

PRICEWATERHOUSECOOPERS LLP  
101 SEAPORT BOULEVARD  
BOSTON MA 02210

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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, 2015

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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  
101 SEAPORT BOULEVARD  
BOSTON MA 02210

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 15, 2016. 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 2014, or tax year beginning 10/01, 2014, and ending 09/30, 2015

# 2014

Department of the Treasury  
Internal Revenue Service

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

Name of exempt organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

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>367512307.</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 2014 electronic return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund.

Sign Here  \_\_\_\_\_  \_\_\_\_\_  
 Signature of officer Date VICE PRESIDENT/CFO Title

## Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

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

ERO's signature	<u><i>Am Cortese</i></u>	Date	<u>08/10/2016</u>	Check if also paid preparer	<input checked="" type="checkbox"/>	Check if self-employed	<input type="checkbox"/>	ERO's SSN or PTIN	<u>P01390592</u>
ERO's Use Only	Firm's name (or yours if self-employed), address, and ZIP code	<u>PRICEWATERHOUSECOOPERS LLP</u>			<u>101 SEAPORT BOULEVARD</u>		<u>BOSTON MA 02210</u>		
		<u>EIN 13-4008324</u>			<u>Phone no. 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.

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

# Return of Organization Exempt From Income Tax

# 2014

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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).

**A** For the 2014 calendar year, or tax year beginning 10/01, 2014, and ending 09/30, 2015

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/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 \$ 368,501,135.
<b>F</b> Name and address of principal officer: SETH VAN ESSENDELFT 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>	10.
	<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 2014 (Part V, line 2a)	<b>5</b>	2,642.
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	298.
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	1,785,961.
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	-274,162.	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	<b>9</b> Program service revenue (Part VIII, line 2g)	880,130.	857,596.
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	345,412,898.	352,401,780.
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	9,678,721.	11,372,756.
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,321,513.	2,880,175.
		358,293,262.	367,512,307.
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	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)	192,997,162.	192,132,028.
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	645.	0
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ 865,348.		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	155,434,308.	157,997,754.
	<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	348,432,115.	350,129,782.
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	9,861,147.	17,382,525.	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	<b>21</b> Total liabilities (Part X, line 26)	394,458,671.	368,349,831.
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	226,249,224.	239,868,109.
	168,209,447.	128,481,722.	

## 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>	08/10/2016		P01390592
	Firm's name ▶ PRICEWATERHOUSECOOPERS LLP	Firm's EIN ▶ 13-4008324		Phone no. 617-530-5000	
Firm's address ▶ 101 SEAPORT BOULEVARD BOSTON, MA 02210					

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

For Paperwork Reduction Act Notice, see the separate instructions.

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box. . . . .  **X**
- Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

**Part II Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed).

Enter filer's identifying number, see instructions

<b>Type or print</b>  File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions.  LAWRENCE & MEMORIAL HOSPITAL	Employer identification number (EIN) or  06-0646704
	Number, street, and room or suite no. If a P.O. box, see instructions.  365 MONTAUK AVENUE	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.  NEW LONDON, CT 06320	

Enter the Return code for the return that this application is for (file a separate application for each return) . . . . . **01**

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in the care of **▶ SETH VAN ESSEDELFT, 365 MONTAUK AVENUE, NEW LONDON, CT. 06320**  
 Telephone No. **▶ 860 442-0711** Fax No. **▶**
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for.

**4** I request an additional 3-month extension of time until 08/15, 20 16.

**5** For calendar year     , or other tax year beginning 10/01, 20 14, and ending 09/30, 20 15.

**6** If the tax year entered in line 5 is for less than 12 months, check reason:  Initial return  Final return  
 Change in accounting period

**7** State in detail why you need the extension ADDITIONAL TIME IS NEEDED TO FILE AND COMPLETE AN ACCURATE RETURN.

<b>8a</b> If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	<b>8a</b> \$	0
<b>b</b> If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	<b>8b</b> \$	0
<b>c Balance Due.</b> Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	<b>8c</b> \$	0

**Signature and Verification must be completed for Part II only.**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature **▶**  Title **▶** CEO Date **▶** 5/2/16

# Application for Extension of Time To File an Exempt Organization Return

► File a separate application for each return.  
► Information about Form 8868 and its instructions is at [www.irs.gov/form8868](http://www.irs.gov/form8868).

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box  **X**
  - If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).
- Do not complete Part II unless** you have already been granted an automatic 3-month extension on a previously filed Form 8868.

**Electronic filing (e-file).** You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on *e-file for Charities & Nonprofits*.

**Part I Automatic 3-Month Extension of Time.** Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Enter filer's identifying number, see instructions

<b>Type or print</b>  File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions. <b>LAWRENCE &amp; MEMORIAL HOSPITAL</b>	Employer identification number (EIN) or <b>06-0646704</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>365 MONTAUK AVENUE</b>	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>NEW LONDON, CT 06320</b>	

Enter the Return code for the return that this application is for (file a separate application for each return)

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

• The books are in the care of ► SETH VAN ESSENDELFT, 365 MONTAUK AVENUE, NEW LONDON, CT 06320

Telephone No. ► 860 442-0711 FAX No. ► \_\_\_\_\_

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ . If this is for the whole group, check this box  . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 05/15, 2016, to file the exempt organization return for the organization named above. The extension is for the organization's return for:  
►  calendar year 20\_\_\_\_ or  
►  tax year beginning 10/01, 2014, and ending 09/30, 2015.

2 If the tax year entered in line 1 is for less than 12 months, check reason:  Initial return  Final return  
 Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a \$	0
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b \$	0
c <b>Balance due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c \$	0

**Caution.** If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

**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 \$ 255,580,273. including grants of \$ ) (Revenue \$ 352,063,624. )

SEE SCHEDULE O

**4b** (Code: ) (Expenses \$ 765,759. including grants of \$ ) (Revenue \$ 338,156. )

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 ▶ 256,346,032.

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> . . . . .	X	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? . . . . .	X	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> . . . . .		X
<b>4</b> <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? <i>If "Yes," complete Schedule C, Part II.</i> . . . . .	X	
<b>5</b> 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? <i>If "Yes," complete Schedule C, Part III.</i> . . . . .		X
<b>6</b> 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? <i>If "Yes," complete Schedule D, Part I.</i> . . . . .		X
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> . . . . .		X
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> . . . . .		X
<b>9</b> 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? <i>If "Yes," complete Schedule D, Part IV.</i> . . . . .		X
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> . . . . .	X	
<b>11</b> 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.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> . . . . .	X	
<b>b</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? <i>If "Yes," complete Schedule D, Part VII.</i> . . . . .		X
<b>c</b> 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? <i>If "Yes," complete Schedule D, Part VIII.</i> . . . . .		X
<b>d</b> 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? <i>If "Yes," complete Schedule D, Part IX.</i> . . . . .	X	
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> . . . . .	X	
<b>f</b> 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)? <i>If "Yes," complete Schedule D, Part X.</i> . . . . .		X
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII.</i> . . . . .		X
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional.</i> . . . . .	X	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i> . . . . .		X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? . . . . .		X
<b>b</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? <i>If "Yes," complete Schedule F, Parts I and IV.</i> . . . . .	X	
<b>15</b> 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? <i>If "Yes," complete Schedule F, Parts II and IV.</i> . . . . .		X
<b>16</b> 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? <i>If "Yes," complete Schedule F, Parts III and IV.</i> . . . . .		X
<b>17</b> 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? <i>If "Yes," complete Schedule G, Part I</i> (see instructions). . . . .		X
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i> . . . . .		X
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> . . . . .		X
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H.</i> . . . . .	X	
<b>b</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 domestic 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 or for domestic individuals 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	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a.</i> . . . . .	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
25a	<b>Section 501(c)(3), 501(c)(4), and 501(c)(29) 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 payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II.</i> . . . . .		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III.</i> . . . . .		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i> . . . . .		X
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i> . . . . .		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV.</i> . . . . .	X	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i> . . . . .		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M.</i> . . . . .		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i> . . . . .		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II.</i> . . . . .		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I.</i> . . . . .		X
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1.</i> . . . . .	X	
35a	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, and various IRS forms like 8886-T, 8899, 8282, 720, and 1098-C.

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 (10), 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, address, and telephone number of the person who possesses the organization's books and records:

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	2.00 0	X		X				0	0	0
(2) CAROL O. RIDGEWAY DIRECTOR UNTIL 12/14	2.00 0	X						0	0	0
(3) MARY ELLEN JUKOSKI, EDD VICE CHAIRMAN	2.00 0	X		X				0	0	0
(4) BRUCE D. CUMMINGS PRESIDENT/CEO	27.45 12.55	X		X			619,828.	0	112,426.	
(5) DONALD J. FELITTO, MD DIRECTOR	2.00 2.00	X					8,355.	0		0
(6) DAVID F. REISFELD, MD DIRECTOR	2.00 38.00	X					0	321,603.	34,625.	
(7) B. MICHAEL RAUH, JR. DIRECTOR UNTIL 12/14	2.00 2.00	X					0	0	0	0
(8) JAMES MITCHELL, PHD SECRETARY	2.00 0	X		X			0	0	0	0
(9) GRANVILLE MORRIS CHAIRMAN UNTIL 12/14	2.00 2.00	X		X			0	0	0	0
(10) SHARON ARNOLD DIRECTOR	2.00 0	X					0	0	0	0
(11) NIALL J. DUHIG, MD DIRECTOR	2.00 0	X					59,400.	0	0	0
(12) JOSH PARSONS DIRECTOR AS OF 12/14	2.00 0	X					0	0	0	0
(13) R. ALAN HUNTER CHAIRMAN AS OF 12/14	2.00 4.00	X		X			0	0	0	0
(14) MAUREEN ANDERSON, ATTORNEY ASSISTANT SECRETARY	30.00 10.00			X			273,321.	0	54,018.	

**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) SETH VAN ESSENDELFT VP/CFO AS OF 8/14	24.00 16.00			X				125,051.	0	15,617.
( 16) WILLIAM STANLEY VP DEV & COMMUNITY RELATIONS	38.00 2.00				X			220,150.	0	42,957.
( 17) DANIEL RISSI, MD VP CHIEF MEDICAL OFFICER	38.00 2.00				X			415,808.	0	67,589.
( 18) KIMBERLY KALAJAINEN VP CHIEF INFORMATION OFFICER	38.00 2.00				X			245,872.	0	53,122.
( 19) CRISTA DURAND (UNTIL 7/14) VP STRATEGIC PLANNING/MKTG	38.00 2.00				X			203,215.	0	21,114.
( 20) LAUREN WILLIAMS VP PATIENT CARE SERVICES	38.00 2.00				X			261,225.	0	39,944.
( 21) DONNA EPPS VP CHIEF HR OFFICER	38.00 2.00				X			209,974.	0	23,060.
( 22) CHRISTOPHER LEHRACH, MD CHIEF TRANSFORMATION OFFICER	34.00 6.00				X			354,328.	0	66,396.
( 23) PAMELA KANE VP PHYSICIAN PRAC UNTIL 7/14	0 0					X		464,194.	0	29,956.
( 24) GERALDINE RUFFA, MD MEDICAL DIRECTOR, PHYSICIAN	40.00 0					X		220,215.	0	10,235.
( 25) GARY CASS DIRECTOR HR/LABOR RELATIONS	40.00 0					X		189,369.	0	26,765.
<b>1b Sub-total</b>								960,904.	321,603.	201,069.
<b>c Total from continuation sheets to Part VII, Section A</b>								3,494,984.	302,502.	469,855.
<b>d Total (add lines 1b and 1c)</b>								4,455,888.	624,105.	670,924.

