

# Return of Organization Exempt From Income Tax

**2012**

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

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

**A For the 2012 calendar year, or tax year beginning** 10/01, 2012, and ending 09/30, 2013

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C Name of organization</b> LAWRENCE & MEMORIAL HOSPITAL Doing Business As			<b>D Employer identification number</b> 06-0646704	
	Number and street (or P.O. box if mail is not delivered to street address)		Room/suite	<b>E Telephone number</b> (860) 442-0711	
	City, town or post office, state, and ZIP code NEW LONDON, CT 06320			<b>G Gross receipts \$</b> 330,277,516.	
	<b>F Name and address of principal officer:</b> BRUCE CUMMINGS 365 MONTAUK AVENUE NEW LONDON, CT 06320			<b>H(a) Is this a group return for affiliates?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b) Are all affiliates included?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No <small>If "No," attach a list. (see instructions)</small>	
<b>I Tax-exempt status:</b> <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>H(c) Group exemption number</b> ▶		
<b>J Website:</b> ▶ WWW.LMHOSPITAL.ORG					
<b>K Form of organization:</b> <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			<b>L Year of formation:</b> 1912 <b>M State of legal domicile:</b> 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)	11.	
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	7.	
	<b>5</b>	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	2,724.	
	<b>6</b>	Total number of volunteers (estimate if necessary)	315.	
	<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12	2,330,569.	
<b>7b</b>	Net unrelated business taxable income from Form 990-T, line 34	0		
<b>Revenue</b>	<b>8</b>	Contributions and grants (Part VIII, line 1h)	810,082.	813,756.
	<b>9</b>	Program service revenue (Part VIII, line 2g)	336,259,109.	318,911,102.
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,333,151.	7,077,778.
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,169,383.	2,094,550.
	<b>12</b>	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	344,571,725.	328,897,186.
<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)	187,431,350.	187,641,751.
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e)	77,139.	108,733.
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶ 1,145,167.		
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	130,687,909.	124,277,351.
	<b>18</b>	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	318,196,398.	312,027,835.
<b>19</b>	Revenue less expenses. Subtract line 18 from line 12	26,375,327.	16,869,351.	
<b>Net Assets or Fund Balances</b>	<b>20</b>	Total assets (Part X, line 16)	368,182,035.	393,527,817.
	<b>21</b>	Total liabilities (Part X, line 26)	198,186,413.	194,363,317.
	<b>22</b>	Net assets or fund balances. Subtract line 21 from line 20	169,995,622.	199,164,500.

**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 BRUCE CUMMINGS		Date PRESIDENT/CEO	
	Type or print name and title			
<b>Paid Preparer Use Only</b>	Print/Type preparer's name GWEN SPENCER	Preparer's signature 	Date 8-7-14	Check <input type="checkbox"/> if self-employed PTIN P00641463
	Firm's name ▶ PRICEWATERHOUSECOOPERS LLP		Firm's EIN ▶ 13-4008324	
	Firm's address ▶ 125 HIGH STREET BOSTON, MA 02110		Phone no. 617-530-5000	

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

For Paperwork Reduction Act Notice, see the separate instructions.

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only Part II and check this box  **X**.
- 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).

<b>Type or print</b>  <small>File by the due date for filing your return. See instructions.</small>	Name of exempt organization or other filer, see instructions.	Enter filer's identifying number, see instructions Employer identification number (EIN) or
	LAWRENCE & MEMORIAL HOSPITAL	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) . . . . .  0  1

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	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  LUGENE INZANA, 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.

- I request an additional 3-month extension of time until 08/15, 2014.
- For calendar year 2013, or other tax year beginning 10/01, 2012, and ending 09/30, 2013.
- If the tax year entered in line 5 is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period
- State in detail why you need the extension ADDITIONAL TIME IS NEEDED TO FILE AND COMPLETE AN ACCURATE RETURN.

8a 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.	8a \$
8b 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 and any amount paid previously with Form 8868.	8b \$
8c <b>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.	8c \$

**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 [Signature] Title CPA Date 5/5/14  
Form 8868 (Rev. 1-2013)

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

► **File a separate application for each return.**

• 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

**Type or print**

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	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 ► BRUCE CUMMINGS

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, 20 14, 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, 2012, and ending 09/30, 2013.

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.	<b>3a</b>	\$
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.	<b>3b</b>	\$
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.	<b>3c</b>	\$

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

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

**Part III** Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

TO IMPROVE THE HEALTH 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 \$ 226,536,766. including grants of \$ ) (Revenue \$ 318,907,073. )

SEE SCHEDULE O

4b (Code: ) (Expenses \$ 716,509. including grants of \$ ) (Revenue \$ 4,029. )

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 ▶ 227,253,275.

**Part IV Checklist of Required Schedules**

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

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

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, description, sub-part, and Yes/No columns. Includes questions 1a-1c, 2a-2b, 3a-3b, 4a-4b, 5a-5c, 6a-6b, 7a-7h, 8, 9a-9b, 10a-10b, 11a-11b, 12a-12b, 13a-13c, and 14a-14b.

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

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

Section A. Governing Body and Management

Table with 5 columns: Question ID, Question Text, Yes, No. Rows include 1a, 1b, 2, 3, 4, 5, 6, 7a, 7b, 8a, 8b, 9.

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

Table with 5 columns: Question ID, Question Text, Yes, No. Rows include 10a, 10b, 11a, 11b, 12a, 12b, 12c, 13, 14, 15a, 15b, 16a, 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.
19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization.

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (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 SECRETARY - AS OF 12/12/12	2.00 2.00	X		X				0	0	0
(2) ULYSSES B. HAMMOND CHAIRMAN	2.00 4.00	X		X				0	0	0
(3) CAROL O. RIDGEWAY DIRECTOR	2.00 2.00	X						0	0	0
(4) SCOTT D. BATES VICE CHAIRMAN - AS OF 12/12	2.00 4.00	X		X				0	0	0
(5) MARY ELLEN JUKOSKI, EDD DIRECTOR	2.00 2.00	X						0	0	0
(6) BRUCE D. CUMMINGS PRESIDENT/CEO	29.25 10.75	X		X			639,015.	0	94,876.	
(7) HENRY AMDUR, MD PAST PRESIDENT, MEDICAL STAFF	2.00 38.00	X		X			13,653.	379,294.	17,419.	
(8) DONALD J. FELITTO, MD PRESIDENT, MEDICAL STAFF	2.00 2.00	X		X			37,631.	0	0	
(9) DAVID F. REISFELD, MD VP, MED STAFF	2.00 38.00	X		X			0	376,610.	34,798.	
(10) B. MICHAEL RAUH, JR. TREASURER - AS OF 12/12/12	2.00 2.00	X		X			0	0	0	
(11) JAMES MITCHELL, PHD DIRECTOR - AS OF 12/12/12	2.00 0	X					0	0	0	
(12) R. ALAN HUNTER DIRECTOR - UNTIL 12/12/12	2.00 6.00	X					0	0	0	
(13) ROBERT KELTNER, MD DIRECTOR - UNTIL 12/12/12	2.00 2.00	X					80,237.	0	0	
(14) MARILYNN MALERBA SECRETARY - UNTIL 12/12/12	2.00 6.00	X		X			0	0	0	

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

(A) Name and title	(B) Average hours per week (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) GRANVILLE MORRIS VICE CHAIRMAN - UNTIL 12/12/12	2.00 4.00	X		X				0	0	0
( 16) LEON J. OLIVIER DIRECTOR - UNTIL 12/12/12	2.00 2.00	X						0	0	0
( 17) FRED A. CONTI, CPA TREASURER - UNTIL 12/12/12	2.00 2.00	X		X				0	0	0
( 18) KATHLEEN STEAMER, CPA DIRECTOR - UNTIL 12/12/12	2.00 2.00	X						0	0	0
( 19) LUGENE INZANA VP CHIEF FINANCIAL OFFICER	30.00 10.00			X				354,521.	0	61,083.
( 20) ATTORNEY MAUREEN ANDERSON ASSISTANT SECRETARY	32.00 8.00			X				263,121.	0	50,294.
( 21) WILLIAM STANLEY VP DEV & COMMUNITY RELATIONS	38.00 2.00				X			205,203.	0	47,112.
( 22) DANIEL RISSI, MD VP CHEIF MEDICAL OFFICER	34.00 6.00				X			405,192.	0	60,319.
( 23) KIMBERLY KALAJAINEN VP CHEIF INFORMATION OFFICER	34.00 6.00				X			221,170.	0	48,907.
( 24) CRISTA DURAND VP STRATEGIC PLANNING/MKTG	40.00 0				X			284,443.	0	52,533.
( 25) LAUREN WILLIAMS VP PATIENT CARE SERVICES	40.00 0				X			261,903.	0	37,325.
<b>1b Sub-total</b>								770,536.	755,904.	147,093.
<b>c Total from continuation sheets to Part VII, Section A</b>								3,367,500.	0	521,113.
<b>d Total (add lines 1b and 1c)</b>								4,138,036.	755,904.	668,206.

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 **174**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual . . . . .		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? If "Yes," complete Schedule J for such individual . . . . .	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? If "Yes," complete Schedule J for such person . . . . .		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 **23**

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

Table with 6 main columns: (A) Name and title, (B) Average hours per week, (C) Position, (D) Reportable compensation from the organization, (E) Reportable compensation from related organizations, (F) Estimated amount of other compensation.

Summary rows: 1b Sub-total, c Total from continuation sheets to Part VII, Section A, d Total (add lines 1b and 1c)

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization 174

Table with 3 rows of questions (3, 4, 5) and Yes/No columns regarding compensation reporting.

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.

