrence + Memorial Corporation and Subsidiaries

## Consolidating Statement of Operations

### Year Ended September 30, 2013

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc.	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc.	Westerly Hospital	Eliminating Entries	Consolidated
Net revenues from services to patients	\$ 315,384,106	\$ -	\$ -	\$ 315,384,106	\$ -	\$ -	\$ -	\$ 10,960,237	\$ 25,398,974	\$ -	\$ 372,745,739
Provision for bad debt	(12,127,746)	-	-	(12,127,746)	-	(315,036)	-	(75,000)	(2,038,188)	-	(14,555,970)
Net revenue less provision for bad debt	303,256,360	-	-	303,256,360	-	20,687,386	-	10,885,237	23,360,786	-	358,180,769
Other operating revenues	19,592,810	2,685,385	-	22,278,195	552,925	5,172,964	6,080,077	4,104,854	700,630	(17,440,785)	21,448,860
Net assets released from restriction	508,227	240,557	-	748,784	-	-	-	-	-	-	748,784
	323,357,397	2,925,942	-	326,283,339	552,925	25,860,350	6,080,077	14,990,091	24,061,416	(17,440,785)	380,387,413
Operating expenses	149,825,846	-	-	149,825,846	-	26,540,185	-	10,239,995	9,459,006	(2,284,188)	193,780,844
Salaries and wages	43,535,428	-	-	43,535,428	-	4,434,983	-	2,693,125	2,642,707	(4,243,989)	49,062,244
Employee benefits	45,171,409	241,132	-	45,412,541	-	870,017	-	268,625	2,977,900	-	49,529,083
Supplies	23,622,138	3,294,240	-	26,916,378	19,305	1,859,333	196,254	97,756	5,341,642	(2,152,028)	32,276,640
Purchased services	33,252,775	146,028	-	33,398,803	306,857	5,965,316	4,510,514	1,184,934	1,084,106	(9,174,808)	37,265,822
Other	2,705,025	39,577	-	2,744,602	-	-	-	-	120,409	-	2,865,011
Interest	20,641,159	38,526	-	20,679,685	-	243,331	-	126,767	1,973,650	-	23,023,433
Depreciation and amortization	318,753,780	3,759,503	-	322,513,283	326,162	39,903,165	4,706,868	14,611,202	25,599,420	(17,865,023)	387,805,077
	4,803,617	(833,561)	-	3,770,056	226,763	(14,042,815)	1,373,209	378,889	461,996	414,238	(7,417,664)
Income from operations	122,109	-	-	122,109	-	-	-	-	-	-	122,109
Nonoperating gains	6,041,461	881,712	-	6,923,173	-	-	198,569	630,012	373	-	7,752,127
Income/(loss) from investments	-	-	-	-	-	-	-	-	17,895,540	(16,098,758)	1,796,782
Inherent contribution received from purchase of Westerly Hospital	6,163,570	881,712	-	7,045,282	-	-	198,569	630,012	17,895,913	(16,098,758)	9,671,018
	10,767,187	48,151	-	10,815,338	226,763	(14,042,815)	1,571,776	1,008,901	18,357,909	(15,684,520)	2,253,354
Excess of revenues over expenses	9,113,432	2,590,798	-	11,704,230	-	-	(141,849)	484,474	-	-	12,046,855
Net unrealized (losses)/gains on investments	1,136,545	(21,837,640)	-	(20,701,095)	139,626	15,724,357	-	-	4,837,112	-	-
Transfer to L & M Affiliate	167,751	-	-	167,751	-	-	-	-	-	-	167,751
Net assets released from restrictions used for purchases of property and equipment	5,929,845	-	-	5,929,845	-	-	-	-	-	-	-
Donated equipment	-	-	-	-	-	-	-	-	-	-	-
Pension related changes other than periodic pension costs	-	-	-	-	-	-	-	-	-	-	-
Decrease in unrestricted net assets	\$ 27,114,760	\$ (19,198,691)	\$ -	\$ 7,916,069	\$ 366,389	\$ 1,681,542	\$ 1,429,929	\$ 1,493,375	\$ 23,195,021	\$ (15,684,520)	\$ 20,397,805