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 **218**

	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 **44**



**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>	595,050.					
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above . . . . .	<b>1f</b>	262,546.					
	<b>g</b> Noncash contributions included in lines 1a-1f: \$ . . . . .							
	<b>h Total.</b> Add lines 1a-1f . . . . . ▶			857,596.				
<b>Program Service Revenue</b>	<b>2a</b> <u>NET PATIENT SERVICES</u>			<b>Business Code</b>				
			900099	325,022,845.	325,022,845.			
	<b>b</b> <u>LAB TESTING - ORR</u>		900099	1,785,855.		1,785,855.		
	<b>c</b> <u>PARAMEDIC SERVICES</u>		900099	2,680,768.	2,680,768.			
	<b>d</b> <u>OTHER PROGRAM SERVICE REVENUE</u>		900099	22,912,312.	22,912,312.			
	<b>e</b> _____							
	<b>f</b> All other program service revenue . . . . .							
<b>g Total.</b> Add lines 2a-2f . . . . . ▶			352,401,780.					
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts). . . . . ▶			10,475,103.		106.	10,474,997.	
	<b>4</b> Income from investment of tax-exempt bond proceeds . . . . . ▶			0				
	<b>5</b> Royalties . . . . . ▶			0				
	<b>6a</b> Gross rents . . . . .	(i) Real	2,014,246.					
		(ii) Personal						
	<b>b</b> Less: rental expenses . . . . .							
	<b>c</b> Rental income or (loss) . . . . .		2,014,246.					
	<b>d</b> Net rental income or (loss) . . . . . ▶			2,014,246.			2,014,246.	
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities	1,884,655.	(ii) Other	1,826.			
	<b>b</b> Less: cost or other basis and sales expenses . . . . .		988,828.					
	<b>c</b> Gain or (loss) . . . . .		895,827.	1,826.				
	<b>d</b> Net gain or (loss) . . . . . ▶			897,653.			897,653.	
	<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> <u>DINING ROOM</u>		900099	865,929.	865,929.				
<b>b</b> _____								
<b>c</b> _____								
<b>d</b> All other revenue . . . . .								
<b>e Total.</b> Add lines 11a-11d . . . . . ▶			865,929.					
<b>12 Total revenue.</b> See instructions . . . . . ▶			367,512,307.	351,481,854.	1,785,961.	13,386,896.		

**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 domestic organizations and domestic governments. See Part IV, line 21 . . . . .	0			
2 Grants and other assistance to domestic individuals. See Part IV, line 22 . . . . .	0			
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. 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 . . . . .	3,309,528.		3,090,410.	219,118.
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 . . . . .	137,330,577.	104,518,540.	32,539,970.	272,067.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	3,149,653.	2,344,359.	799,192.	6,102.
9 Other employee benefits . . . . .	38,312,885.	28,517,153.	9,721,500.	74,232.
10 Payroll taxes . . . . .	10,029,385.	7,465,100.	2,544,853.	19,432.
11 Fees for services (non-employees):				
a Management . . . . .	0			
b Legal . . . . .	938,006.	156,735.	781,271.	
c Accounting . . . . .	115.		115.	
d Lobbying . . . . .	0			
e Professional fundraising services. See Part IV, line 17.	0			
f Investment management fees . . . . .	502,313.		502,313.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) . . . . .	15,233,909.	8,887,948.	6,345,961.	
12 Advertising and promotion . . . . .	0			
13 Office expenses . . . . .	6,481,026.	4,385,308.	2,049,629.	46,089.
14 Information technology . . . . .	5,670,104.	1,248,845.	4,408,183.	13,076.
15 Royalties . . . . .	0			
16 Occupancy . . . . .	7,159,780.	1,959,925.	5,199,855.	
17 Travel . . . . .	356,318.	144,185.	212,133.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings . . . . .	0			
20 Interest . . . . .	3,553,690.	3,553,690.		
21 Payments to affiliates . . . . .	0			
22 Depreciation, depletion, and amortization . . . . .	23,641,537.	11,725,099.	11,916,044.	394.
23 Insurance . . . . .	5,863,520.	5,863,520.		
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 -----	21,711,255.	12,678,939.	9,018,497.	13,819.
b MEDICAL & SURGICAL -----	57,093,449.	56,790,220.	298,172.	5,057.
c EQUIP RENTAL & MAINTENANCE -----	7,301,421.	5,264,779.	2,036,642.	
d TELEPHONE -----	903,754.	42,262.	861,492.	
e All other expenses -----	1,587,557.	799,425.	592,170.	195,962.
<b>25 Total functional expenses.</b> Add lines 1 through 24e	<b>350,129,782.</b>	<b>256,346,032.</b>	<b>92,918,402.</b>	<b>865,348.</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	7,100,538.	<b>2</b>	13,532,578.	
	<b>3</b> Pledges and grants receivable, net	20,366.	<b>3</b>	20,366.	
	<b>4</b> Accounts receivable, net	35,011,996.	<b>4</b>	35,571,826.	
	<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	85,520.	<b>7</b>	29,011.	
	<b>8</b> Inventories for sale or use	6,580,752.	<b>8</b>	6,194,355.	
	<b>9</b> Prepaid expenses and deferred charges	2,689,506.	<b>9</b>	3,125,348.	
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	<b>10a</b> 434,834,323.			
	<b>b</b> Less: accumulated depreciation	<b>10b</b> 283,857,350.	160,857,796.	<b>10c</b>	150,976,973.
	<b>11</b> Investments - publicly traded securities	148,362,925.	<b>11</b>	126,094,405.	
	<b>12</b> Investments - other securities. See Part IV, line 11	6,985,614.	<b>12</b>	3,584,118.	
	<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	26,763,658.	<b>15</b>	29,220,851.	
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34)	394,458,671.	<b>16</b>	368,349,831.		
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses	41,120,923.	<b>17</b>	45,529,044.	
	<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	111,385,992.	<b>20</b>	106,006,013.	
	<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	73,742,309.	<b>25</b>	88,333,052.	
	<b>26 Total liabilities.</b> Add lines 17 through 25	226,249,224.	<b>26</b>	239,868,109.	
<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	138,729,444.	<b>27</b>	103,558,083.	
	<b>28</b> Temporarily restricted net assets	23,432,028.	<b>28</b>	18,960,042.	
	<b>29</b> Permanently restricted net assets	6,047,975.	<b>29</b>	5,963,597.	
	<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	168,209,447.	<b>33</b>	128,481,722.	
	<b>34</b> Total liabilities and net assets/fund balances	394,458,671.	<b>34</b>	368,349,831.	

**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>	367,512,307.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	350,129,782.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	17,382,525.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	168,209,447.
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	-17,345,258.
<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>	-39,764,992.
<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>	128,481,722.

**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.

▶ 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).

OMB No. 1545-0047

**2014**

**Open to Public Inspection**

<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 in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.
  - a  **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
  - b  **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
  - c  **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
  - d  **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
  - e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
  - f Enter the number of supported organizations . . . . .
  - g 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 listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
<b>Total</b>						

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) 2010, (b) 2011, (c) 2012, (d) 2013, (e) 2014, (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) 2010, (b) 2011, (c) 2012, (d) 2013, (e) 2014, (f) Total. Rows include: 7 Amounts from line 4; 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 9 Net income from unrelated business activities; 10 Other income. Do not include gain or loss from the sale of capital assets; 11 Total support. Add lines 7 through 10; 12 Gross receipts from related activities; 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.

Section C. Computation of Public Support Percentage

Table with 3 columns: Description, Percentage, and Check box. Rows include: 14 Public support percentage for 2014; 15 Public support percentage from 2013 Schedule A; 16a 33 1/3% support test - 2014; b 33 1/3% support test - 2013; 17a 10%-facts-and-circumstances test - 2014; b 10%-facts-and-circumstances test - 2013; 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**

Calendar year (or fiscal year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose . . . . .						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 . . . . .						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>6 Total.</b> Add lines 1 through 5 . . . . .						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons . . . . .						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year . . . . .						
<b>c</b> Add lines 7a and 7b. . . . .						
<b>8 Public support</b> (Subtract line 7c from line 6.) . . . . .						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
<b>9</b> Amounts from line 6. . . . .						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . . .						
<b>c</b> Add lines 10a and 10b . . . . .						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on . . . . .						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .						
<b>13 Total support.</b> (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**

<b>15</b> Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f)) . . . . .	<b>15</b>	%
<b>16</b> Public support percentage from 2013 Schedule A, Part III, line 15 . . . . .	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2014</b> (line 10c, column (f) divided by line 13, column (f)) . . . . .	<b>17</b>	%
<b>18</b> Investment income percentage from <b>2013</b> Schedule A, Part III, line 17 . . . . .	<b>18</b>	%

**19a 33 1/3% support tests - 2014.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ►

**b 33 1/3% support tests - 2013.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ►

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

**Part IV Supporting Organizations**

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
<b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
<b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
<b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
<b>b</b> Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
<b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
<b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.</i>		
<b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
<b>c</b> Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
<b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
<b>b Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>c Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations; (b) individuals that are part of the charitable class benefited by one or more of its supported organizations; or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
<b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
<b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
<b>9a</b> Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
<b>b</b> Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
<b>c</b> Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
<b>10a</b> Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer (b) below.</i>		
<b>b</b> Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

**Part IV Supporting Organizations** (continued)

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
<b>b</b> A family member of a person described in (a) above?		
<b>c</b> A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in <b>Part VI</b> .		

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in <b>Part VI</b> how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
<b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in <b>Part VI</b> how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in <b>Part VI</b> how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in <b>Part VI</b> how the organization maintained a close and continuous working relationship with the supported organization(s).		
<b>3</b> By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in <b>Part VI</b> the role the organization's supported organizations played in this regard.		

**Section E. Type III Functionally-Integrated Supporting Organizations**

<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions):			
<b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete <b>line 2</b> below.			
<b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete <b>line 3</b> below.			
<b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in <b>Part VI</b> how you supported a government entity (see instructions).			
<b>2</b> Activities Test. Answer (a) and (b) below.		Yes	No
<b>a</b> Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in <b>Part VI</b> identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.			
<b>b</b> Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in <b>Part VI</b> the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.			
<b>3</b> Parent of Supported Organizations. Answer (a) and (b) below.			
<b>a</b> Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in <b>Part VI</b> .			
<b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in <b>Part VI</b> the role played by the organization in this regard.			

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

- 1  Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

<b>Section A - Adjusted Net Income</b>		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	<b>Adjusted Net Income</b> (subtract lines 5, 6 and 7 from line 4)	8	
<b>Section B - Minimum Asset Amount</b>		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	<b>Discount</b> claimed for blockage or other factors (explain in detail in <b>Part VI</b> ):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	<b>Minimum Asset Amount</b> (add line 7 to line 6)	8	
<b>Section C - Distributable Amount</b>			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).		

Schedule A (Form 990 or 990-EZ) 2014

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations** (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 <b>Total annual distributions.</b> Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required-see instructions)			
3 Excess distributions carryover, if any, to 2014:			
a			
b			
c			
d			
e From 2013 . . . . .			
f <b>Total</b> of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2014 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2014, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions).			
6 Remaining underdistributions for 2014. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).			
7 <b>Excess distributions carryover to 2015.</b> Add lines 3j and 4c.			
8 Breakdown of line 7:			
a			
b			
c			
d Excess from 2013 . . . . .			
e Excess from 2014 . . . . .			

---

**Part VI** **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

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

**2014**

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

**Open to Public Inspection**

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

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

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

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

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

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

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

**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)				

**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%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%; text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 70%; 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 separate instructions for lines 2a through 2f.)

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(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 3 main columns: (a) Yes/No, (b) Amount. Rows include: 1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation...; a Volunteers?; b Paid staff or management...; c Media advertisements?; d Mailings to members...; e Publications...; f Grants to other organizations...; g Direct contact with legislators...; h Rallies, demonstrations...; i Other activities?; j Total. Add lines 1c through 1i; 2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?; b If "Yes," enter the amount of any tax incurred under section 4912; c If "Yes," enter the amount of any tax incurred by organization managers under section 4912; d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?

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

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

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

Table with 2 columns: Question, Amount. Rows include: 1 Dues, assessments and similar amounts from members; 2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid); a Current year; b Carryover from last year; c Total; 3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues; 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, lines 1 and 2 (see instructions); 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. THE PORTION OF DUES ATTRIBUTABLE TO LOBBYING ACTIVITIES IS REPORTED ON LINE 1I.

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

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.

2014

Department of the Treasury Internal Revenue Service

Attach to Form 990.

Open to Public Inspection

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

Name of the organization

Employer identification number

LAWRENCE & MEMORIAL HOSPITAL

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 total number at end of year, aggregate value of contributions, aggregate value of grants, aggregate value at end of year, and two questions about donor informed consent.