Table with 3 columns: (A) Name and business address, (B) Description of services, (C) Compensation

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

**Part VIII Statement of Revenue**

Check if Schedule O contains a response to any question 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, 513, or 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1a	Federated campaigns . . . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . . .	1d				
	e	Government grants (contributions) . . . . .	1e	578,303.			
	f	All other contributions, gifts, grants, and similar amounts not included above . . . . .	1f	235,453.			
	g	Noncash contributions included in lines 1a-1f: \$ . . . . .					
	h	<b>Total.</b> Add lines 1a-1f . . . . .		813,756.			
<b>Program Service Revenue</b>	2a	<u>NET PATIENT SERVICES</u>	Business Code	900099	298,930,165.	298,930,165.	
	b	<u>LAB TESTING - ORR</u>	900099	2,245,635.		2,245,635.	
	c	<u>EMPLOYEE ASSISTANCE PROGRAM</u>	900099	84,934.		84,934.	
	d	<u>PARAMEDIC SERVICES</u>	900099	3,184,485.	3,184,485.		
	e	<u>OTHER PROGRAM SERVICE REVENUE</u>	900099	14,465,883.	14,465,883.		
	f	All other program service revenue . . . . .					
	g	<b>Total.</b> Add lines 2a-2f . . . . .		318,911,102.			
	<b>Other Revenue</b>	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		6,806,956.		6,806,956.
4		Income from investment of tax-exempt bond proceeds . . . . .		0			
5		Royalties . . . . .		0			
6a		Gross rents . . . . .	(i) Real	(ii) Personal			
			1,054,282.				
b		Less: rental expenses . . . . .					
c		Rental income or (loss) . . . . .		1,054,282.			
d		Net rental income or (loss) . . . . .		1,054,282.		1,054,282.	
7a		Gross amount from sales of assets other than inventory . . . . .	(i) Securities	(ii) Other			
			1,642,552.	8,600.			
b		Less: cost or other basis and sales expenses . . . . .		1,380,330.			
c	Gain or (loss) . . . . .		262,222.	8,600.			
d	Net gain or (loss) . . . . .		270,822.		270,822.		
8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 . . . . .	a					
b	Less: direct expenses . . . . .	b					
c	Net income or (loss) from fundraising events . . . . .			0			
9a	Gross income from gaming activities. See Part IV, line 19 . . . . .	a					
b	Less: direct expenses . . . . .	b					
c	Net income or (loss) from gaming activities . . . . .			0			
10a	Gross sales of inventory, less returns and allowances . . . . .	a					
b	Less: cost of goods sold . . . . .	b					
c	Net income or (loss) from sales of inventory . . . . .			0			
<b>Miscellaneous Revenue</b>			<b>Business Code</b>				
11a	<u>DINING ROOM</u>	900099	1,040,268.			1,040,268.	
b	_____						
c	_____						
d	All other revenue . . . . .						
e	<b>Total.</b> Add lines 11a-11d . . . . .		1,040,268.				
12	<b>Total revenue.</b> See instructions . . . . .		328,897,186.	316,580,533.	2,330,569.	9,172,328.	

**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 to any question in this Part IX

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21 . . . . .	0			
2	Grants and other assistance to individuals in the United States. See Part IV, line 22 . . . . .	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16. . . . .	0			
4	Benefits paid to or for members . . . . .	0			
5	Compensation of current officers, directors, trustees, and key employees . . . . .	3,800,706.		3,562,383.	238,323.
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 . . . . .	140,743,658.	108,185,505.	32,284,025.	274,128.
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .	3,356,142.	2,516,083.	833,684.	6,375.
9	Other employee benefits . . . . .	29,359,014.	22,010,304.	7,292,939.	55,771.
10	Payroll taxes . . . . .	10,382,231.	7,783,506.	2,579,003.	19,722.
11	Fees for services (non-employees):				
a	Management . . . . .	0			
b	Legal . . . . .	1,395,693.	72,913.	1,322,780.	
c	Accounting . . . . .	500.		500.	
d	Lobbying . . . . .	0			
e	Professional fundraising services. See Part IV, line 17 . . . . .	108,733.			108,733.
f	Investment management fees . . . . .	0			
g	Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) . . . . .	6,649,456.	6,021,784.	627,672.	
12	Advertising and promotion . . . . .	0			
13	Office expenses . . . . .	5,858,062.	4,066,215.	1,733,970.	57,877.
14	Information technology . . . . .	4,275,031.	698,845.	3,565,356.	10,830.
15	Royalties . . . . .	0			
16	Occupancy . . . . .	7,158,564.	1,962,786.	5,196,048.	-270.
17	Travel . . . . .	433,562.	147,585.	282,384.	3,593.
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0			
19	Conferences, conventions, and meetings . . . . .	0			
20	Interest . . . . .	2,705,025.	2,705,025.		
21	Payments to affiliates . . . . .	0			
22	Depreciation, depletion, and amortization . . . . .	20,641,159.	11,866,270.	8,774,512.	377.
23	Insurance . . . . .	5,787,779.	5,787,779.		
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a	<u>PURCHASED SVCS</u> . . . . .	19,007,235.	8,909,376.	10,080,420.	17,439.
b	<u>MEDICAL &amp; SURGICAL</u> . . . . .	39,068,535.	38,788,800.	273,071.	6,664.
c	<u>EQUIP RENTAL &amp; MAINTENANCE</u> . . . . .	6,881,159.	4,980,129.	1,901,030.	
d	<u>CONSULTING</u> . . . . .	2,398,356.	2,700.	2,271,452.	124,204.
e	All other expenses . . . . .	2,017,235.	747,670.	1,048,164.	221,401.
25	<b>Total functional expenses.</b> Add lines 1 through 24e	312,027,835.	227,253,275.	83,629,393.	1,145,167.
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 to any question in this Part X

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash - non-interest-bearing	0	1	0
	2 Savings and temporary cash investments	13,749,443.	2	483,541.
	3 Pledges and grants receivable, net	20,366.	3	20,366.
	4 Accounts receivable, net	27,406,867.	4	32,485,521.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	0	6	0
	7 Notes and loans receivable, net	639,609.	7	304,200.
	8 Inventories for sale or use	4,469,470.	8	5,845,470.
	9 Prepaid expenses and deferred charges	2,004,576.	9	2,256,097.
	10 a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 407,322,048.		
	b Less: accumulated depreciation	10b 245,331,839.		
		134,926,548.	10c	161,990,209.
	11 Investments - publicly traded securities	155,656,275.	11	149,858,150.
	12 Investments - other securities. See Part IV, line 11	6,451,420.	12	6,773,578.
	13 Investments - program-related. See Part IV, line 11	0	13	0
	14 Intangible assets	0	14	0
15 Other assets. See Part IV, line 11	22,857,461.	15	33,510,685.	
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	368,182,035.	16	393,527,817.	
<b>Liabilities</b>	17 Accounts payable and accrued expenses	38,902,181.	17	37,658,612.
	18 Grants payable	0	18	0
	19 Deferred revenue	0	19	0
	20 Tax-exempt bond liabilities	79,493,826.	20	88,266,954.
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties	0	23	0
	24 Unsecured notes and loans payable to unrelated third parties	0	24	0
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	79,790,406.	25	68,437,751.
	26 <b>Total liabilities.</b> Add lines 17 through 25	198,186,413.	26	194,363,317.
<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>			
	27 Unrestricted net assets	144,038,576.	27	171,018,998.
	28 Temporarily restricted net assets	20,092,239.	28	22,198,248.
	29 Permanently restricted net assets	5,864,807.	29	5,947,254.
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 <b>Total net assets or fund balances</b>	169,995,622.	33	199,164,500.	
34 <b>Total liabilities and net assets/fund balances</b>	368,182,035.	34	393,527,817.	

**Part XI Reconciliation of Net Assets**

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	328,897,186.
2	Total expenses (must equal Part IX, column (A), line 25)	2	312,027,835.
3	Revenue less expenses. Subtract line 2 from line 1	3	16,869,351.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	169,995,622.
5	Net unrealized gains (losses) on investments	5	10,776,870.
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	1,522,657.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	199,164,500.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response to any question 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
2a		X
2b	X	
2c	X	
3a		X
3b		

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

**Public Charity Status and Public Support**

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

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

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

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
  - 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
  - 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
  - 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
  - 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
  - 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
  - 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
  - 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
  - 9  An organization that normally receives: (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
  - 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
  - 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
    - a  Type I    b  Type II    c  Type III-Functionally integrated    d  Type III-Non-functionally integrated
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? .....
- (ii) A family member of a person described in (i) above? .....
- (iii) A 35% controlled entity of a person described in (i) or (ii) above? .....

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

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

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

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

Schedule A (Form 990 or 990-EZ) 2012

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) 2008, (b) 2009, (c) 2010, (d) 2011, (e) 2012, (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; 5 The portion of total contributions by each person; 6 Public support.

Section B. Total Support

Table with 7 columns: (a) 2008, (b) 2009, (c) 2010, (d) 2011, (e) 2012, (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; 11 Total support.

12 Gross receipts from related activities, etc. (see instructions) 12
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) 14 %
15 Public support percentage from 2011 Schedule A, Part II, line 14 15 %
16a 33 1/3 % support test - 2012. If the organization did not check the box on line 13, and line 14 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization
b 33 1/3 % support test - 2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization
17a 10%-facts-and-circumstances test - 2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization
b 10%-facts-and-circumstances test - 2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions

**Part 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 IV.) . . . . .						
<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 2012 (line 8, column (f) divided by line 13, column (f)). . . . .	<b>15</b>	%
<b>16</b> Public support percentage from 2011 Schedule A, Part III, line 15 . . . . .	<b>16</b>	%

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

<b>17</b> Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f)) . . . . .	<b>17</b>	%
<b>18</b> Investment income percentage from 2011 Schedule A, Part III, line 17 . . . . .	<b>18</b>	%

**19a 33 1/3% support tests - 2012.** 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 - 2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ▶

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

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

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

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

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

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

▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

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

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

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

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

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

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

Name of organization <b>LAWRENCE &amp; MEMORIAL HOSPITAL</b>	Employer identification number <b>06-0646704</b>
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**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

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

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

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

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

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule C (Form 990 or 990-EZ) 2012

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1 a	Total lobbying expenditures to influence public opinion (grass roots lobbying) . . . . .														
b	Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .														
c	Total lobbying expenditures (add lines 1a and 1b) . . . . .														
d	Other exempt purpose expenditures . . . . .														
e	Total exempt purpose expenditures (add lines 1c and 1d) . . . . .														
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g	Grassroots nontaxable amount (enter 25% of line 1f) . . . . .														
h	Subtract line 1g from line 1a. If zero or less, enter -0- . . . . .														
i	Subtract line 1f from line 1c. If zero or less, enter -0- . . . . .														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? . . . . .														