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 purpose(s) of conservation easements, total number of easements, total acreage, number of easements on historic structures, and other details.

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 (works of art, historical treasures), 1b (collections), and 2 (financial gain).

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

Schedule D (Form 990) 2014

**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    |
|--|-----------|
| <b>c</b> Beginning balance             | <b>1c</b> |
| <b>d</b> Additions during the year     | <b>1d</b> |
| <b>e</b> Distributions during the year | <b>1e</b> |
| <b>f</b> Ending balance                | <b>1f</b> |
- 2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  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
<b>1a</b> Beginning of year balance	18,987,367.	17,922,953.	16,251,377.	14,398,889.	14,741,092.
<b>b</b> Contributions					
<b>c</b> Net investment earnings, gains, and losses	-944,846.	1,382,314.	1,952,978.	2,146,447.	17,500.
<b>d</b> Grants or scholarships					
<b>e</b> Other expenditures for facilities and programs	194,153.	269,234.	239,701.	266,733.	324,466.
<b>f</b> Administrative expenses	45,678.	48,666.	41,701.	27,226.	35,237.
<b>g</b> End of year balance	17,802,690.	18,987,367.	17,922,953.	16,251,377.	14,398,889.

**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:

	Yes	No
<b>(i)</b> unrelated organizations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>(ii)</b> related organizations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</b> If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	<input type="checkbox"/>	<input type="checkbox"/>

**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
<b>1a</b> Land		1,464,978.		1,464,978.
<b>b</b> Buildings		145,539,015.	78,918,763.	66,620,252.
<b>c</b> Leasehold improvements		6,756,532.	4,355,849.	2,400,683.
<b>d</b> Equipment		270,848,642.	195,305,956.	75,542,686.
<b>e</b> Other		10,225,156.	5,276,782.	4,948,374.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				150,976,973.

**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	23,664,089.
(2) DEBT SERVICE FUND	1,304,613.
(3) DEFERRED FINANCING COSTS	2,187,006.
(4) DUE FROM AFFILIATES	2,065,143.
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) . . . . . ▶	29,220,851.

**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	6,711,203.
(3) DEFERRED COMPENSATION	24,678.
(4) SELF ASSURANCE RESERVES	3,561,158.
(5) ACCRUED POST RETIREMENT BENEFIT	754,324.
(6) ACCRUED PENSION	-4,242,665.
(7) ACCRUED 401K MATCH	1,212,881.
(8) ACCRUED MIN PENSION LIABILITY	55,240,176.
(9) ASSET RETIREMENT OBLIGATION	533,749.
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	88,333,052.

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 XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

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

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include descriptions, sub-row labels (2a-2d, 4a-4b), and totals (1, 2e, 3, 4c, 5).

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

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

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include descriptions, sub-row labels (2a-2d, 4a-4b), and totals (1, 2e, 3, 4c, 5).

**Part XIII Supplemental Information.**

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

SEE PAGE 5

**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 ORGANIZATION'S FINANCIAL STATEMENTS DO NOT INCLUDE A FIN 48 DISCLOSURE.

ATTACHMENT 1SCHEDULE D, PART X - OTHER LIABILITIES

<u>DESCRIPTION</u>	<u>BOOK VALUE</u>
DUE TO L&M CORPORATION	2,512,703.
DEFERRED FINANCING COST	2,428,474.
MALPRACTICE INSURANCE	19,596,371.
TOTALS	<u>88,333,052.</u>

**SCHEDULE F  
(Form 990)**

**Statement of Activities Outside the United States**

OMB No. 1545-0047

**2014**

**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.
- ▶ 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		37,661,682.
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
<b>3a</b> Sub-total . . . . .					37,661,682.
<b>b</b> Total from continuation sheets to Part I . . . . .					
<b>c Totals</b> (add lines 3a and 3b)					37,661,682.

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

Schedule F (Form 990) 2014

**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; do not file with Form 990)* . . . . .  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; do not file with Form 990)* . . . . .  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

**2014**

**Open to Public Inspection**

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

▶ **Attach to Form 990.**

▶ **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>b</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 criteria used 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>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	X	
<b>c</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>b</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) . . . . .		1624	822,218.		822,218.	.23
<b>b</b> Medicaid (from Worksheet 3, column a) . . . . .		26445	55,626,089.	27,389,825.	28,236,264.	8.06
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .		818	1,720,395.	847,108.	873,287.	.25
<b>d</b> <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .		28887	58,168,702.	28,236,933.	29,931,769.	8.54
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . .	45	6406	1,503,450.	338,156.	1,165,294.	.33
<b>f</b> Health professions education (from Worksheet 5) . . . . .	24	3869	1,568,350.	3,500.	1,564,850.	.45
<b>g</b> Subsidized health services (from Worksheet 6) . . . . .	9	5739	8,971,377.	2,850,362.	6,121,015.	1.75
<b>h</b> Research (from Worksheet 7)						
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .	8	560	51,340.		51,340.	.01
<b>j</b> <b>Total.</b> Other Benefits . . . . .	86	16574	12,094,517.	3,192,018.	8,902,499.	2.54
<b>k</b> <b>Total.</b> Add lines 7d and 7j. . . . .	86	45461	70,263,219.	31,428,951.	38,834,268.	11.08

**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	894	46,004.		46,004.	.01
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	3		12,870.		12,870.	
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total	5	894	58,874.		58,874.	.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? . . . . .	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. . . . .		
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. . . . .		
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) . . . . .	132,091,765.
6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	158,576,054.
7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	-26,484,289.
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? . . . . .	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 . . . . .	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 (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

	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 letter of facility reporting group LAWRENCE & MEMORIAL HOSPITAL

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

Community Health Needs Assessment

Table with 3 columns: Question, Yes, No. Rows include questions 1 through 12b regarding CHNA requirements and implementation.

**Part V Facility Information** (continued)

**Financial Assistance Policy (FAP)**

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

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
<b>13</b>	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP:	X	
<b>a</b>	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>250</u> % and FPG family income limit for eligibility for discounted care of <u>400</u> %		
<b>b</b>	<input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)		
<b>c</b>	<input checked="" type="checkbox"/> Asset level		
<b>d</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>e</b>	<input type="checkbox"/> Insurance status		
<b>f</b>	<input checked="" type="checkbox"/> Underinsurance status		
<b>g</b>	<input type="checkbox"/> Residency		
<b>h</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>14</b>	Explained the basis for calculating amounts charged to patients? . . . . .	X	
<b>15</b>	Explained the method for applying for financial assistance? . . . . . If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):	X	
<b>a</b>	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
<b>b</b>	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
<b>c</b>	<input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
<b>d</b>	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
<b>e</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>16</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 FAP was widely available on a website (list url): _____		
<b>b</b>	<input type="checkbox"/> The FAP application form was widely available on a website (list url): _____		
<b>c</b>	<input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>WWW.LMHOSPITAL.ORG</u>		
<b>d</b>	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>e</b>	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>f</b>	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>g</b>	<input type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
<b>h</b>	<input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
<b>i</b>	<input checked="" type="checkbox"/> Other (describe in Section C)		
<b>Billing and Collections</b>			
<b>17</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 all of the actions the hospital facility or other authorized party may take upon non-payment? . . . . .	X	
<b>18</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(ies)		
<b>b</b>	<input type="checkbox"/> Selling an individual's debt to another party		
<b>c</b>	<input type="checkbox"/> Actions that require a legal or judicial process		
<b>d</b>	<input type="checkbox"/> Other similar actions (describe in Section C)		
<b>e</b>	<input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		

**Part V Facility Information** (continued)

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

		Yes	No
<b>19</b>	Did the hospital facility or other authorized 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(ies)		
<b>b</b>	<input type="checkbox"/> Selling an individual's debt to another party		
<b>c</b>	<input type="checkbox"/> Actions that require a legal or judicial process		
<b>d</b>	<input type="checkbox"/> Other similar actions (describe in Section C)		
<b>20</b>	Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
<b>a</b>	<input type="checkbox"/> Notified individuals of the financial assistance policy on admission		
<b>b</b>	<input type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge		
<b>c</b>	<input type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills		
<b>d</b>	<input type="checkbox"/> Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy		
<b>e</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>f</b>	<input checked="" type="checkbox"/> None of these efforts were made		

**Policy Relating to Emergency Medical Care**

<b>21</b>	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate why:		X
<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)		

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

<b>22</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>23</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? . . . . . If "Yes," explain in Section C.		X
<b>24</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? . . . . . If "Yes," explain in Section C.		X

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

SCHEDULE H, PART V, SEC B, LINE 3J

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, SEC B, LINE 5

UPON COMPLETION OF DATA COLLECTION AND ANALYSIS, L+M 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



**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

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, SEC B, LINE 7A AND 10A

[WWW.LMHOSPITAL.ORG/COMMUNITY-INVOLVEMENT/COMMUNITY-PARTNERSHIPS.ASPX](http://WWW.LMHOSPITAL.ORG/COMMUNITY-INVOLVEMENT/COMMUNITY-PARTNERSHIPS.ASPX)

SCHEDULE H, PART V, SEC B, LINE 7D

THE CHNA REPORT WAS RELEASED AT A PRESENTATION OPEN TO THE PUBLIC ON JANUARY 23, 2013. IN ATTENDANCE WERE COMMUNITY PARTNERS REPRESENTING OTHER NON-PROFIT ORGANIZATIONS, BUSINESS LEADERS, INDIVIDUALS REPRESENTING THE EDUCATION SECTOR, HOSPITAL STAFF, MEMBERS OF THE PRESS, AND COMMUNITY MEMBERS.

SCHEDULE H, PART V, SEC B, LINE 11

THE PRIORITIZED COMMUNITY HEALTH NEEDS FOR L+M HOSPITAL WERE: OVERWEIGHT AND OBESITY, ACCESS TO CARE, CANCER, SEXUAL HEALTH, BEHAVIORAL HEALTH, AND ASTHMA. TO ADDRESS OBESITY, L+M HAS CONTINUED IMPLEMENTATION OF THE PEDIATRIC WEIGHT MANAGEMENT PROGRAM IN PARTNERSHIP WITH CHILD AND FAMILY AGENCY OF SOUTHEASTERN CONNECTICUT. INTERVENTION ON ACCESS TO CARE ISSUES HAVE INCLUDED EXPANSION OF PRIMARY CARE PROVIDERS AND DEVELOPMENT

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

OF PATIENT CENTERED MEDICAL HOMES, AND THE CREATION OF THE DISPENSARY OF HOPE PROGRAM TO IMPROVE MEDICATION ACCESS FOR INDIGENT PEOPLE.

TO ADDRESS CANCER STRATEGIES HAVE INCLUDED SCREENINGS, OUTREACH ON COLORECTAL CANCER, AND ADMINISTRATION OF THE CT EARLY DETECTION AND PREVENTION PROGRAM FOR BREAST AND CERVICAL CANCER SERVICES FOR INDIGENT WOMEN. BEHAVIORAL HEALTH STRATEGIES HAVE FOCUSED ON THE HOMELESS POPULATION AND HAVE SUPPORTED INDIVIDUALS IN OBTAINING STABLE HOUSING AND SECURING NECESSARY HEALTH CARE SERVICES. INTERVENTION ON ASTHMA INCLUDES SCHOOL AND COMMUNITY BASED PROGRAMS, REGULAR EDUCATIONAL CLASSES, AND A COMMUNITY HEALTH WORKER TO SUPPORT INDIVIDUALS WHO FREQUENTLY UTILIZE THE EMERGENCY DEPARTMENT TO BETTER MANAGE THEIR ASTHMA AND ACCESS APPROPRIATE COMMUNITY-BASED CARE.

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

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

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.

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

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

ISSUES, RESOURCE LIMITATIONS WILL NO LONGER ALLOW L+M TO PLAY A LEADERSHIP ROLE.

SCHEDULE H, PART V, SEC B, LINE 13B

THE HOSPITAL PROVIDES FULL CHARITY CARE TO PATIENTS WITH ANNUAL INCOME UP TO AND INCLUDING 250% OF THE FEDERAL POVERTY GUIDELINES (FPG). HOSPITAL PROVIDES DISCOUNTED CARE ON A SLIDING SCALE FOR SELF-PAY PATIENTS IF THE PATIENT'S: (A) ANNUAL INCOME IS BETWEEN 251% AND UP TO 400% OF THE FEDERAL POVERTY LEVELS, TAKING INTO CONSIDERATION FAMILY UNIT SIZE; AND (B) ASSETS DO NOT EXCEED \$50,000 WHICH EXCEEDS THE ASSET THRESHOLD.

SCHEDULE H, PART V, SEC B, LINE 16I

WEBSITE PROVIDES DIRECT EMAIL LINK TO FINANCIAL COUNSELORS.

SCHEDULE H, PART V, SEC, LINE 22D

THE HOSPITAL PROVIDES FULL CHARITY CARE TO PATIENTS WITH ANNUAL INCOME UP TO AND INCLUDING 250% OF THE FEDERAL POVERTY GUIDELINES (FPG). HOSPITAL PROVIDES DISCOUNTED CARE ON A SLIDING SCALE FOR SELF-PAY PATIENTS IF THE PATIENT'S: (A) ANNUAL INCOME IS BETWEEN 251% AND UP TO 400% OF THE FEDERAL POVERTY LEVELS, TAKING INTO CONSIDERATION FAMILY UNIT SIZE; AND (B) ASSETS DO NOT EXCEED \$50,000 WHICH EXCEEDS THE ASSET THRESHOLD.

DISCOUNTS ARE BASED ON THE GROSS AMOUNTS CHARGED UNIFORMLY ACCORDING TO THE PUBLISHED CHARGEMASTER, AND WILL BE AUTHORIZED AS FOLLOWS:

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

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

251% - 300% = 50%

301% - 350% = 40%

351% - 400% = 30%

**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**

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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,"  
DEFERS 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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- 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.

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

**Part VI Supplemental Information**

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AMOUNT OF 3% REPRESENTS THE BAD DEBT AMOUNT THAT COULD HAVE BEEN  
QUALIFIED FOR CHARITY CARE AS THIS IS THE PERCENTAGE OF GROSS REVENUE  
THAT IS SELF PAID.

SCHEDULE H, PART III, LINE 4

THE HOSPITAL'S AUDITED FINANCIAL STATEMENTS DO NOT INCLUDE A BAD DEBT  
FOOTNOTE.

SCHEDULE H, PART III, LINE 8:

THE MEDICARE SHORTFALL OF (\$26,484,289) 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  
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.

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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 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.

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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 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.

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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 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

**Part VI Supplemental Information**

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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 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,

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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.

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,

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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 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

**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.

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 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.

**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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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 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

**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.
- 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.

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 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

**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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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 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.

**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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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 LMW HEALTHCARE (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 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

**Part VI Supplemental Information**

Provide the following information.

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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.

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

**Part VI Supplemental Information**

Provide the following information.

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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 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

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

**Compensation Information**

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

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

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

OMB No. 1545-0047

**2014**

**Open to Public  
Inspection**

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 checked="" 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), 501(c)(4), and 501(c)(29) 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>1a</b>		
<b>1b</b>		X
<b>2</b>	X	
<b>3</b>		
<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) 2014

**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 in column (B) 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)	600,546.	0	19,282.	91,492.	20,934.	732,254.	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)	227,051.	73,471.	1,980.	10,400.	11,440.	324,342.	0
3 LUGENE INZANA VP/CFO UNTIL 2/14	(i)	61,251.	0	53,205.	4,002.	4,722.	123,180.	0
	(ii)	0	0	0	0	0	0	0
4 WILLIAM STANLEY VP DEV & COMMUNITY RELATIONS	(i)	197,708.	0	22,442.	24,202.	18,755.	263,107.	0
	(ii)	0	0	0	0	0	0	0
5 MAUREEN ANDERSON, ATTOR ASSISTANT SECRETARY	(i)	272,511.	0	810.	30,694.	23,324.	327,339.	0
	(ii)	0	0	0	0	0	0	0
6 DANIEL RISSI, MD VP CHIEF MEDICAL OFFICER	(i)	412,244.	0	3,564.	46,238.	21,351.	483,397.	0
	(ii)	0	0	0	0	0	0	0
7 KIMBERLY KALAJAINEN VP CHIEF INFORMATION OFFICER	(i)	245,062.	0	810.	27,986.	25,136.	298,994.	0
	(ii)	0	0	0	0	0	0	0
8 CRISTA DURAND (UNTIL 7/ VP STRATEGIC PLANNING/MKTG	(i)	169,395.	0	33,820.	7,608.	13,506.	224,329.	0
	(ii)	0	0	0	0	0	0	0
9 LAUREN WILLIAMS VP PATIENT CARE SERVICES	(i)	258,903.	0	2,322.	28,949.	10,995.	301,169.	0
	(ii)	0	0	0	0	0	0	0
10 PAMELA KANE VP PHYSICIAN PRAC UNTIL 7/14	(i)	141,816.	0	322,378.	10,400.	19,556.	494,150.	11,940.
	(ii)	0	0	0	0	0	0	0
11 DAVID F. REISFELD, MD DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	296,462.	23,851.	1,290.	10,400.	24,225.	356,228.	0
12 GERALDINE RUFFA, MD MEDICAL DIRECTOR, PHYSICIAN	(i)	218,275.	0	1,940.	8,829.	1,406.	230,450.	0
	(ii)	0	0	0	0	0	0	0
13 DONNA EPPS VP CHIEF HR OFFICER	(i)	208,439.	0	1,535.	23,060.	0	233,034.	0
	(ii)	0	0	0	0	0	0	0
14 GARY CASS DIRECTOR HR/LABOR RELATIONS	(i)	173,386.	0	15,983.	7,800.	18,965.	216,134.	0
	(ii)	0	0	0	0	0	0	0
15 CHRISTOPHER LEHRACH, MD CHIEF TRANSFORMATION OFFICER	(i)	334,345.	0	19,983.	40,126.	26,270.	420,724.	0
	(ii)	0	0	0	0	0	0	0
16 JIM MOYLAN INTERIM VP/CFO 2/14 - 7/14	(i)	124,500.	0	0	0	0	124,500.	0
	(ii)	0	0	0	0	0	0	0

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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 in column (B) reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 TINA DICIOCCIO CORPORATE CONTROLLER	(i)	164,673.	0	11,075.	7,189.	11,403.	194,340.	0
	(ii)	0	0	0	0	0	0	0
2 KENNETH CIKATZ PHARMACIST	(i)	160,306.	2,500.	8,073.	7,000.	16,944.	194,823.	0
	(ii)	0	0	0	0	0	0	0
3	(i)							
	(ii)							
4	(i)							
	(ii)							
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

**Part III Supplemental Information**

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

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.

UNDER THE TERMS OF HER SEVERANCE AGREEMENT PAMELA KANE RECEIVED OUTPLACEMENT SERVICES IN THE AMOUNT OF \$7,200. THIS BENEFIT WAS NOT TREATED AS TAXABLE INCOME.

SCHEDULE J, PART I, LINE 4A

ON JULY 25, 2014, PAMELA KANE'S POSITION OF VICE PRESIDENT OF PHYSICIAN PRACTICE WAS ELIMINATED. UNDER THE TERMS OF HER SEVERANCE AGREEMENT, L&M

**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.

HOSPITAL PAID MS. KANE IN ONE LUMP SUM, ONE YEAR OF SEVERANCE AT HER ANNUAL SALARY OF \$253,822. AS AN ADDITIONAL SEVERANCE PAYMENT, L&M HOSPITAL ALSO PAID MS. KANE \$11,940 IN ONE LUMP SUM FOR THE VALUE OF THE UNVESTED PORTION OF HER 401(K).

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 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.

SECTION 457(F) CONTRIBUTIONS FOR THE CALENDAR YEAR 2014 WERE CREDITED TOWARDS THE PLAN AS FOLLOWS:

BRUCE CUMMINGS -	\$81,092
DANIEL RISSI -	\$35,838
LAUREN WILLIAMS -	\$18,549

**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.

KIMBERLY KALAJAINEN -	\$17,806
WILLIAM STANLEY -	\$15,318
DONNA EPPS -	\$14,661
MAUREEN ANDERSON -	\$20,294
CHRISTOPHER LEHRACH -	\$29,726
SETH VAN ESSENDELFT -	\$8,884

## SCHEDULE J, PART II

DURING THE CALENDAR YEAR 2014, LAWRENCE & MEMORIAL HOSPITAL PAID  
COMPENSATION TO JIM MOYLAN CONSULTING IN THE AMOUNT OF \$124,500 FOR  
SERVICES RENDERED BY JIM MOYLAN IN HIS ROLE AS INTERIM VP/CFO FROM 2/14 -  
8/14.

**SCHEDULE K  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

TAX-EXEMPT BONDS

**Supplemental Information on Tax-Exempt Bonds**

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

▶ Attach to Form 990.

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

OMB No. 1545-0047

**2014**

**Open to Public  
Inspection**

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	000000000	09/15/2011	61,831,040.	SEE PART VI		X		X		X
<b>B</b> CT HEFA SERIES G	06-0806186	000000000	10/10/2013	30,000,000.	SEE PART VI		X		X		X
<b>C</b> CT HEFA SERIES H	06-0806186	000000000	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	11,070,000.		1,625,000.					
<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			29,701,000.					
<b>11</b> Other spent proceeds	60,809,291.				18,715,029.			
<b>12</b> Other unspent proceeds								
<b>13</b> Year of substantial completion	2011		2014		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). Rows include questions about management contracts, research agreements, and bond-financed property percentages.

Part IV Arbitrage

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

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

OCTOBER 1, 2023, WITH AN OPTION TO EXTEND AT A NEGOTIATED RATE WITH A 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

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

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

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.
- 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-REMEDICATION IS NOT AVAILABLE UNDER APPLICABLE REGULATIONS.

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

**Transactions With Interested Persons**

OMB No. 1545-0047

**2014**

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**  
▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **Information about Schedule L (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

**Open To Public Inspection**

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

06-0646704

**Part I Excess Benefit Transactions** (section 501(c)(3), section 501(c)(4), and 501(c)(29) organizations only).

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

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

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

**Part II Loans to and/or From Interested Persons.**

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
			(1)									
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												
(8)												
(9)												
(10)												
<b>Total</b> . . . . . ▶						\$						

**Part III Grants or Assistance Benefiting Interested Persons.**

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

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

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) SUBSTANTIAL DONOR	SUBSTANTIAL DONOR	2,817,350.	PROFESSIONAL SERVICES		X
(2) SUBSTANTIAL DONOR	SUBSTANTIAL DONOR	808,788.	PROFESSIONAL SERVICES		X
(3) SUBSTANTIAL DONOR	SUBSTANTIAL DONOR	233,984.	PROFESSIONAL SERVICES		X
(4) SUBSTANTIAL DONOR	SUBSTANTIAL DONOR	1,620,532.	CONSULTING		X
(5) SUBSTANTIAL DONOR	SUBSTANTIAL DONOR	155,537.	PRODUCTS		X
(6)					
(7)					
(8)					
(9)					
(10)					

**Part V Supplemental Information**

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

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

Department of the Treasury  
Internal Revenue Service

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

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

OMB No. 1545-0047

**2014**

**Open to Public  
Inspection**

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

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 ACTIVITIES.

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

DURING THE YEAR ENDED SEPTEMBER 30, 2015, LAWRENCE & MEMORIAL HOSPITAL SERVED 14,076 HOSPITALIZED PATIENTS AND 177,590 PATIENT VISITS THROUGH OUR AMBULATORY PROGRAMS. IN ADDITION, 87,190 EMERGENCY CASES CAME THROUGH OUR EMERGENCY FACILITIES IN NEW LONDON (51,932) AND GROTON (35,258). SAME DAY SURGERIES ACCOUNTED FOR 8,106 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, LAWRENCE & MEMORIAL REMAINS AMONG CONNECTICUT'S MOST PRO-ACTIVE HOSPITALS IN OFFERING DIVERSIFIED AND BROAD-BASED COMMUNITY HEALTH EDUCATION

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

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, DANIEL RISSI, R. ALAN HUNTER AND SETH VAN ESSENDELFT SERVE ON THE BOARD OF L&M INDEMNITY, A RELATED ORGANIZATION.