Yes  No

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2 a	Lobbying nontaxable amount				
b	Lobbying ceiling amount (150% of line 2a, column (e))				
c	Total lobbying expenditures				
d	Grassroots nontaxable amount				
e	Grassroots ceiling amount (150% of line 2d, column (e))				
f	Grassroots lobbying expenditures				

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

Table with columns (a) Yes/No and (b) Amount. Rows include: 1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation...; 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 columns Yes/No. Rows include: 1 Were substantially all (90% or more) dues received nondeductible by members?; 2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?; 3 Did the organization agree to carry over lobbying and political expenditures from the prior year?

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

Table with columns 1, 2a, 2b, 2c, 3, 4, 5. Rows include: 1 Dues, assessments and similar amounts from members; 2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid); 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

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

SEE PAGE 4

Series of horizontal dashed lines for supplemental information.

**Part IV** Supplemental Information (continued)

LOBBYING ACTIVITIES

SCHEDULE C, PART II-B, LINE 1

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

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

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

06-0646704

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), and Aggregate value at end of year.

- 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?

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

- 1 Purpose(s) of conservation easements held by the organization (check all that apply): Preservation of land for public use, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure.

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

Table with 2 columns: Held at the End of the Tax Year. Rows include Total number of conservation easements, Total acreage restricted by conservation easements, Number of conservation easements on a certified historic structure included in (a), and Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register.

- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year
4 Number of states where property subject to conservation easement is located
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?
6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year
7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B) (i) and section 170(h)(4)(B)(ii)?
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

- 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.
b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
(i) Revenues included in Form 990, Part VIII, line 1
(ii) Assets included in Form 990, Part X
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:
a Revenues included in Form 990, Part VIII, line 1
b Assets included in Form 990, Part X

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

Schedule D (Form 990) 2012

**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
c Beginning balance . . . . .	<b>1c</b>
d Additions during the year . . . . .	<b>1d</b>
e Distributions during the year . . . . .	<b>1e</b>
f Ending balance . . . . .	<b>1f</b>

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance . . . . .	16,251,377.	14,398,889.	14,741,092.	14,150,668.	14,857,509.
b Contributions . . . . .					
c Net investment earnings, gains, and losses . . . . .	1,952,978.	2,146,447.	17,500.	1,282,741.	-154,454.
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .	239,701.	266,733.	324,466.	652,042.	539,291.
f Administrative expenses . . . . .	41,701.	27,226.	35,237.	40,275.	13,096.
g End of year balance . . . . .	17,922,953.	16,251,377.	14,398,889.	14,741,092.	14,150,668.

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
(i) unrelated organizations . . . . .	<b>3a(i)</b>	X
(ii) related organizations . . . . .	<b>3a(ii)</b>	X

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

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

**Part VI Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		1,023,729.		1,023,729.
b Buildings . . . . .		112,399,378.	69,718,914.	42,680,464.
c Leasehold improvements . . . . .		7,702,256.	3,396,089.	4,306,167.
d Equipment . . . . .		234,099,872.	167,521,467.	66,578,405.
e Other . . . . .		52,096,813.	4,695,369.	47,401,444.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) . . . . .				161,990,209.

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

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

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

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

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

(a) Description	(b) Book value
(1) OTHER RECEIVABLES	17,204,746.
(2) DEBT SERVICE FUND	1,306,255.
(3) DEBT SERVICE RESERVE FUND	2,247,255.
(4) DEFERRED FINANCING COSTS	1,776,176.
(5) DUE FROM AFFILIATES	1,434,568.
(6) CONSTRUCTION FUND	9,541,685.
(7)	
(8)	
(9)	
(10)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) . . . . . ▶	33,510,685.

**Part X Other Liabilities.** 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	3,826,094.
(3) DEFERRED COMPENSATION	83,633.
(4) SELF ASSURANCE RESERVES	3,593,332.
(5) ACCRUED POST RETIREMENT BENEFIT	1,000,744.
(6) ACCRUED PENSION	2,733,069.
(7) ACCRUED 401K MATCH	1,294,964.
(8) ACCRUED MIN PENSION LIABILITY	37,196,935.
(9) ASSET RETIREMENT OBLIGATION	487,381.
(10) DUE TO L&M CORPORATION	1,867,732.
(11) DEFERRED FINANCING COST	2,659,757.
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	68,437,751.

2. FIN 48 (ASC 740) Footnote. 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**

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

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

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

**Part XIII Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, 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 ORGANIZATIONS FINANCIAL STATEMENTS DO NOT INCLUDE A FIN 48 DISCLOSURE.

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ATTACHMENT 1


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SCHEDULE D, PART X - OTHER LIABILITIES

<u>DESCRIPTION</u>	<u>BOOK VALUE</u>
MALPRACTICE INSURANCE	13,694,110.
TOTALS	<u>68,437,751.</u>

**SCHEDULE F  
(Form 990)**

**Statement of Activities Outside the United States**

OMB No. 1545-0047

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

**2012**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
**LAWRENCE & MEMORIAL HOSPITAL**

Employer identification number  
**06-0646704**

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

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

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

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

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) CENTRAL AMERICA/CARIBBEAN			INVESTMENTS		37,593,506.
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
<b>3a</b> Sub-total, . . . . .					37,593,506.
<b>b</b> Total from continuation sheets to Part I . . . . .					
<b>c</b> Totals (add lines 3a and 3b)					37,593,506.

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

Schedule F (Form 990) 2012

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

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

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

3 Enter total number of other organizations or entities. . . . .

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

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

**Part IV Foreign Forms**

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* . . . . .  Yes  No
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)* . . . . .  Yes  No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations. (see Instructions for Form 5471)* . . . . .  Yes  No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)* . . . . .  Yes  No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect To Certain Foreign Partnerships. (see Instructions for Form 8865)* . . . . .  Yes  No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713)* . . . . .  Yes  No

**Part V Supplemental Information**

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

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

Department of the Treasury  
Internal Revenue Service

**Supplemental Information Regarding  
Fundraising or Gaming Activities**

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

OMB No. 1545-0047

**2012**

**Open to Public  
Inspection**

Name of the organization  
LAWRENCE & MEMORIAL HOSPITAL

Employer identification number  
06-0646704

**Part I**

**Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17.  
Form 990-EZ filers are not required to complete this part.

**1** Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a  Mail solicitations
- b  Internet and email solicitations
- c  Phone solicitations
- d  In-person solicitations
- e  Solicitation of non-government grants
- f  Solicitation of government grants
- g  Special fundraising events

**2a** Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?  Yes  No

**b** If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1 GHIORSI & SORRENTI INC.	CAPITAL CAMPAIGN		X		108,733.	
2						
3						
4						
5						
6						
7						
8						
9						
10						
<b>Total</b>					108,733.	

**3** List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

CT,

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**Part II Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		(event type)	(event type)	(total number)	(add col. (a) through col. (c))
Revenue	1	Gross receipts . . . . .			
	2	Less: Contributions . . . . .			
	3	Gross income (line 1 minus line 2). . . . .			
Direct Expenses	4	Cash prizes . . . . .			
	5	Noncash prizes . . . . .			
	6	Rent/facility costs . . . . .			
	7	Food and beverages . . . . .			
	8	Entertainment . . . . .			
	9	Other direct expenses . . . . .			
	10	Direct expense summary. Add lines 4 through 9 in column (d) . . . . . ▶			
11	Net income summary. Combine line 3, column (d), and line 10 . . . . . ▶				

**Part III Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))	
Revenue	1	Gross revenue . . . . .				
Direct Expenses	2	Cash prizes . . . . .				
	3	Noncash prizes . . . . .				
	4	Rent/facility costs . . . . .				
	5	Other direct expenses . . . . .				
	6	Volunteer labor . . . . .	Yes _____ % No	Yes _____ % No	Yes _____ % No	
	7	Direct expense summary. Add lines 2 through 5 in column (d) . . . . . ▶				( )
	8	Net gaming income summary. Combine line 1, column d, and line 7 . . . . . ▶				

9 Enter the state(s) in which the organization operates gaming activities: \_\_\_\_\_  
 a Is the organization licensed to operate gaming activities in each of these states?  Yes  No  
 b If "No," explain: \_\_\_\_\_

10 a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?  Yes  No  
 b If "Yes," explain: \_\_\_\_\_

- 11 Does the organization operate gaming activities with nonmembers?  Yes  No
- 12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?  Yes  No
- 13 Indicate the percentage of gaming activity operated in:
 

a The organization's facility	<b>13a</b>	%
b An outside facility	<b>13b</b>	%

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

- 15 a Does the organization have a contract with a third party from whom the organization receives gaming revenue?  Yes  No
- b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party ▶ \$ \_\_\_\_\_
- c If "Yes," enter name and address of the third party:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

16 Gaming manager information:

Name ▶ \_\_\_\_\_

Gaming manager compensation ▶ \$ \_\_\_\_\_

Description of services provided ▶ \_\_\_\_\_

Director/officer       Employee       Independent contractor

- 17 Mandatory distributions:
  - a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?  Yes  No
  - b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ \_\_\_\_\_

**Part IV Supplemental Information.** Complete this part to provide the explanation required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

SCHEDULE G, PART II

FUNDRAISING EXPENSES ARE REPORTED ON FORM 990, PART IX FOR LAWRENCE & MEMORIAL HOSPITAL (EIN 06-0646704). CONTRIBUTIONS ARE REPORTED ON THE FORMS 990 FOR BOTH LAWRENCE & MEMORIAL HOSPITAL (EIN 06-0646704) AND LAWRENCE & MEMORIAL CORPORATION (EIN 22-2553028). ADDITIONAL CONTRIBUTIONS IN THE AMOUNT OF \$2,685,385 ARE REPORTED ON THE FORM 990 FOR LAWRENCE & MEMORIAL CORPORATION (EIN 22-2553028).