FORM 990, PART VI, LINE 11B  
THE FORM 990 WAS PREPARED BY THE ORGANIZATION AND REVIEWED BY EXTERNAL

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

TAX CONSULTANTS. A DRAFT OF THE RETURN IS REVIEWED BY 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.

FORM 990, PART VII, SECTION A

NIALL DUHIG, MD AND DONALD FELITTO, MD ARE COMPENSATED AS MEDICAL STAFF

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

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 \$4,964,956 ARE REPORTED ON THE FORM 990 FOR LAWRENCE & MEMORIAL CORPORATION (EIN 22-2553028).

FORM 990, PART XI, LINE 9

REALIZED GAINS	-\$895,826
PAYMENTS TO AFFILIATES	-\$25,706,931
CHANGE IN VALUE OF IRREVOCABLE TRUSTS	\$683,868
INCREASE IN FUNDS HELD IN TRUST BY OTHERS	-\$84,378
CHANGE IN MINIMUM PENSION LIABILITY	-\$13,761,725
	-----
	-\$39,764,992

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

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	861,353.
INPATIENT CONSULTANTS OF NEW ENGLAND, PC PO BOX 844929 LOS ANGELES, CA 90084-4929	HOSPITALISTS	2,817,350.
PRESIDIO NETWORKED SOLUTIONS GROUP, LLC PO BOX 677638 DALLAS, TX 75267-7638	IT SERVICES	1,449,198.
RED THREAD PO BOX 415213 BOSTON, MA 02241-5213	FURNITURE AND DESIGN	1,679,266.
BERKELEY RESEARCH GROUP, LLC 2200 POWELL STREET SUITE 1200 EMERYVILLE, CA 94608	CONSULTING	1,620,532.

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No. 1545-0047

**2014**

**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.

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

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) 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) 2014

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No. 1545-0047

**2014**

**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.

▶ 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) 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) 2014

**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 (i) interest, (ii) annuities, (iii) royalties, or (iv) 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	20,061,502.	CASH
(2) LMW HEALTHCARE, INC.	P	3,820,945.	CASH
(3) L&M IDEMNITY	P	1,000,000.	CASH
(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 sections 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, 2015 and 2014

# Lawrence + Memorial Corporation and Subsidiaries

## Index

September 30, 2015 and 2014

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## **Independent Auditor's Report**

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, 2015 and 2014, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 \$22,024,179 and \$20,659,633 as of September 30, 2015 and September 30, 2014, respectively, and total revenues of \$16,957,535 and \$16,156,841 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, 2015 and September 30, 2014, 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.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, 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 5, 2016

**Lawrence + Memorial Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
**September 30, 2015 and 2014**

	2015	2014
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 24,264,612	\$ 16,480,529
Investments	162,278,643	184,426,039
Patient accounts receivable, net of allowance for doubtful accounts of \$14,427,346 and \$10,334,227, respectively	50,471,594	47,482,954
Other receivables	6,075,280	5,792,415
Inventories	8,154,843	8,393,007
Prepaid expenses and other current assets	3,810,426	3,748,725
Debt service fund	1,304,613	1,304,562
Total current assets	<u>256,360,011</u>	<u>267,628,231</u>
Assets limited as to use		
Cash	183,677	182,862
Construction fund	-	561,676
Investments held in trust	926,080	925,227
Endowment investments	35,458,701	36,641,428
Funds held in trust by others	7,633,141	11,348,610
Contributions receivable	2,916,786	3,520,787
Total assets limited as to use	<u>47,118,385</u>	<u>53,180,590</u>
Intangible assets, net	2,604,375	2,978,625
Other receivables	2,818,554	2,580,786
Deferred financing costs and other assets, net	2,187,006	2,315,752
Property, plant and equipment, net	196,288,742	206,850,299
	<u>\$ 507,377,073</u>	<u>\$ 535,534,283</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 37,172,933	\$ 36,357,188
Accrued vacation and sick pay	13,689,948	14,223,728
Salaries, wages, payroll taxes and amounts withheld from employees	9,618,789	10,671,516
Due to third party payors	8,175,846	7,257,949
Other current liabilities	655,581	582,553
Current portion of long-term debt	5,495,740	5,476,980
Total current liabilities	<u>74,808,837</u>	<u>74,569,914</u>
Accrued pension and other postretirement benefits	53,468,405	43,588,661
Other liabilities	31,629,767	26,410,901
Long-term debt less current portion	102,938,747	108,587,802
Total liabilities	<u>262,845,756</u>	<u>253,157,278</u>
Net assets		
Unrestricted	208,910,764	241,902,500
Temporarily restricted	20,286,597	24,770,687
Permanently restricted	15,333,956	15,703,818
Total net assets	<u>244,531,317</u>	<u>282,377,005</u>
	<u>\$ 507,377,073</u>	<u>\$ 535,534,283</u>

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

**Lawrence + Memorial Corporation and Subsidiaries**  
**Consolidated Statements of Operations**  
**Years Ended September 30, 2015 and 2014**

	2015	2014
<b>Unrestricted revenues, gains and other support</b>		
Net revenues from services to patients	\$ 455,465,769	\$ 453,529,100
Provision for bad debt	<u>(16,683,423)</u>	<u>(20,298,386)</u>
Net revenue less provision for bad debt	438,782,346	433,230,714
Other operating revenues	16,375,817	20,795,287
Net assets released from restriction used for operations	<u>4,831,645</u>	<u>876,203</u>
Total unrestricted revenues, gains and other support	<u>459,989,808</u>	<u>454,902,204</u>
<b>Operating expenses</b>		
Salaries and wages	212,124,691	213,467,507
Employee benefits	59,040,657	59,185,837
Supplies	76,774,253	71,998,110
Purchased services	39,607,243	54,475,011
Other	50,232,174	43,427,170
Interest	3,553,690	3,554,919
Depreciation and amortization	<u>28,953,704</u>	<u>27,479,122</u>
Total expenses	<u>470,286,412</u>	<u>473,587,676</u>
Loss from operations	<u>(10,296,604)</u>	<u>(18,685,472)</u>
Nonoperating gains		
Unrestricted investment income	228,240	180,488
Nonoperating expenses	(1,527,184)	-
Income from investments and realized gains	13,131,917	9,832,164
Inherent contribution received from purchase of Westerly Hospital	<u>-</u>	<u>5,284,752</u>
Total nonoperating gains	<u>11,832,973</u>	<u>15,297,404</u>
Excess (deficit) of revenues over expenses	1,536,369	(3,388,068)
Net unrealized (losses) gains on investments	(20,907,128)	2,028,088
Net assets released from restrictions used for purchase of property, plant and equipment	140,748	1,006,500
Donated equipment	-	6,350
Pension related changes other than periodic pension costs	<u>(13,761,725)</u>	<u>(4,281,516)</u>
Decrease in unrestricted net assets	<u>\$ (32,991,736)</u>	<u>\$ (4,628,646)</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**  
**Years Ended September 30, 2015 and 2014**

	2015	2014
<b>Unrestricted net assets</b>		
Excess (deficit) of revenues over expenses	\$ 1,536,369	\$ (3,388,068)
Net unrealized (losses) gains on investments	(20,907,128)	2,028,088
Net assets released from restrictions used for purchase of property, plant and equipment	140,748	1,006,500
Donated equipment	-	6,350
Pension related changes other than periodic pension costs	<u>(13,761,725)</u>	<u>(4,281,516)</u>
Decrease in unrestricted net assets	(32,991,736)	(4,628,646)
Beginning of year unrestricted net assets	<u>241,902,500</u>	<u>246,531,146</u>
End of year unrestricted net assets	<u>\$ 208,910,764</u>	<u>\$ 241,902,500</u>
<b>Temporarily restricted net assets</b>		
Income from investments	\$ 549,250	\$ 677,343
Net assets released from restrictions	(4,972,392)	(1,882,704)
Contributions received	474,954	421,640
Change in value of funds held in trust by others	683,868	111,315
Net realized and unrealized (losses) gains on investments	<u>(1,219,770)</u>	<u>1,288,111</u>
(Decrease) increase in temporarily restricted net assets	(4,484,090)	615,705
<b>Temporarily restricted net assets</b>		
Beginning of year	<u>24,770,687</u>	<u>24,154,982</u>
End of year	<u>\$ 20,286,597</u>	<u>\$ 24,770,687</u>
<b>Permanently restricted net assets</b>		
Income from investments	\$ 17,103	\$ 20,569
Contributions received	77,827	80,074
Change in value of funds held in trust by others	(398,351)	280,866
Net realized and unrealized (losses) gains on investments	<u>(66,441)</u>	<u>32,831</u>
(Decrease) increase in permanently restricted net assets	(369,862)	414,340
<b>Permanently restricted net assets</b>		
Beginning of year	<u>15,703,818</u>	<u>15,289,478</u>
End of year	<u>15,333,956</u>	<u>15,703,818</u>
Decrease in net assets	<u>\$ (37,845,688)</u>	<u>\$ (3,598,601)</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, 2015 and 2014**

	2015	2014
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (37,845,688)	\$ (3,598,601)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	28,953,704	27,479,122
Net unrealized and realized losses (gains) on investments	23,070,838	(2,963,155)
Inherent contribution received from purchase of Westerly Hospital	-	(4,940,302)
Provision for bad debts	16,683,423	20,298,386
Decrease (increase) in funds held in trust by others	3,715,469	(392,181)
Decrease in contributions receivable	604,001	(817,794)
Restricted contributions	(1,024,204)	(1,164,969)
Changes in other operating accounts		
Patient accounts receivable, net	(19,672,063)	(20,461,592)
Other receivables, net	(520,633)	(504,322)
Inventories	238,164	(891,853)
Prepaid expenses and other current assets	(61,701)	(191,218)
Deferred financing costs and other assets	128,746	(539,576)
Accounts payable	57,356	(3,713,678)
Accrued vacation and sick pay	(533,780)	1,643,021
Salaries, wages, payroll taxes and amounts withheld from employees	(1,052,727)	569,862
Due to third party payors	917,897	1,386,968
Amortization on Intangibles	374,250	-
Pension, postretirement and other liabilities	15,171,638	5,674,664
Net cash provided by operating activities	<u>29,204,690</u>	<u>16,872,782</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, net	(17,633,758)	(25,715,324)
Purchases of investments	(61,391,317)	(70,459,536)
Sales of investments	62,210,610	77,121,334
Decrease in debt service fund	(51)	1,693
Decrease in funds held in escrow	-	2,247,255
Net cash used in investing activities	<u>(16,814,516)</u>	<u>(16,804,578)</u>
<b>Cash flows from financing activities</b>		
Restricted contributions	1,024,204	1,164,969
Principal payments of long term debt	(5,630,295)	(28,364,994)
Proceeds of long term debt	-	32,080,103
Net cash (used in) provided by financing activities	<u>(4,606,091)</u>	<u>4,880,078</u>
Net increase in cash and cash equivalents	7,784,083	4,948,282
<b>Cash and cash equivalents</b>		
Beginning of year	<u>16,480,529</u>	<u>11,532,247</u>
End of year	<u>\$ 24,264,612</u>	<u>\$ 16,480,529</u>
<b>Supplemental disclosure of noncash activities</b>		
Construction in process included in accounts payable	\$ 914,729	\$ 1,673,118
Contributed securities	1,024,204	1,164,969

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

# Lawrence + Memorial Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2015 and 2014

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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.

##### Yale New Haven Health System Affiliation

On July 17, 2015, the Corporation and Yale New Haven Health System ("YNHHS") announced they have approved a definitive agreement to affiliate, pending regulatory approvals. The definitive agreement, approved by both Boards of Directors, is based on the mutual belief that an affiliation would enhance healthcare quality, access and efficiency. Under the agreement, the Corporation will become a corporate member of YNHHS, joining Bridgeport, Greenwich and Yale-New Haven Hospitals as a full member of YNHHS. The affiliation will require review and approval by Connecticut and Rhode Island state agencies. The process is expected to be completed by Summer 2016. The Corporation incurred approximately \$1.5 million in legal and other professional expenses in connection with due diligence as a result of this agreement which has been recorded as nonoperating expenses within the Consolidated Statement of Operations.

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.

# Lawrence + Memorial Corporation and Subsidiaries

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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 collections and \$1.8 million in favorable final settlement of assumed accounts payable liabilities.

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.

# Lawrence + Memorial Corporation and Subsidiaries

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#### **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.

#### **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, 2015 or 2014.

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.

# Lawrence + Memorial Corporation and Subsidiaries

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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.

#### **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. In 2015 a significant remainder trust payment of \$4 million was received from the estate of a donor in accordance with the terms of the trust documents. At the time of the trust termination, the trust was recorded at \$3.2 million and based on the value of the trust received; \$.8 million was recorded as a change in value of irrevocable trusts on the Hospital's change in temporarily restricted net assets. The release from restriction of the \$4 million for use on operations was recorded on the Corporation's Statement of Operations as all gifts and development activity is recorded at the Corporation.

#### **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 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.

# Lawrence + Memorial Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

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#### **Excess of Revenues Over Expenses**

The consolidated statements of operations include nonoperating expenses in connection with the affiliation with Yale New Haven Health Systems in 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, a wholly owned subsidiary of the Corporation. The Hospitals, 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.

#### **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.

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**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. This impact consisted of a reduction in net revenue of approximately \$1,900,000 (unaudited) and \$12,300,000 (unaudited) of replacement workers, security and reduced salary costs during 2014.

**Subsequent Events**

The Corporation has performed an evaluation of subsequent events through January 5, 2016, which is the date the financial statements were issued.

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

The following summarizes net revenues from services to patients:

	<b>2015</b>	<b>2014</b>
Gross charges from services to patients	\$ 1,138,320,863	\$ 1,078,626,933
Less: Charity care	<u>6,124,509</u>	<u>6,782,933</u>
Charges from services to patients, net of charity care	<u>1,132,196,354</u>	<u>1,071,844,000</u>
Deductions		
Allowances	663,929,578	615,856,880
State of Connecticut uncompensated care system	<u>12,801,007</u>	<u>2,458,020</u>
Total deductions	<u>676,730,585</u>	<u>618,314,900</u>
Net revenues from services to patients	<u>\$ 455,465,769</u>	<u>\$ 453,529,100</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 and 2015, 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 increased the Hospital's revenues by approximately \$4,119,679 in 2015 and decreased the Hospital's revenue by approximately \$1,584,575 in 2014.

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During 2015 and 2014, approximately 36% and 35%, respectively, of net patient service revenue was received under the Medicare program, and 12% and 11%, 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.

**3. Investments**

Investments included in current assets consist of the following:

	<b>2015</b>	<b>2014</b>
<b>Investments</b>		
Cash and cash equivalents	\$ 4,347,663	\$ 6,293,794
Bonds	37,080,980	40,097,819
Mutual funds	39,711,437	72,596,528
Hedge funds	70,852,615	57,360,354
Private equities	6,682,428	4,535,516
Marketable equities	<u>3,603,520</u>	<u>3,542,028</u>
Total investments	<u>162,278,643</u>	<u>184,426,039</u>
<b>Funds held in trust by others</b>		
Investments held in trust by others	<u>7,633,141</u>	<u>11,348,610</u>
Total funds held in trust by others	<u>7,633,141</u>	<u>11,348,610</u>
<b>Endowment investments</b>		
Cash and cash equivalents	4,410,185	4,307,512
Bonds	5,312,210	5,061,901
Mutual funds	11,438,208	14,191,010
Hedge funds	7,603,385	6,263,387
Private equities	288,434	209,627
Marketable equities	<u>6,406,279</u>	<u>6,607,991</u>
Total endowment investments	<u>35,458,701</u>	<u>36,641,428</u>
Total investments at fair value	<u>\$ 205,370,485</u>	<u>\$ 232,416,077</u>

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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:

	2015			Total Fair Value
	Level 1	Level 2	Level 3	
<b>Investments</b>				
Cash and cash equivalents	\$ 4,347,663	\$ -	\$ -	\$ 4,347,663
Bonds	30,675,681	6,405,299	-	37,080,980
Mutual funds	39,711,437	-	-	39,711,437
Hedge funds	-	-	70,852,615	70,852,615
Private equities	-	-	6,682,428	6,682,428
Marketable equities	3,603,520	-	-	3,603,520
Total investments	78,338,301	6,405,299	77,535,043	162,278,643
<b>Funds held in trust by others</b>				
Investments held in trust by others	-	-	7,633,141	7,633,141
Total held in trust by others	-	-	7,633,141	7,633,141
<b>Endowment investments</b>				
Cash and cash equivalents	4,410,185	-	-	4,410,185
Bonds	3,435,383	1,577,048	299,779	5,312,210
Mutual funds	10,110,127	-	1,328,081	11,438,208
Hedge funds	-	-	7,603,385	7,603,385
Private equities	-	-	288,434	288,434
Marketable equities	6,406,279	-	-	6,406,279
Total endowment investments	24,361,974	1,577,048	9,519,679	35,458,701
Total Investments at fair value	\$ 102,700,275	\$ 7,982,347	\$ 94,687,863	\$ 205,370,485
<b>2014</b>				
	Level 1	Level 2	Level 3	Total Fair Value
<b>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 investments	115,616,619	6,913,550	61,895,870	184,426,039
<b>Funds held in trust by others</b>				
Investments held in trust by others	-	-	11,348,610	11,348,610
Total held in trust by others	-	-	11,348,610	11,348,610
<b>Endowment investments</b>				
Cash and cash equivalents	4,307,512	-	-	4,307,512
Bonds	3,300,408	1,449,067	312,427	5,061,902
Mutual funds	12,613,287	-	1,577,722	14,191,009
Hedge funds	-	-	6,263,387	6,263,387
Private equities	-	-	209,627	209,627
Marketable equities	6,607,991	-	-	6,607,991
Total endowment investments	26,829,198	1,449,067	8,363,163	36,641,428
Total Investments at fair value	\$ 142,445,817	\$ 8,362,617	\$ 81,607,643	\$ 232,416,077

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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, 2014	Investment Income	Realized Gains	Unrealized (Losses) Gains	Investment Fees	Purchases	Sales	Ending September 30, 2015
<b>Investment pool</b>								
Hedge funds	\$ 65,555,889	\$ 458,045	\$ 966,260	\$ (6,421,508)	\$ (295,818)	\$ 20,216,000	\$ (187,009)	\$ 80,291,859
Private equities	4,703,144	667	330,143	534,090	(116,790)	1,821,362	(509,753)	6,762,863
Funds held in trust	11,348,610	102,675	393,314	(22,441)	(51,916)	41,181	(4,178,282)	7,633,141
	<u>\$ 81,607,643</u>	<u>\$ 561,387</u>	<u>\$ 1,689,717</u>	<u>\$ (5,909,859)</u>	<u>\$ (464,524)</u>	<u>\$ 22,078,543</u>	<u>\$ (4,875,044)</u>	<u>\$ 94,687,863</u>

	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
	<u>\$ 75,340,144</u>	<u>\$ 766,059</u>	<u>\$ 619,415</u>	<u>\$ 2,974,330</u>	<u>\$ (296,170)</u>	<u>\$ 2,551,568</u>	<u>\$ (347,703)</u>	<u>\$ 81,607,643</u>

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There were no significant transfers of assets between levels for the year ended September 30, 2015.

A summary of the investment return is presented below:

	<b>2015</b>	<b>2014</b>
Investment income	\$ 3,232,345	\$ 3,138,334
Realized and unrealized (losses) gains	(12,237,230)	10,268,410
Management fees and other costs	<u>(671,327)</u>	<u>(754,021)</u>
Total return on investments	<u>\$ (9,676,212)</u>	<u>\$ 12,652,723</u>

Following is additional information related to funds whose fair value is not readily determinable as of September 30, 2015.

	<b>Strategy</b>	<b>Fair Value</b>	<b>Number of Investments</b>	<b>Timing to Draw Down Commitments</b>	<b>Redemption Terms</b>	<b>Redemption Restrictions</b>
Equity securities	Global developed and emerging market equity	\$ 32,433,821	2	No remaining commitments	Monthly with 10 day's notice	None
Absolute return	Long/short and long-biased equity and credit hedge funds	18,245,530	2	No remaining commitments	Annual with 90 day's notice	lock up provision of 12 months from the purchase date
Directional hedge	Long/short and long-biased equity and credit hedge funds	25,691,083	1	No remaining commitments	Quarterly with 60 day's notice	lock up provision of 25 months from the purchase date
Commodities	Commodity index	3,713,426	1	No remaining commitments	Monthly with 5 day's notice	None
Private equity	Private equity	6,970,862	9	Long term 5 years	Illiquid	Long Term 5-10 years
		<u>\$ 87,054,722</u>				

None of the funds invested in are finite lived. Unfunded commitments at September 30, 2015 total approximately \$5.5 million and relate to private equity funds. There are no liquidity restrictions in place at September 30, 2015.

**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.

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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.
- The investment policies of the Corporation.

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

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Endowment net assets at beginning of year</b>	\$ 10,480,208	\$ 17,497,079	\$ 7,382,529	\$ 35,359,816
Investment return				
Investment income	382,283	105,090	17,103	504,476
Net realized and unrealized gains (losses)	151,631	(1,268,480)	(66,441)	(1,183,290)
Contributions	87,352	-	77,827	165,179
Total investment return	621,266	(1,163,390)	28,489	(513,635)
Income distribution	-	(140,748)	-	(140,748)
<b>Endowment net assets at end of year</b>	<b>\$ 11,101,474</b>	<b>\$ 16,192,941</b>	<b>\$ 7,411,018</b>	<b>\$ 34,705,433</b>

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

	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 gains	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>

Endowment funds classified as permanently and temporarily restricted net assets:

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

	2015	2014
<b>Temporarily restricted net assets</b>		
Unspent income and appreciation on permanently restricted endowments for purchase of equipment and healthcare services	\$ 16,192,941	\$ 17,497,079
Total endowment funds classified as temporarily restricted net assets	<u>\$ 16,192,941</u>	<u>\$ 17,497,079</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	\$ 7,411,018	\$ 7,382,529
Total endowment funds classified as permanently restricted net assets	<u>\$ 7,411,018</u>	<u>\$ 7,382,529</u>

**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, 2015 and 2014.

**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.

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

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**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, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
<b>Temporarily restricted net assets</b>		
Funds held in trust by others	\$ 482,010	\$ 3,799,127
Contributions receivable	20,366	20,366
Free beds and plant replacement and expansion	15,036,239	16,369,376
Specific purpose reserves	4,747,982	4,581,818
	<u>\$ 20,286,597</u>	<u>\$ 24,770,687</u>

Permanently restricted net assets at September 30, 2015 and 2014 are restricted to:

	<b>2015</b>	<b>2014</b>
<b>Permanently restricted net assets</b>		
Funds held in trust by others	\$ 7,172,936	\$ 7,571,288
Donor restricted endowment funds	8,161,020	8,132,530
	<u>\$ 15,333,956</u>	<u>\$ 15,703,818</u>

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

**6. Property, Plant and Equipment**

Property, plant and equipment consists of the following:

	<b>2015</b>	<b>2014</b>
Land and land improvements	\$ 23,444,067	\$ 23,323,273
Buildings	173,682,838	171,045,151
Equipment	<u>293,448,847</u>	<u>284,414,885</u>
	490,575,752	478,783,309
Less: Accumulated depreciation	<u>(297,167,005)</u>	<u>(274,060,791)</u>
	193,408,747	204,722,518
Construction in progress	<u>2,879,995</u>	<u>2,127,781</u>
	<u>\$ 196,288,742</u>	<u>\$ 206,850,299</u>

**7. Long-Term Debt**

	<b>2015</b>	<b>2014</b>
CHEFA Series F Revenue Bonds		
Various rate bonds, due 2016 to 2026	\$ 28,065,000	\$ 30,900,000
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 G revenue bonds		
3.2% Term Bonds, due 2016 to 2023, option to extend 2038	28,375,000	29,200,000
CHEFA Series H revenue bonds		
Variable rate bonds, due 2023-2034	21,405,000	21,405,000
Tax exempt lease	8,302,654	9,963,984
Capital lease obligation	<u>53,360</u>	<u>246,684</u>
Total debt outstanding	106,006,014	111,520,668
Less: Amounts classified as current	5,495,740	5,476,980
Add: Bond premium	<u>2,428,473</u>	<u>2,544,114</u>
Total long-term portion of long-term debt	<u>\$ 102,938,747</u>	<u>\$ 108,587,802</u>

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 bonds due at various dates through July 1, 2036, with annual sinking fund payments due each July 1st. 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 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 obligation will be amortized monthly through June 27, 2020 at a nominal annual interest rate of 1.759%.