**SCHEDULE H**  
**(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

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
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	X	
b If "Yes," was it a written policy? . . . . .	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year.		
<input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities		
<input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:	X	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other 250.0000 %		
b Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: . . . . .	X	
<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 _____ %		
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	X	
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .		X
6a Did the organization prepare a community benefit report during the tax year? . . . . .	X	
b If "Yes," did the organization make it available to the public? . . . . .	X	

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . . .		2299	1,465,992.		1,465,992.	.47
b Medicaid (from Worksheet 3, column a) . . . . .		25351	48,592,382.	36,586,251.	12,006,131.	3.85
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .		518	991,682.	746,659.	245,023.	.08
d Total Financial Assistance and Means-Tested Government Programs . . . . .		28168	51,050,056.	37,332,910.	13,717,146.	4.40
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .	69	31140	1,881,866.	4,029.	1,877,837.	.60
f Health professions education (from Worksheet 5) . . . . .	10	1389	868,105.		868,105.	.28
g Subsidized health services (from Worksheet 6) . . . . .	11	6986	4,512,175.	3,184,485.	1,327,690.	.43
h Research (from Worksheet 7) . . . . .	1		211,116.		211,116.	.07
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .	17	1421	126,086.		126,086.	.04
j Total Other Benefits . . . . .	108	40936	7,599,348.	3,188,514.	4,410,834.	1.42
k Total. Add lines 7d and 7j. . . . .	108	69104	58,649,404.	40,521,424.	18,127,980.	5.82

**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	997	52,028.		52,028.	.02
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	5	220	70,706.		70,706.	.02
7 Community health improvement advocacy						
8 Workforce development	1	9	264.		264.	
9 Other						
10 Total	8	1226	122,998.		122,998.	.04

**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) . . . . .	5	102,446,118.
6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	120,595,559.
7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	7	-18,149,441.
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

**Section C. Collection Practices**

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

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

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

**Part V Facility Information**

**Section A. Hospital Facilities**

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

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

Name, address, and primary website address

1 LAWRENCE & MEMORIAL HOSPITAL  
 365 MONTAUK AVE  
 NEW LONDON CT 06320

	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
<u>1</u>	X	X					X	X		
<u>2</u>										
<u>3</u>										
<u>4</u>										
<u>5</u>										
<u>6</u>										
<u>7</u>										
<u>8</u>										
<u>9</u>										
<u>10</u>										
<u>11</u>										
<u>12</u>										

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

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

For single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) \_\_\_\_\_

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . .	X	
If "Yes," indicate what the CHNA report describes (check all that apply):			
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input checked="" type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted. . . . .	X	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .		X
5	Did the hospital facility make its CHNA report widely available to the public? . . . . .	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input checked="" type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input checked="" type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . .		X
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .		X
8b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information (continued)**

Financial Assistance Policy		LAWRENCE & MEMORIAL HOSPITAL	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:				
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? . . . . .		X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care: <u>2</u> <u>5</u> <u>0</u> % If "No," explain in Part VI the criteria the hospital facility used.		X	
11	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>2</u> <u>5</u> <u>1</u> % If "No," explain in Part VI the criteria the hospital facility used.		X	
12	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply):		X	
a	<input checked="" type="checkbox"/> Income level			
b	<input checked="" type="checkbox"/> Asset level			
c	<input checked="" type="checkbox"/> Medical indigency			
d	<input type="checkbox"/> Insurance status			
e	<input checked="" type="checkbox"/> Uninsured discount			
f	<input type="checkbox"/> Medicaid/Medicare			
g	<input type="checkbox"/> State regulation			
h	<input type="checkbox"/> Other (describe in Part VI)			
13	Explained the method for applying for financial assistance? . . . . .		X	
14	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		X	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b	<input type="checkbox"/> The policy was attached to billing invoices			
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f	<input checked="" type="checkbox"/> The policy was available on request			
g	<input type="checkbox"/> Other (describe in Part VI)			

**Billing and Collections**

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

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

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

- a  Notified individuals of the financial assistance policy on admission
- b  Notified individuals of the financial assistance policy prior to discharge
- c  Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d  Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e  Other (describe in Part VI)

**Policy Relating to Emergency Medical Care**

19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . .

	Yes	No
19	X	

If "No," indicate why:

- a  The hospital facility did not provide care for any emergency medical conditions
- b  The hospital facility's policy was not in writing
- c  The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d  Other (describe in Part VI)

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a  The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b  The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c  The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d  Other (describe in Part VI)

20		
21		X
22		X

21 During the tax year, did the hospital facility charge any of its FAP- eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . .

If "Yes," explain in Part VI.

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

If "Yes," explain in Part VI.

**Part V Facility Information** (continued)

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

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

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

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

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

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

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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PATIENTS WHO HAVE NO THIRD PARTY INSURANCE TO COVER SERVICES WITH AN ANNUAL INCOME THAT IS BETWEEN 250% AND 400% OF THE FPL AND HAVE ASSETS LESS THAN \$50,000, IN ACCORDANCE WITH THE FOLLOWING:

251% - 300% = COST OF CHARGE

301% - 350% = 40%

351% - 400% = 30%

SCHEDULE H, PART I, LINE 6A:

FOR TAX YEAR 2012, L+M HOSPITAL PREPARED AND WIDELY DISTRIBUTED AN ANNUAL REPORT OF COMMUNITY BENEFIT ACTIVITIES. THE REPORT WAS OFFICIALLY RELEASED AT THE MID-YEAR CORPORATOR MEETING ON JUNE 7, 2012, MAILED TO ALL TRUSTEES, KEY COMMUNITY LEADERS, AND PHYSICIANS, POSTED BY LINK TO THE L+M HOSPITAL WEBSITE, MADE AVAILABLE AT THE HOSPITAL, AND DISTRIBUTED AT COMMUNITY EVENTS.

**Part VI** Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

SCHEDULE H, PART I, LINE 7:

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

SCHEDULE H, PART II:

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

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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HEALTH IN THE AREAS OF PARISH NURSING, TEEN PREGNANCY PREVENTION, ACCESS TO CARE AND REDUCTION OF CHRONIC DISEASE. ADDITIONALLY, WE ARE ENGAGED IN COMMUNITY SUPPORT ACTIVITIES SUCH AS SUPPORT FOR LOCAL FAITH COMMUNITY LEADERS, HEALTH-RELATED CAREER DEVELOPMENT ACTIVITIES, AND SUPPORT FOR PARTNER NON-PROFITS ALSO ENGAGED IN COMMUNITY DEVELOPMENT SUCH AS THE DISBURSEMENT OF SCHOLARSHIPS. IN THE AREA OF LEADERSHIP DEVELOPMENT AND TRAINING FOR COMMUNITY MEMBERS, WE PROVIDE TRAINING FOR PROFESSIONALS IN INJURY PREVENTION STRATEGIES, AND HEALTH CAREER LEADERSHIP DEVELOPMENT AND WORKFORCE DEVELOPMENT. WE PARTICIPATE IN ECONOMIC DEVELOPMENT ACTIVITIES THROUGH THE REGION'S CHAMBERS OF COMMERCE. COMMUNITY HEALTH IMPROVEMENT ADVOCACY INCLUDES PROMOTION OF INJURY PREVENTION POLICY CHANGES AND SUPPORT FOR IMPROVED ACCESS TO HEALTHCARE. ALL OF THESE ACTIVITIES HAVE AS THEIR PRIMARY PURPOSE TO BENEFIT THE COMMUNITY AND ARE CARRIED OUT WITHOUT REMUNERATION.

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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SCHEDULE H, PART III, LINE 4:

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 2% OF THE AMOUNT OF BAD DEBT (AT COST) FROM THE AUDITED FINANCIAL STATEMENTS. THE AMOUNT OF 2% REPRESENTS THE BAD DEBT AMOUNT THAT COULD HAVE BEEN QUALIFIED FOR CHARITY CARE AS THIS THE PERCENTAGE OF GROSS REVENUE THAT IS SELF PAID.

SCHEDULE H, PART III, LINE 8:

THE MEDICARE SHORTFALL OF (\$18,149,441) REPORTED IN PART III, LINE 7 WAS CALCULATED BASED ON COST REPORTING. 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

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

BENEFICIARIES WITH OTHER REVENUES.

SCHEDULE H, PART III, LINE 9B:

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

SCHEDULE H, PART V, SECTION B, LINE 1J:

IN ADDITION TO THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) COMPONENTS LISTED, THE L+M HOSPITAL CHNA REPORT FOR 2012 INCLUDED ANALYSIS OF THE DATA IN TERMS OF STRENGTHS AND OPPORTUNITIES FOR ACTION. THIS ANALYSIS INFORMED THE CREATION OF THE COMMUNITY HEALTH IMPLEMENTATION PLAN.

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

UPON COMPLETION OF DATA COLLECTION AND ANALYSIS, L+M HOSPITAL CONVENED A TEAM OF HOSPITAL AND COMMUNITY REPRESENTATIVES TO A COMMUNITY HEALTH

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

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.