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

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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 F, G and 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 F, G and 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.

The fair value of the outstanding bonds is \$101,550,368 and \$106,215,296 at September 30, 2015 and September 30, 2014, respectively.

Principal repayments on the outstanding long term debt are as follows:

Years	Annual Principal Repayment
2016	\$ 5,495,740
2017	5,730,772
2018	5,916,285
2019	6,142,340
2020 and thereafter	82,720,877
	<u>\$ 106,006,014</u>

Cash interest payments of \$3,495,549 and \$3,566,051 were made in fiscal year 2015 and 2014, respectively. No interest was capitalized during 2015 and 2014.

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

**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.

The following table sets forth the Hospital's plans' funded status and amounts recognized in the consolidated balance sheet at September 30, 2015 and 2014 (measurement date of September 30):

	<b>Pension Benefits</b>		<b>Other Postretirement Benefits</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Change in benefit obligation</b>				
Benefit obligation at beginning of year	\$ 156,674,809	\$ 145,789,789	\$ 837,437	\$ 1,000,744
Service cost	2,141,301	2,402,724	-	-
Interest cost	6,195,482	6,417,121	24,077	29,884
Employee contributions	41,451	69,839	-	-
Benefits paid	(7,608,334)	(7,015,362)	(91,218)	(95,403)
Actuarial (gain) loss	4,414,165	9,010,698	(15,972)	(97,788)
Benefit obligation at end of year	<u>161,858,874</u>	<u>156,674,809</u>	<u>754,324</u>	<u>837,437</u>
<b>Change in plan assets</b>				
Fair value of plan assets at beginning of year	115,176,724	105,860,348	-	-
Actual return on plan assets	(4,147,965)	9,861,899	-	-
Employee contributions	41,451	69,839	-	-
Employer contributions	7,400,000	6,400,000	91,218	95,403
Benefits paid	(7,608,334)	(7,015,362)	(91,218)	(95,403)
Fair value of plan assets at end of year	<u>110,861,876</u>	<u>115,176,724</u>	<u>-</u>	<u>-</u>
Funded status of the plan	(50,996,998)	(41,498,085)	(754,324)	(837,437)
Unrecognized net loss (gain) from past experience different from that assumed and effects of changes in assumptions	55,236,126	41,399,294	(443,280)	(488,085)
Unrecognized prior service cost	4,050	79,157	-	-
Accrued benefit costs recognized in the statements of operations	<u>\$ 4,243,178</u>	<u>\$ (19,634)</u>	<u>\$ (1,197,604)</u>	<u>\$ (1,325,522)</u>
<b>Components of net periodic benefit costs</b>				
Service cost	\$ 2,141,301	\$ 2,402,724	\$ -	\$ -
Interest cost	6,195,482	6,417,121	24,077	29,884
Expected return on plan assets	(8,603,526)	(7,920,200)	-	-
Amortization of net loss (gain)	3,328,824	2,676,330	(60,777)	(66,454)
Net amortization and deferral	75,107	111,153	-	-
Benefit cost	<u>\$ 3,137,188</u>	<u>\$ 3,687,128</u>	<u>\$ (36,700)</u>	<u>\$ (36,570)</u>

The net actuarial loss of approximately \$4.4 million is due to a loss of approximately \$7.5 million due to a change in mortality table offset by gains due to decrease in discount rate and other changes in assumptions.

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

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

	<b>2015</b>	<b>2014</b>
Discount rate	4.05 %	4.51 %
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:

	<b>2015</b>	<b>2014</b>
Discount rate	4.10 %	4.05 %
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>2015</b>	<b>2014</b>
Cash	2 %	2 %
Bonds	32	24
Mutual funds	26	45
Hedge funds	40	29
	<u>100 %</u>	<u>100 %</u>

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>
2015	\$ 7,940,500
2016	8,280,197
2017	8,395,891
2018	8,784,310
2019	9,069,440
Expected aggregate for 5 fiscal years beginning 2020	49,712,011

Annual employer contributions are determined by the Hospital based upon calculations prepared by the plan's actuary. Expected contributions to the plans for 2016 are approximately (unaudited):

Pension	\$ 7,940,000
Retiree health	89,642

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

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 8.0% in 2015 reducing to 5.0% by the year 2020 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 \$49,000 and \$56,000, respectively, at September 30, 2015 and 2014. 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 \$45,000 and \$51,000, respectively, at September 30, 2015 and 2014.

**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.

The following table summarizes the fair values of investments by major type held by the pension plan at September 30, 2015:

	Level 1	Level 2	Level 3	2015
<b>Investments, at fair value</b>				
Cash	\$ 2,345,782	\$ -	\$ -	\$ 2,345,782
Bonds	35,027,573	-	-	35,027,573
Mutual funds	24,119,636	4,946,910	-	29,066,546
Hedge funds	-	-	44,421,975	44,421,975
Total investments, at fair value	<u>\$ 61,492,991</u>	<u>\$ 4,946,910</u>	<u>\$ 44,421,975</u>	<u>\$ 110,861,876</u>

The following table summarizes the fair values of investments by major type held by the staff pension health 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>

There were transfers between levels during 2015 but no transfers in 2014.

**Lawrence + Memorial Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

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

	<b>2015</b>	<b>2014</b>
<b>Beginning balances</b>	\$ 33,457,838	\$ 31,893,958
Realized gains	554,617	4,588,368
Fees	(204,757)	(79,614)
Unrealized losses	(3,485,723)	(2,944,874)
Purchases	14,100,000	-
<b>Ending balances</b>	<u>\$ 44,421,975</u>	<u>\$ 33,457,838</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.

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 \$4,764,785 and \$4,584,389 for 2015 and 2014, 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 \$504,943 and \$463,475 for the years ended September 30, 2015 and 2014, 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>2015</b>	<b>2014</b>
Health care services	\$ 347,731,294	\$ 348,719,365
General and administrative	122,555,118	124,868,311
	<u>\$ 470,286,412</u>	<u>\$ 473,587,676</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, 2015**

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc.	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc.	Westerly Hospital	Eliminating Entries	Consolidated
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	\$ 13,362,306	\$ 79,026	\$ -	\$ 13,441,332	\$ -	\$ 1,742,691	\$ 3,358,523	\$ 2,300,545	\$ 3,421,521	\$ -	\$ 24,264,612
Investments	107,365,636	28,697,270	-	136,062,906	-	-	18,604,941	7,476,983	133,813	-	162,278,643
Patient accounts receivable, net	37,976,959	-	-	37,976,959	-	997,949	-	2,895,357	8,601,329	-	50,471,594
Other receivables	4,131,254	-	-	4,131,254	24,500	55,407	1,241,613	622,506	-	-	6,075,280
Inventories	6,194,355	-	-	6,194,355	-	-	-	-	1,960,488	-	8,154,843
Due from affiliates	1,958,442	24,500	(1,958,442)	24,500	2,512,703	-	-	-	-	(2,537,203)	-
Prepaid expenses and other current assets	3,125,348	-	-	3,125,348	-	84,040	16,143	339,100	245,795	-	3,810,426
Debt service fund	1,304,613	-	-	1,304,613	-	-	-	-	-	-	1,304,613
Total current assets	175,418,913	28,800,796	(1,958,442)	202,261,267	2,537,203	2,880,087	23,221,220	13,634,491	14,362,946	(2,537,203)	256,360,011
<b>Assets limited as to use</b>											
Cash	183,677	-	-	183,677	-	-	-	-	-	-	183,677
Investments held in trust	926,080	-	-	926,080	-	-	-	-	-	-	926,080
Endowment investments	17,802,689	3,387,752	-	21,190,441	-	-	-	6,777,246	7,491,014	-	35,458,701
Investment in subsidiaries	-	19,281,447	-	19,281,447	-	-	-	-	-	(19,281,447)	-
Funds held in trust by others	3,584,118	-	-	3,584,118	-	-	-	-	4,049,023	-	7,633,141
Contributions receivable	20,366	2,146,420	-	2,166,786	-	-	-	-	750,000	-	2,916,786
Total assets limited as to use	22,516,930	24,815,619	-	47,332,549	-	-	-	6,777,246	12,290,037	(19,281,447)	47,118,385
<b>Other assets</b>											
Intangible assets, net	-	-	-	-	-	-	-	-	2,604,375	-	2,604,375
Other receivables	19,596,372	-	-	19,596,372	-	2,668,056	287,916	9,462	770,142	(20,513,394)	2,818,554
Deferred financing costs and other assets, net	2,187,006	-	-	2,187,006	-	-	-	-	-	-	2,187,006
<b>Property, plant and equipment</b>											
Land improvements	8,904,363	12,330,635	-	21,234,998	-	-	-	330,275	1,878,794	-	23,444,067
Buildings/leasehold improvements	152,295,547	-	-	152,295,547	-	1,062,737	-	2,285,699	18,038,855	-	173,682,838
Equipment/furniture	270,848,642	17,010	-	270,865,652	-	1,178,352	-	1,016,108	20,388,735	-	293,448,847
Accumulated depreciation	(283,857,352)	(166,376)	-	(284,023,728)	-	(1,200,400)	-	(2,029,102)	(9,913,775)	-	(297,167,005)
Construction in progress	2,785,773	-	-	2,785,773	-	-	-	-	94,222	-	2,879,995
Property, plant and equipment, net	150,976,973	12,181,269	-	163,158,242	-	1,040,689	-	1,602,980	30,486,831	-	196,288,742
	\$ 370,696,194	\$ 65,797,684	\$ (1,958,442)	\$ 434,535,436	\$ 2,537,203	\$ 6,588,832	\$ 23,509,136	\$ 22,024,179	\$ 60,514,331	\$ (42,332,044)	\$ 507,377,073

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

**Lawrence + Memorial Corporation and Subsidiaries**  
**Consolidating Balance Sheet**  
**September 30, 2015**

	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>											
<b>Current liabilities</b>											
Accounts payable	\$ 33,209,795	\$ 88,903	\$ -	\$ 33,298,698	\$ -	\$ 201,568	\$ 93,932	\$ 244,438	\$ 3,334,297	\$ -	\$ 37,172,933
Accrued vacation and sick pay	10,112,002	-	-	10,112,002	-	1,500,450	-	691,888	1,385,608	-	13,689,948
Salaries, wages, payroll taxes and amounts withheld from employees	4,908,525	-	-	4,908,525	-	2,790,267	-	659,774	1,260,223	-	9,618,789
Due to affiliates	2,512,703	1,941,981	(1,958,442)	2,496,242	40,961	-	-	-	-	(2,537,203)	-
Due to third party payors	6,711,203	-	-	6,711,203	-	-	-	140,000	1,324,643	-	8,175,846
Other current liabilities	-	-	-	-	-	-	513,215	142,366	-	-	655,581
Current portion of long-term debt	5,495,740	-	-	5,495,740	-	-	-	-	-	-	5,495,740
<b>Total current liabilities</b>	<b>62,949,968</b>	<b>2,030,884</b>	<b>(1,958,442)</b>	<b>63,022,410</b>	<b>40,961</b>	<b>4,492,285</b>	<b>607,147</b>	<b>1,878,466</b>	<b>7,304,771</b>	<b>(2,537,203)</b>	<b>74,808,837</b>
Accrued pension and other postretirement benefits	52,989,394	-	-	52,989,394	-	-	-	-	479,011	-	53,468,405
Other liabilities	23,691,278	-	-	23,691,278	-	4,855,295	22,147,795	258,790	2,757,900	(22,081,291)	31,629,767
Long-term debt less current portion	102,938,747	-	-	102,938,747	-	-	-	-	-	-	102,938,747
<b>Total liabilities</b>	<b>242,569,387</b>	<b>2,030,884</b>	<b>(1,958,442)</b>	<b>242,641,829</b>	<b>40,961</b>	<b>9,347,580</b>	<b>22,754,942</b>	<b>2,137,256</b>	<b>10,541,682</b>	<b>(24,618,494)</b>	<b>262,845,756</b>
<b>Net assets</b>											
Unrestricted	103,203,168	63,657,520	-	166,860,688	2,496,242	(2,758,748)	754,194	19,859,923	39,412,015	(17,713,550)	208,910,764
Temporarily restricted	18,960,042	109,280	-	19,069,322	-	-	-	-	1,217,275	-	20,286,597
Permanently restricted	5,963,597	-	-	5,963,597	-	-	-	27,000	9,343,359	-	15,333,956
<b>Total net assets</b>	<b>128,126,807</b>	<b>63,766,800</b>	<b>-</b>	<b>191,893,607</b>	<b>2,496,242</b>	<b>(2,758,748)</b>	<b>754,194</b>	<b>19,886,923</b>	<b>49,972,649</b>	<b>(17,713,550)</b>	<b>244,531,317</b>
	<b>\$ 370,696,194</b>	<b>\$ 65,797,684</b>	<b>\$ (1,958,442)</b>	<b>\$ 434,535,436</b>	<b>\$ 2,537,203</b>	<b>\$ 6,588,832</b>	<b>\$ 23,509,136</b>	<b>\$ 22,024,179</b>	<b>\$ 60,514,331</b>	<b>\$ (42,332,044)</b>	<b>\$ 507,377,073</b>