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

THE CHNA REPORT CAN BE FOUND ONLINE AT THE HOSPITAL'S WEBSITE:

[HTTP://WWW.LMHOSPITAL.ORG/COMMUNITY-INVOLVEMENT/COMMUNITY-PARTNERSHIPS.ASP](http://www.lmhospital.org/community-involvement/community-partnerships.asp)

X

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

THE CHNA REPORT WAS RELEASED AT A PRESENTATION OPEN TO THE PUBLIC ON

JANUARY 23, 2013. IN ATTENDANCE WERE COMMUNITY PARTNERS REPRESENTING

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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OTHER NON-PROFIT ORGANIZATIONS, BUSINESS LEADERS, INDIVIDUALS

REPRESENTING THE EDUCATION SECTOR, HOSPITAL STAFF, MEMBERS OF THE PRESS,  
AND COMMUNITY MEMBERS.

SCHEDULE H, PART V, SECTION B, LINE 6I:

THE COMMUNITY HEALTH IMPLEMENTATION PLAN (CHIP) WAS APPROVED BY THE L+M  
BOARD OF DIRECTORS ON AUGUST 26, 2013. THE PLAN CAN BE FOUND ONLINE ON  
THE HOSPITAL'S WEBSITE,  
[HTTP://WWW.LMHOSPITAL.ORG/COMMUNITY-INVOLVEMENT/COMMUNITY-PARTNERSHIPS.ASP](http://www.lmhospital.org/community-involvement/community-partnerships.asp)

X

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

DUE TO RESOURCE CONSTRAINTS, SOME OF THE IDENTIFIED NEEDS THROUGH THE  
CHNA WILL NOT BE ADDRESSED. IN OTHER CASES, OTHER ORGANIZATIONS ARE  
TAKING THE LEAD ON AN IDENTIFIED NEED AND L+M HOSPITAL IS COLLABORATING.  
A DRIVING PHILOSOPHY OF L+M'S COMMUNITY BENEFIT EFFORTS IS TO BUILD ON  
COMMUNITY RESOURCES, PROGRAMS AND SERVICES AND TO NOT DUPLICATE THEM. AS

**Part VI Supplemental Information**

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SUCH, IN EXAMINING EACH OF THE PRIORITIZED COMMUNITY HEALTH NEEDS, EXISTING COMMUNITY ASSETS WERE IDENTIFIED BEFORE CONSIDERING ANY NEW STRATEGIES THAT L+M MIGHT INITIATE AND/OR THOSE TO BE CONTINUED. WHERE THERE IS AN EXISTING COMMUNITY-BASED PROGRAM ADDRESSING ANY OF THE PRIORITIZED NEEDS, OR DUE TO RESOURCE LIMITATIONS, L+M WILL WORK TO SUPPORT AND BUILD CAPACITY OF THOSE PROGRAMS RATHER THAN TO CREATE SOMETHING NEW.

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

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

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

**Part VI** Supplemental Information

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

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

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 INITIATED IN 2012 AND HAS BEEN 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.

L+M HOSPITAL REVIEWS DISEASE INCIDENCE AND PREVALENCE RATES FOR THE LOCAL

**Part VI Supplemental Information**

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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 ELGIBILITY 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 STATUES

**Part VI Supplemental Information**

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SECTION 19A-673. IT IS THE RESPONSIBILITY OF THE PATIENT TO ADVISE L+M HOSPITAL IF THEY BELIEVE THEY QUALIFY AS "UNINSURED" (AT OR UNDER 250% OF THE FPG). 4) A SERIES OF MONTHLY STATEMENTS WILL BE SENT FOLLOWING DISCHARGE. EACH STATEMENT WILL REMIND THE PATIENT OF THE AVAILABILITY OF CHARITY CARE.

SCHEDULE H, PART VI, LINE 4

COMMUNITY INFORMATION:

POPULATION SIZE

THE COMMUNITIES THAT COMPRISE THE SERVICE AREA OF LAWRENCE & MEMORIAL INCLUDE TEN TOWNS ALONG THE CONNECTICUT SHORELINE BETWEEN RHODE ISLAND AND THE CONNECTICUT RIVER AND INLAND TO SALEM, CT, WITH A TOTAL POPULATION OF APPROXIMATELY 180,000 PEOPLE YEAR-ROUND, INCREASING TO 250,000 IN THE SUMMER. OUR COMMUNITIES REPRESENT A BROAD MIX OF URBAN, SUBURBAN, AND RURAL AREAS.

GENERAL DEMOGRAPHICS

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

ACCORDING TO THE CDC OFFICE OF MINORITY HEALTH & HEALTH EQUITY (2012), RACE AND ETHNICITY CORRELATE WITH SIGNIFICANT HEALTH DISPARITIES.

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SPECIFICALLY, HISPANIC/LATINOS ARE AT HIGHER RISK FOR ASTHMA, DIABETES, HIV/AIDS, CERVICAL CANCER, LACK OF PRENATAL CARE, AND INFANT MORTALITY. BLACKS/AFRICAN AMERICANS ARE AT HIGHER RISK FOR HEART DISEASE, HYPERTENSION, DIABETES, AND INFANT MORTALITY. BOTH POPULATIONS ARE ALSO AT HIGHER RISK FOR OVERWEIGHT/ OBESITY ISSUES.

#### MAJOR EMPLOYERS

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

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## PRIMARY SOCIAL AND HEALTH CARE FACTORS

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

THE CHRONIC DISEASE BURDEN IS HIGH THROUGHOUT NEW LONDON COUNTY WITH NORWICH AND NEW LONDON HAVING HIGHER PERCENTAGES WITH 3+ CHRONIC

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

SCHEDULE H, PART VI, LINE 5

PROMOTION OF COMMUNITY HEALTH:

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

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

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
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HEALTH PROTECTION. HEALTH PROMOTION ENTAILS ENCOURAGING HEALTHY

LIFESTYLES; DISEASE PREVENTION FOCUSES ON INDIVIDUALS IDENTIFIED AS

AT-RISK FOR HEALTH PROBLEMS; HEALTH PROTECTION ACTIVITIES INFLUENCE THE

ENVIRONMENT TO SUPPORT HEALTHY BEHAVIORS.

3. PROGRAMS SHOULD DEVELOP EVIDENCE-BASED LINKS BETWEEN CLINICAL SERVICES

AND HEALTH IMPROVEMENT ACTIVITIES DELIVERED BOTH INSIDE AND OUTSIDE THE

HOSPITAL.

4. PROGRAMS SHOULD FOCUS ON TARGETING CHARITABLE RESOURCES THAT MOBILIZE

AND BUILD CAPACITY WITHIN EXISTING COMMUNITY ASSETS WHILE MINIMIZING

DUPLICATION OF EFFORT.

5. PROGRAMS SHOULD EMPHASIS 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

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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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

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. ADDITIONALLY, OUR COMMUNITY-BASED PROGRAMS EACH HAVE ADVISORY

GROUPS, INCLUDING THE FAITH IN ACTION NETWORK (PARISH NURSING), SAFE KIDS

NEW LONDON COUNTY (INJURY PREVENTION), AND TEEN PREGNANCY PREVENTION TASK

FORCE. 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.

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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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.

SCHEDULE H, PART VI, LINE 6

AFFILIATED HEALTH CARE SYSTEM:

THE ENTITIES OF L+M HEALTHCARE INCLUDE L+M HOSPITAL, THE L+M MEDICAL GROUP (L+MMG, PHYSICIAN PRACTICES), THE VISITING NURSE ASSOCIATION OF SOUTHEASTERN CT (VNASC), AND WESTERLY HOSPITAL (RHODE ISLAND) EACH OF WHICH HAVE A ROLE IN PROMOTING THE HEALTH OF OUR COMMUNITIES. THE L+M HOSPITAL ROLE IS DESCRIBED IN QUESTION 5 ABOVE AND WESTERLY HOSPITAL

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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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 STRENGTHEN  
 COMMUNITY RESOURCES FOR EVERYONE. L+MMG, THROUGH ITS PATIENT-CENTERED  
 MEDICAL HOME PRIMARY CARE AND SPECIALTY PRACTICES PROVIDES DIAGNOSTIC,  
 THERAPEUTIC AND PREVENTIVE HEALTH CARE THROUGH PHYSICIANS OF FAMILY  
 PRACTICE, INTERNAL MEDICINE, PEDIATRICS, DERMATOLOGY, ENDOCRINOLOGY,  
 GENERAL SURGERY, ORTHOPEDIC SURGERY, NEUROSURGERY, BREAST AND  
 RECONSTRUCTIVE SURGERY, NEUROLOGY, REHABILITATION MEDICINE, OBSTETRICS,  
 GYNECOLOGY, CARDIOLOGY AND INTERVENTIONAL PAIN MANAGEMENT IN MULTIPLE  
 LOCATIONS THROUGHOUT SOUTHEASTERN CT AND SOUTHWESTERN RI.

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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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  
ON 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  
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

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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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.

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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STATE FILING OF COMMUNITY BENEFIT REPORT

CT,

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

- ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
- ▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization  
**LAWRENCE & MEMORIAL HOSPITAL**

Employer identification number  
**06-0646704**

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

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

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain . . . . .

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? . . . . .

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

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

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

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

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

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

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

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

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

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

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III . . . . .

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

	Yes	No
<b>1b</b>		X
<b>2</b>	X	
<b>4a</b>		X
<b>4b</b>	X	
<b>4c</b>		X
<b>5a</b>		X
<b>5b</b>		X
<b>6a</b>		X
<b>6b</b>		X
<b>7</b>	X	
<b>8</b>		X
<b>9</b>		

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

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

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

	(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1	BRUCE D. CUMMINGS PRESIDENT/CEO	534,064.	86,169.	18,782.	79,826.	15,050.	733,891.	0
2	HENRY AMDUR, MD PAST PRESIDENT, MEDICAL STAFF	287,227.	90,876.	13,653.	10,000.	7,419.	396,713.	0
3	LUGENE INZANA VP CHIEF FINANCIAL OFFICER	317,189.	36,090.	1,242.	40,827.	20,256.	415,604.	0
4	WILLIAM STANLEY VP DEV & COMMUNITY RELATIONS	172,260.	15,909.	17,034.	23,278.	23,834.	252,315.	0
5	ATTORNEY MAUREEN ANDERS ASSISTANT SECRETARY	241,289.	21,022.	810.	30,038.	20,256.	313,415.	0
6	DANIEL RISSI, MD VP CHIEF MEDICAL OFFICER	356,831.	44,797.	3,564.	45,269.	15,050.	465,511.	0
7	KIMBERLY KALAJAINEN VP CHIEF INFORMATION OFFICER	199,301.	11,020.	10,849.	25,787.	23,120.	270,077.	0
8	CRISTA DURAND VP STRATEGIC PLANNING/MKTG	252,218.	31,685.	540.	32,277.	20,256.	336,976.	0
9	LAUREN WILLIAMS VP PATIENT CARE SERVICES	232,720.	26,861.	2,322.	28,880.	8,445.	299,228.	0
10	PAMELA KANE VP PHYSICIANS PRACTICE	208,053.	24,980.	540.	25,453.	23,632.	282,658.	0
11	GARTH BALLANTYNE CHAIRMAN DEPT OF SURGERY	172,144.		22,182.		4,223.	198,549.	0
12	DAVID F. REISFELD, MD VP, MED STAFF	301,372.	71,998.	3,240.	10,000.	24,798.	411,408.	0
13	GERALDINE RUFFA MEDICAL DIRECTOR, PHYSICIAN	227,550.	1,467.	690.	9,413.	23,632.	262,752.	0
14	DONNA EPPS VP CHIEF HR OFFICER	177,658.	178.	1,535.	17,866.		197,237.	0
15	KENNETH CIKATZ PHARMACIST	174,740.	3,451.	11,007.	7,716.	16,890.	213,804.	0
16	PAUL CHAUSSE DIRECTOR OF REVENUE CYCLE	145,447.	28,889.	300.	7,102.	8,886.	190,624.	0

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

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

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

	(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1	GARY CASS DIRECTOR HR/LABOR RELATIONS	(i) 166,180. (ii) 0 (iii) 0	1,146. 0 0	3,810. 0 0	1,142. 0 0	17,585. 0 0	189,863. 0 0	0 0 0
2		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
3		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
4		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
5		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
6		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
7		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
8		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
9		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
10		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
11		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
12		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
13		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
14		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
15		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---
16		(i) --- (ii) --- (iii) ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---	--- --- ---

**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, LINES 1A AND 1B

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.

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

SCHEDULE J, PART I, LINE 4B

LAWRENCE & MEMORIAL HOSPITAL ESTABLISHED A SECTION 457(F) SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN FOR THE HOSPITAL'S SENIOR MANAGEMENT. AMOUNTS FOR BRUCE CUMMINGS ARE CREDITED TO THE RETIREMENT ACCOUNT IN MONTHLY INSTALLMENTS THROUGHOUT EACH PLAN YEAR, AMOUNTS FOR ALL OTHER MEMBERS OF SENIOR MANAGEMENT ARE CREDITED TO THE PLAN ANNUALLY. PLAN AMOUNTS WILL BE PAID ONLY IF CERTAIN CONDITIONS ARE MET, INCLUDING REMAINING EMPLOYED BY

**Part III Supplemental Information**

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

THE HOSPITAL THROUGH AGE 65, AS OUTLINED IN THE PLAN AGREEMENT. SECTION

457(F) CONTRIBUTIONS ARE REPORTED ON SCHEDULE J, PART II, COLUMN C.

DURING 2012, SECTION 457(F) CONTRIBUTIONS WERE CREDITED TOWARDS THE PLAN

AS FOLLOWS:

BRUCE CUMMINGS - \$69,826

DANIEL RISSI - \$35,269

LUGENE INZANA - \$30,827

CRISTA DURAND - \$22,277

LAUREN WILLIAMS - 18,880

PAMELA KANE - \$15,453

KIMBERLY KALAJAINEN - \$16,063

WILLIAM STANLEY - \$14,379

DONNA EPPS - \$10,280

MAUREEN ANDERSON - \$20,038

SCHEDULE J, PART I, LINE 7

L&M HOSPITAL HAS AN EXECUTIVE INCENTIVE PLAN. BONUSES ARE AWARDED UNDER

THE PLAN BASED ON THE EXECUTIVE MEETING TEAM AND PERSONAL GOALS. THE PLAN

ALSO INCLUDES A DISCRETIONARY COMPONENT. MEMBERS OF L&M HOSPITAL'S SENIOR

**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.

MANAGEMENT TEAM (PRESIDENT & VICE PRESIDENTS) ARE ELIGIBLE FOR ANNUAL EXECUTIVE INCENTIVE PLAN AWARDS, BASED ON PRE-SET PERCENTAGES OF BASE SALARY TO EACH EXECUTIVE BASED ON THE HOSPITAL MEETING ITS FINANCIAL AND WORK-PLAN GOALS AS WELL AS THE EXECUTIVE MEETING PREDETERMINED INDIVIDUAL AND TEAM GOALS. IN THE CASE OF AN EXECUTIVE NOT MEETING ALL OF THEIR PREDETERMINED GOALS, A PERCENTAGE OF THE ELIGIBLE TARGET AMOUNT MAY BE AWARDED.

**SCHEDULE K  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

TAX-EXEMPT BONDS

**Supplemental Information on Tax-Exempt Bonds**

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

OMB No. 1545-0047

**2012**

Open to Public  
Inspection

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
A CT HEFA VAR RATE DEMAND REV BONDS, SERIES E	06-0806186	20774L389	01/16/2008	22,990,000. SEE PART VI			X		X		X
B CT HEFA FIXED RATE REV BONDS, SERIES F	06-0806186	VARIOUS	09/15/2011	61,831,040. SEE PART VI			X		X		X
C											
D											

**Part II Proceeds**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired								
2 Amount of bonds legally defeased				2,885,000.				
3 Total proceeds of issue		22,990,000.		61,831,040.				
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows				1,021,749.				
7 Issuance costs from proceeds								
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds								
11 Other spent proceeds		22,990,000.		60,809,291.				
12 Other unspent proceeds								
13 Year of substantial completion								
14 Were the bonds issued as part of a current refunding issue?	X		X					
15 Were the bonds issued as part of an advance refunding issue?		X		X				
16 Has the final allocation of proceeds been made?	X		X					
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

**Part III Private Business Use**

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

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

Schedule K (Form 990) 2012

Part III Private Business Use (Continued)

TAX-EXEMPT BONDS

Table with columns A, B, C, D for questions 3a through 9 regarding private business use of bond-financed property.

Part IV Arbitrage

Table with columns A, B, C, D for questions 1 through 5 regarding arbitrage.



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

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

NAME OF BOND: \$22,990,000 VAR. RATE DEMAND REV, BDS. LAWRENCE & MEMORIAL HOSP. ISSUE, SERIES E REFUNDED 2004 ISSUE, WHICH REFUNDED 1998 ISSUE.

NAME OF BOND: \$58,940,000 FIXED RATE REV BONDS, SERIES F THE PROCEEDS OF THE SERIES F BONDS WILL BE 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.

LAWRENCE &amp; MEMORIAL HOSPITAL

06-0646704

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

Department of the Treasury  
Internal Revenue Service

**Transactions With Interested Persons**

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

OMB No. 1545-0047

**2012**

**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) and section 501(c)(4) organizations only).

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

1	(a) Name of disqualified person	(b) 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)				

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

Schedule L (Form 990 or 990-EZ) 2012

**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) NORTHEAST UTILITIES	BOARD MEMBER/DIRECTOR	1,391,894.	UTILITIES SERVICES		X
(2) BLUECROSS BLUESHIELD	SECRETARY'S IN LAW IS CEO	1,541,451.	INSURANCE PREMIUMS		X
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

**Part V Supplemental Information**

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

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

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

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

▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

**2012**

**Open to Public  
Inspection**

Employer identification number

06-0646704

FORM 990, PART III, LINE 4

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, 2013, LAWRENCE & MEMORIAL HOSPITAL SERVED 14,659 HOSPITALIZED PATIENTS AND 177,976 PATIENT VISITS THROUGH OUR AMBULATORY PROGRAMS. IN ADDITION, 88,813 EMERGENCY CASES CAME THROUGH OUR EMERGENCY FACILITIES IN NEW LONDON (50,959) AND GROTON (37,854). SAME DAY SURGERIES ACCOUNTED FOR 9,282 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 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.

#### OVERVIEW

=====

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

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

IN OFFERING DIVERSIFIED AND BROAD-BASED COMMUNITY HEALTH EDUCATION PROGRAMS. THESE PROGRAMMING EFFORTS INCLUDE COMMUNITY LECTURES AT THE HOSPITAL, CABLE TV ACCESS PROGRAMMING, RELIABLE HEALTH INFORMATION WITH OVER 2,500 HEALTH-RELATED ARTICLES ON THE HOSPITAL'S WEB SITE (WWW.LMHOSPITAL.ORG), TOURS, SUPPORT GROUPS, COMMUNITY EDUCATIONAL PROGRAMS, PUBLIC SERVICE ANNOUNCEMENTS AND SCREENING AND HEALTH FAIRS, INCLUDING ONSITE VISITS TO LARGE AND SMALL COMPANIES.

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

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

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

FORM 990, PART VI, LINE 2

DONALD FELITTO, R. ALAN HUNTER, MAUREEN ANDERSON, LUGENE INZANA AND HENRY AMDUR SERVE ON THE BOARD OF L&M INDEMNITY, A RELATED ORGANIZATION.