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

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

	Lawrence & Memorial Hospital	Lawrence & Memorial Corporation	Eliminating Entries	Obligated Group	L&M Systems, Inc.	LMPA	L&M Indemnity	VNA of Southeastern Connecticut, Inc.	Westerly Hospital	Eliminating Entries	Consolidated
<b>Assets</b>											
<b>Current assets</b>											
Cash and cash equivalents	\$ 6,917,676	\$ 334,893	\$ -	\$ 7,252,569	\$ -	\$ 1,901,701	\$ 950,345	\$ 1,675,245	\$ 4,700,669	\$ -	\$ 16,480,529
Investments	128,450,331	31,541,423	-	159,991,754	-	-	16,769,765	7,523,944	140,576	-	184,426,039
Patient accounts receivable, net	36,373,069	-	-	36,373,069	-	2,378,629	-	2,740,706	5,990,550	-	47,482,954
Other receivables	4,156,260	-	-	4,156,260	24,500	289,393	1,322,262	-	-	-	5,792,415
Inventories	6,580,753	-	-	6,580,753	-	-	-	-	1,812,254	-	8,393,007
Due from affiliates	1,954,838	24,500	(1,954,838)	24,500	2,215,430	-	-	-	-	(2,239,930)	-
Prepaid expenses and other current assets	2,689,506	-	-	2,689,506	-	545,698	16,143	438,951	58,427	-	3,748,725
Debt service fund	1,304,562	-	-	1,304,562	-	-	-	-	-	-	1,304,562
<b>Total current assets</b>	<b>188,426,995</b>	<b>31,900,816</b>	<b>(1,954,838)</b>	<b>218,372,973</b>	<b>2,239,930</b>	<b>5,115,421</b>	<b>19,058,515</b>	<b>12,378,846</b>	<b>12,702,476</b>	<b>(2,239,930)</b>	<b>267,628,231</b>
<b>Assets limited as to use</b>											
Cash	182,862	-	-	182,862	-	-	-	-	-	-	182,862
Construction funds	561,676	-	-	561,676	-	-	-	-	-	-	561,676
Investments held in trust	925,227	-	-	925,227	-	-	-	-	-	-	925,227
Endowment investments	18,987,367	3,565,739	-	22,553,106	-	-	-	6,654,619	7,433,703	-	36,641,428
Investment in subsidiaries	-	19,281,447	-	19,281,447	-	-	-	-	-	(19,281,447)	-
Funds held in trust by others	6,985,614	-	-	6,985,614	-	-	-	-	4,362,996	-	11,348,610
Contributions receivable	20,366	2,750,421	-	2,770,787	-	-	-	-	750,000	-	3,520,787
<b>Total assets limited as to use</b>	<b>27,663,112</b>	<b>25,597,607</b>	<b>-</b>	<b>53,260,719</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,654,619</b>	<b>12,546,699</b>	<b>(19,281,447)</b>	<b>53,180,590</b>
<b>Other assets</b>											
Intangible assets, net	-	-	-	-	-	-	-	-	2,978,625	-	2,978,625
Other receivables	16,536,719	-	-	16,536,719	-	2,137,101	287,916	-	-	(16,380,950)	2,580,786
Deferred financing costs and other assets, net	2,315,752	-	-	2,315,752	-	-	-	-	-	-	2,315,752
<b>Property, plant and equipment</b>											
Land improvements	8,846,232	12,330,635	-	21,176,867	-	-	-	330,275	1,816,131	-	23,323,273
Buildings/leasehold improvements	150,910,346	-	-	150,910,346	-	1,046,733	-	2,238,496	16,849,576	-	171,045,151
Equipment/furniture	265,024,485	17,010	-	265,041,495	-	976,188	-	994,431	17,402,771	-	284,414,885
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
<b>Property, plant and equipment, net</b>	<b>160,857,796</b>	<b>12,242,961</b>	<b>-</b>	<b>173,100,757</b>	<b>-</b>	<b>1,049,899</b>	<b>-</b>	<b>1,626,168</b>	<b>31,073,475</b>	<b>-</b>	<b>206,850,299</b>
	<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>

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

**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>											
<b>Current liabilities</b>											
Accounts payable	\$ 25,786,034	\$ 115,809	\$ -	\$ 25,901,843	\$ -	\$ 343,515	\$ 197,453	\$ 1,615,548	\$ 8,298,829	\$ -	\$ 36,357,188
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	12,823,769	(2,239,930)	74,569,914
Accrued pension and other postretirement benefits	43,216,010	-	-	43,216,010	-	-	-	-	372,651	-	43,588,661
Other liabilities	20,601,530	-	-	20,601,530	-	3,744,380	17,719,560	-	2,135,400	(17,789,969)	26,410,901
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
<b>Net assets</b>											
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

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

**Lawrence + Memorial Corporation and Subsidiaries**  
**Consolidating Statement of Operations**  
**Year Ended September 30, 2015**

	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	\$ 339,282,362	\$ -	\$ -	\$ 339,282,362	\$ -	\$ 29,975,826	\$ -	\$ 12,862,092	\$ 73,345,489	\$ -	\$ 455,465,769
Provision for bad debt	(12,821,337)	-	-	(12,821,337)	-	(886,077)	-	(73,656)	(2,902,353)	-	(16,683,423)
Net revenue less provision for bad debt	326,461,025	-	-	326,461,025	-	29,089,749	-	12,788,436	70,443,136	-	438,782,346
Other operating revenues	30,874,305	963,970	-	31,838,275	555,885	8,944,425	6,145,615	4,169,099	2,355,099	(37,632,581)	16,375,817
Net assets released from restriction used for operations	577,092	4,254,553	-	4,831,645	-	-	-	-	-	-	4,831,645
	357,912,422	5,218,523	-	363,130,945	555,885	38,034,174	6,145,615	16,957,535	72,798,235	(37,632,581)	459,989,808
Operating expenses											
Salaries and wages	140,605,613	-	-	140,605,613	-	37,208,008	-	11,408,447	28,970,058	(6,067,435)	212,124,691
Employee benefits	51,698,355	-	-	51,698,355	-	6,855,301	-	2,680,705	6,892,411	(9,086,115)	59,040,657
Supplies	63,622,692	253,939	-	63,876,631	-	1,600,252	-	354,796	10,942,574	-	76,774,253
Purchased services	29,998,356	391,508	-	30,389,864	14,206	4,338,255	188,964	446,565	15,254,539	(11,025,150)	39,607,243
Other	40,208,162	34,629	-	40,242,791	218,624	9,708,321	7,204,478	873,982	3,261,737	(11,277,759)	50,232,174
Interest	3,553,690	-	-	3,553,690	-	-	-	-	416,000	(416,000)	3,553,690
Depreciation and amortization	23,639,711	61,692	-	23,701,403	-	227,378	-	92,068	4,932,855	-	28,953,704
Total expenses	353,326,579	741,768	-	354,068,347	232,830	59,937,515	7,393,442	15,856,563	70,670,174	(37,872,459)	470,286,412
Income (loss) from operations	4,585,843	4,476,755	-	9,062,598	323,055	(21,903,341)	(1,247,827)	1,100,972	2,128,061	239,878	(10,296,604)
Nonoperating gains											
Unrestricted investment income	228,240	-	-	228,240	-	-	-	-	-	-	228,240
Nonoperating expenses	-	(1,527,184)	-	(1,527,184)	-	-	-	-	-	-	(1,527,184)
Income from investments and realized gains	9,708,669	2,175,070	-	11,883,739	-	-	205,148	807,251	235,779	-	13,131,917
	9,936,909	647,886	-	10,584,795	-	-	205,148	807,251	235,779	-	11,832,973
Excess (deficit) of revenues over expenses	14,522,752	5,124,641	-	19,647,393	323,055	(21,903,341)	(1,042,679)	1,908,223	2,363,840	239,878	1,536,369
Net unrealized (losses) on investments	(16,107,490)	(3,912,099)	-	(20,019,589)	-	-	(204,449)	(676,928)	(6,162)	-	(20,907,128)
Transfer to affiliated entities	(19,764,884)	(5,117,563)	-	(24,882,447)	-	20,061,502	1,000,000	-	3,820,945	-	-
Net assets released from restrictions used for purchases of property and equipment	140,748	-	-	140,748	-	-	-	-	-	-	140,748
Donated equipment	-	-	-	-	-	-	-	-	81,000	(81,000)	-
Pension related changes other than periodic pension costs	(13,761,725)	-	-	(13,761,725)	-	-	-	-	-	-	(13,761,725)
Decrease in unrestricted net assets	\$ (34,970,599)	\$ (3,905,021)	\$ -	\$ (38,875,620)	\$ 323,055	\$ (1,841,839)	\$ (247,128)	\$ 1,231,295	\$ 6,259,623	\$ 158,878	\$ (32,991,736)

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

**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	\$ -	\$ 29,333,784	\$ -	\$ 12,091,733	\$ 74,974,391	\$ -	\$ 453,529,100
Provision for bad debt	(14,930,302)	-	-	(14,930,302)	-	(534,484)	-	(75,000)	(4,758,600)	-	(20,298,386)
Net revenue less provision for bad debt	322,198,890	-	-	322,198,890	-	28,799,300	-	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 used for operations	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											
Salaries and wages	143,838,674	-	-	143,838,674	-	37,356,344	-	10,811,798	28,074,499	(6,613,808)	213,467,507
Employee benefits	51,044,718	-	-	51,044,718	-	6,483,081	-	2,598,219	6,454,031	(7,394,212)	59,185,837
Supplies	59,538,141	206,897	-	59,745,038	-	1,334,391	-	330,396	10,588,285	-	71,998,110
Purchased services	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
Other	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
Interest	3,542,721	8,500	-	3,551,221	-	-	-	-	419,698	(416,000)	3,554,919
Depreciation and amortization	22,728,484	61,692	-	22,790,176	-	234,268	-	107,318	4,347,360	-	27,479,122
Total expenses	353,830,661	838,378	-	354,669,039	141,530	56,720,356	5,820,698	15,265,950	69,294,533	(28,324,430)	473,587,676
(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											
Unrestricted investment income	180,488	-	-	180,488	-	-	-	-	-	-	180,488
Income from investments and realized gains	8,608,113	355,103	-	8,963,216	-	-	203,572	652,017	13,359	-	9,832,164
Inherent contribution received from purchase of Westerly Hospital	-	-	-	-	-	-	-	-	5,284,752	-	5,284,752
	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	(3,388,068)
Net unrealized gains on investments	31,059	1,515,218	-	1,546,277	-	-	(88,647)	570,458	-	-	2,028,088
Transfer to affiliated entities	(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)

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