FORM 990, PART VI, LINE 11A

WORKING WITH A PAID PREPARER, A FORM 990 IS PREPARED. L&M HOSPITAL'S FORM

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

990 IS THEN REVIEWED BY THE HOSPITAL'S INTERNAL MANAGEMENT. THE COMPLETED FORM 990 IS PROVIDED TO ALL MEMBERS OF THE BOARD OF DIRECTORS PRIOR TO THE FORM BEING FILED WITH THE IRS.

FORM 990, PART VI, LINE 12

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

HENRY AMDUR, MD IS COMPENSATED FOR SERVICES PROVIDED TO THE HOSPITAL AS

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

AN INDEPENDENT CONTRACTOR. ROBERT KELTNER, MD AND DONALD FELITTO, MD ARE COMPENSATED AS MEDICAL STAFF AND NOT AS DIRECTORS.

PART 990, PART IX, LINE 25  
FUNDRAISING EXPENSES ARE REPORTED ON FORM 990, PART IX FOR LAWRENCE & MEMORIAL HOSPITAL (EIN 06-0646704). CONTRIBUTIONS ARE REPORTED ON THE FORMS 990 FOR BOTH LAWRENCE & MEMORIAL HOSPITAL (EIN 06-0646704) AND LAWRENCE & MEMORIAL CORPORATION (EIN 22-2553028). ADDITIONAL CONTRIBUTIONS IN THE AMOUNT OF \$2,685,385 ARE REPORTED ON THE FORM 990 FOR LAWRENCE & MEMORIAL CORPORATION (EIN 22-2553028).

FORM 990, PART XI, LINE 9

REALIZED LOSSES	-\$262,223
PAYMENTS TO AFFILIATES	-\$4,467,122
CHANGE IN VALUE OF IRREVOCABLE TRUSTS	\$239,710
INCREASE IN FUNDS HELD IN TRUST BY OTHERS	\$82,447
CHANGE IN MINIMUM PENSION LIABILITY	\$5,929,845
	\$1,522,657

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>
IPC HOSPITALISTS COMPANY, INC. PO BOX 8219 PASADENA, CA 91103	HOSPITALISTS	1,993,072.
YANKEE REMODELER OF NEW LONDON 95 TRUMAN STREET NEW LONDON, CT 06320	REMODELING COMPANY	867,269.

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

ATTACHMENT 1 (CONT'D)

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

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
TOTAL LAUNDRY COLLABORATIVE, LLC 114 WOODLAND STREET HARTFORD, CT 06105	LAUNDRY SERVICES	852,054.
NIXON PEABODY, LLP ATTORNEYS AT LAW 100 SUMMER ST BOSTON, MA 02110-2131	ATTORNEYS	2,196,428.
B&L CONSTRUCTION, INC. 756 MIDDLESEX TPKE OLD SAYBROOK, CT 06475	REMODELING COMPANY	995,730.

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

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

Employer identification number  
06-0646704

**Related Organizations and Unrelated Partnerships**

OMB No. 1545-0047  
**2012**  
Open to Public Inspection

**Part I Identification of Disregarded Entities** (Complete if the organization answered "Yes" to 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" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section (if section 501(c)(3))	(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 HOSPITAL	X	
(7) L&M 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) 2012

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

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

**Related Organizations and Unrelated Partnerships**

**2012**

Open to Public  
Inspection

Employer identification number  
06-0646704

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

(1)	(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" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(1)	(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. 25 WELLS STREET WESTERLY, RI 02881 05-0508064	FUNDRAISING	RI	501(C)(3)		LMW HEALTH	X	
(2)	-----							
(3)	-----							
(4)	-----							
(5)	-----							
(6)	-----							
(7)	-----							

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) L&M SYSTEMS, INC. 365 MONTAUK AVENUE NEW LONDON, CT 06320 22-2553037	HEALTHCARE	CT	N/A	C					X
(2) L&M HOME CARE SERVICES, INC. 365 MONTAUK AVENUE NEW LONDON, CT 06320 06-1389272	THERAPY	CT	N/A	C					X
(3) L&M INDEPENDENTLY PO BOX 1159 KYL-1102 GRAND CAYMAN, CAYMAN ISLANDS, CY 98-1021436	INSURANCE	CY	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" to Form 990, Part IV, line 34, 35b, or 36.)

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

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

- a Receipt of (i) interest (iii) royalties or (iv) rent from a controlled entity
- b Gift, grant, or capital contribution to related organization(s)
- c Gift, grant, or capital contribution from related organization(s)
- d Loans or loan guarantees to or for related organization(s)
- e Loans or loan guarantees by related organization(s)
- f Dividends from related organization(s)
- g Sale of assets to related organization(s)
- h Purchase of assets from related organization(s)
- i Exchange of assets with related organization(s)
- j Lease of facilities, equipment, or other assets to related organization(s)
- k Lease of facilities, equipment, or other assets from related organization(s)
- l Performance of services or membership or fundraising solicitations for related organization(s)
- m Performance of services or membership or fundraising solicitations by related organization(s)
- n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o Sharing of paid employees with related organization(s)
- p Reimbursement paid to related organization(s) for expenses
- q Reimbursement paid by related organization(s) for expenses
- r Other transfer of cash or property to related organization(s)
- s Other transfer of cash or property from related organization(s)

	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved	Yes	No
(1)	ASSOCIATED SPECIALISTS OF SE CT	O	18,357.	CASH		X
(2)	ASSOCIATED SPECIALISTS OF SE CT	P	392,115.	CASH		X
(3)	ASSOCIATED SPECIALISTS OF SE CT	B	424,608.	CASH		X
(4)	L&M PHYSICIAN ASSOCIATION, INC.	B	15,724,357.	CASH		X
(5)						
(6)						

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) -----													
(2) -----													
(3) -----													
(4) -----													
(5) -----													
(6) -----													
(7) -----													
(8) -----													
(9) -----													
(10) -----													
(11) -----													
(12) -----													
(13) -----													
(14) -----													
(15) -----													
(16) -----													

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

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

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**Lawrence + Memorial Hospital**  
Consolidated Financial Statements and  
Supplemental Information  
September 30, 2013 and 2012

**Lawrence + Memorial Hospital**  
**Index**  
**September 30, 2013 and 2012**

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## Report of Independent Auditors

To the Board of Trustees of  
Lawrence + Memorial Hospital

We have audited the accompanying consolidated financial statements of Lawrence + Memorial Hospital (a subsidiary of Lawrence + Memorial Corporation, the "Hospital"), which comprise the consolidated balance sheets as of September 30, 2013 and 2012, 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 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 Company'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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lawrence + Memorial Hospital (a subsidiary of Lawrence + Memorial Corporation, the "Hospital") and its subsidiary at September 30, 2013 and September 30, 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information, on pages 26 through 31, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations. Accordingly, we do not express an opinion on the financial position, results of operations, and changes in net assets, of the individual organizations. However, the consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, based on our audits is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

January 10, 2014

**Lawrence + Memorial Hospital**  
**Consolidated Balance Sheets**  
**September 30, 2013 and 2012**

	2013	2012
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 418,968	\$ 13,709,499
Investments	130,950,162	138,433,638
Patient accounts receivable, net of allowance for doubtful accounts of \$5,068,102 and \$6,514,265, respectively	33,903,908	28,946,593
Other receivables	17,671,453	17,488,730
Inventories	5,845,470	4,469,470
Due from affiliates	1,316,775	639,799
Prepaid expenses and other current assets	2,256,097	2,004,576
Debt service fund	1,306,255	1,307,110
Total current assets	<u>193,669,088</u>	<u>206,999,415</u>
Assets limited as to use		
Cash	182,366	180,789
Construction fund	9,541,685	-
Investments held in trust	985,034	971,261
Endowment investments	17,922,954	16,251,376
Funds held in trust by others	6,773,578	6,451,420
Contributions receivable	20,366	20,366
Funds held in escrow by agreement with State of Connecticut Health and Educational Facilities Authority and trustees	2,247,255	2,247,125
Total assets limited as to use	<u>37,673,238</u>	<u>26,122,337</u>
Deferred financing costs and other assets, net	1,776,176	1,857,504
Property, plant and equipment, net	<u>161,990,209</u>	<u>134,926,548</u>
	<u>\$ 395,108,711</u>	<u>\$ 369,905,804</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 24,079,687	\$ 25,447,380
Accrued vacation and sick pay	11,523,272	12,283,930
Salaries, wages, payroll taxes and amounts withheld from employees	4,495,457	3,887,888
Due to affiliates	1,867,732	2,421,244
Due to third party payors	3,826,094	5,409,556
Current portion of long-term debt	4,487,234	2,762,007
Total current liabilities	<u>50,279,476</u>	<u>52,212,005</u>
Accrued pension and other postretirement benefits	42,309,345	51,185,800
Other liabilities	17,774,823	17,998,408
Long-term debt, less current portion	<u>86,439,477</u>	<u>79,507,217</u>
Total liabilities	<u>196,803,121</u>	<u>200,903,430</u>
Net assets		
Unrestricted	170,160,088	143,045,328
Temporarily restricted	22,198,248	20,092,239
Permanently restricted	5,947,254	5,864,807
Total net assets	<u>198,305,590</u>	<u>169,002,374</u>
	<u>\$ 395,108,711</u>	<u>\$ 369,905,804</u>

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

**Lawrence + Memorial Hospital**  
**Consolidated Statements of Operations**  
**Years Ended September 30, 2013 and 2012**

	2013	2012
<b>Unrestricted revenues, gains and other support</b>		
Net revenues from services to patients	\$ 315,384,106	\$ 329,278,379
Provision for bad debt	(12,127,746)	(12,114,319)
Net revenue less provision for bad debt	<u>303,256,360</u>	<u>317,164,060</u>
Other operating revenues	19,592,810	11,277,917
Net assets released from restriction used for operations	<u>508,227</u>	<u>449,575</u>
Total unrestricted revenues, gains and other support	<u>323,357,397</u>	<u>328,891,552</u>
<b>Expenses</b>		
Salaries and wages	149,825,846	152,912,737
Employee benefits	43,535,428	42,122,837
Supplies	45,171,409	46,248,498
Purchased services	23,622,138	24,623,743
Other	33,252,775	28,877,147
Interest	2,705,025	2,315,992
Depreciation and amortization	<u>20,641,159</u>	<u>18,825,589</u>
Total expenses	<u>318,753,780</u>	<u>315,926,543</u>
Income from operations	<u>4,603,617</u>	<u>12,965,009</u>
Nonoperating gains		
Unrestricted investment income	122,109	160,370
Income from investments	<u>6,041,461</u>	<u>4,424,194</u>
Total nonoperating gains	<u>6,163,570</u>	<u>4,584,564</u>
Excess of revenues over expenses	10,767,187	17,549,573
Transfers from/(to) affiliated entity	1,136,545	(16,931,534)
Net unrealized gains on investments	9,113,432	11,303,455
Net assets released from restriction used for purchase of property, plant and equipment	167,751	136,178
Pension related changes other than periodic pension costs	<u>5,929,845</u>	<u>(10,751,244)</u>
Increase in unrestricted net assets	<u>\$ 27,114,760</u>	<u>\$ 1,306,428</u>

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

**Lawrence + Memorial Hospital**  
**Consolidated Statements of Changes in Net Assets**  
**Years Ended September 30, 2013 and 2012**

	2013	2012
<b>Unrestricted net assets</b>		
Excess of revenues over expenses	\$ 10,767,187	\$ 17,549,573
Transfer from/(to) affiliated entities	1,136,545	(16,931,534)
Net unrealized gains on investments	9,113,432	11,303,455
Net assets released from restrictions used for purchase of property, plant and equipment	167,751	136,178
Pension related changes other than periodic pension costs	5,929,845	(10,751,244)
Increase in unrestricted net assets	<u>27,114,760</u>	<u>1,306,428</u>
<b>Unrestricted net assets</b>		
Beginning of year	<u>143,045,328</u>	<u>141,738,900</u>
End of year	<u>\$ 170,160,088</u>	<u>\$ 143,045,328</u>
<b>Temporarily restricted net assets</b>		
Income from investments	\$ 643,386	\$ 357,100
Net assets released from restrictions	(675,978)	(585,753)
Contributions received	235,453	161,666
Change in value of irrevocable trust	239,710	488,575
Net realized and unrealized gains on investments	1,663,438	1,877,872
Increase in temporarily restricted net assets	<u>2,106,009</u>	<u>2,299,460</u>
<b>Temporarily restricted net assets</b>		
Beginning of year	<u>20,092,239</u>	<u>17,792,779</u>
End of year	<u>\$ 22,198,248</u>	<u>\$ 20,092,239</u>
<b>Permanently restricted net assets</b>		
Change in value of funds held in trust by others	\$ 82,447	\$ 354,949
Increase in permanently restricted net assets	<u>82,447</u>	<u>354,949</u>
<b>Permanently restricted net assets</b>		
Beginning of year	<u>5,864,807</u>	<u>5,509,858</u>
End of year	<u>\$ 5,947,254</u>	<u>\$ 5,864,807</u>
Increase in net assets	<u>\$ 29,303,216</u>	<u>\$ 3,960,837</u>

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

**Lawrence + Memorial Hospital**  
**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2013 and 2012**

	2013	2012
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 29,303,216	\$ 3,960,837
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	20,641,159	18,825,589
Restricted contributions	(883,096)	(845,675)
Net unrealized and realized gains on investments	(10,508,881)	(12,785,921)
Provision for bad debts	12,127,746	12,114,319
Increase in funds held in trust by others	(322,158)	(843,487)
Increase in contributions receivable	-	(38)
Changes in other operating accounts		
Patient accounts receivable, net	(17,085,061)	(10,577,581)
Other receivables, net	(182,723)	(13,490,272)
Inventories	(1,376,000)	58,547
Due from affiliates	(676,976)	(61,638)
Prepaid expenses and other current assets	(251,521)	(264,772)
Deferred financing costs and other assets	81,328	81,329
Accounts payable	(2,389,268)	4,239,453
Accrued vacation and sick pay	(760,658)	578,119
Salaries, wages, payroll taxes and amounts withheld from employees	607,569	761,990
Due to affiliates	(553,512)	507,253
Due to third party payors	(1,583,462)	(2,428,532)
Pension, postretirement and other liabilities	(9,100,040)	11,547,267
Net cash provided by operating activities	<u>17,087,662</u>	<u>11,376,787</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, net	(46,683,245)	(34,257,462)
Purchase of investments	(63,030,285)	(66,467,708)
Sales of investments	69,794,029	63,569,041
Decrease/(increase) in debt service fund	855	(197,218)
(Increase)/decrease in funds held in escrow	(130)	245
Net cash used in investing activities	<u>(39,918,776)</u>	<u>(37,353,102)</u>
<b>Cash flows from financing activities</b>		
Restricted contributions	883,096	845,675
Principal payments of long term debt	(2,938,881)	(2,957,189)
Proceeds of long term debt	11,596,368	-
Net cash provided by/(used in) financing activities	<u>9,540,583</u>	<u>(2,111,514)</u>
Net decrease in cash and cash equivalents	(13,290,531)	(28,087,829)
<b>Cash and cash equivalents</b>		
Beginning of year	13,709,499	41,797,328
End of year	<u>\$ 418,968</u>	<u>\$ 13,709,499</u>
<b>Supplemental disclosure of noncash activities</b>		
Construction in process included in accounts payable	<u>\$ 2,105,176</u>	<u>\$ 3,126,751</u>
Contributed securities	<u>\$ 883,096</u>	<u>\$ 845,675</u>

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

**Lawrence + Memorial Hospital**  
**Notes to Consolidated Financial Statements**  
**September 30, 2013 and 2012**

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**1. Significant Accounting Policies and Organization**

**Organization**

Lawrence + Memorial Hospital (the "Hospital"), a nonprofit organization incorporated under the General Statutes of the State of Connecticut, is a wholly owned subsidiary of Lawrence + Memorial Corporation (the "Corporation"). The Board of the Corporation elects a Board of Directors who manages the property and affairs of the Hospital.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Hospital and its wholly owned subsidiary, Associated Specialists of Southeastern Connecticut, Inc. ("Associated Specialists"). All intercompany accounts and transactions have been eliminated in consolidation.

**Use of Estimates**

The preparation of consolidated 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 Hospital's significant estimates include the collectability of patient accounts receivable, useful lives of fixed assets, estimated settlements due to third party payors, valuation of certain investments, estimated reserves for self-insurance liabilities, and benefit plan assumptions.

**Regulatory Matters**

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

**Temporarily and Permanently Restricted Net Assets**

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

**Donor Restricted Gifts**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated 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 Hospital and its subsidiary consider all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

**Lawrence + Memorial Hospital**  
**Notes to Consolidated Financial Statements**  
**September 30, 2013 and 2012**

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**Investments**

Investments in equity and debt securities are recorded at fair value in the balance sheet. Fair value is generally determined based on quoted market prices where available or net asset values provided by investment managers. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are included in the change in net assets.

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 Hospital's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions.

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

**Fair Value Measurements**

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

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Hospital 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.

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**Assets Limited as to Use**

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

**Property, Plant and Equipment**

Property, plant and equipment are recorded at cost, or, if received as a donation, at the fair value on the date received. The Hospital 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 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 2-25 year life for equipment. Lease improvements are amortized over the life of the lease.

**Non-operating Gains and Losses**

Activities other than in connection with providing health care services are considered to be non-operating.

**Excess of Revenues Over Expenses**

The consolidated statement of operations includes excess of revenues over expenses. Changes in unrestricted net assets which are excluded from the 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**

Certain 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 Hospital for debt of the same remaining maturities.

**Medical Malpractice Self-Insurance**

The Hospital purchases claims made-based professional and general liability insurance to cover medical malpractice claims from L + M Indemnity, Ltd. The Hospital has adopted the policy of self-insuring the tail coverage portion of its malpractice insurance coverage. Management has accrued the estimate of losses anticipated to be incurred.

**Income Taxes**

The Hospital and its wholly owned subsidiary, Associated Specialists, 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.

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**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. This payout is only upon termination of employment.

**Subsequent Events**

The Hospital has performed an evaluation of subsequent events through January 10, 2014, which is the date the financial statements were issued.

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. Contract negotiations will be resumed in February 2014. In response to the strike, the Hospital initially curtailed services in its Intensive Care Unit and for elective surgeries, both of which are being gradually returned to full service. The Hospital is monitoring the negative impact of the strike and lockout on both revenues and expenses. Negotiations with the two unions are ongoing, however, no assurance can be given regarding the outcome of such negotiations.

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

The following summarizes net revenues from services to patients:

	2013	2012
Gross charges from services to patients	\$ 718,354,285	\$ 704,064,528
Less: Charity care	<u>7,125,259</u>	<u>5,799,817</u>
Charges from services to patients, net of charity care	<u>711,229,026</u>	<u>698,264,711</u>
Deductions		
Allowances	394,797,284	371,565,459
State of Connecticut uncompensated care system (receipts)	<u>1,047,636</u>	<u>(2,579,127)</u>
Total deductions	<u>395,844,920</u>	<u>368,986,332</u>
Net revenues from services to patients	<u>\$ 315,384,106</u>	<u>\$ 329,278,379</u>

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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. The impact to L + M Hospital in Fiscal Year 2013 is a reduction of \$3,000,000, with further reductions to occur in Fiscal Year 2014 and 2015. In 2013, the Corporation paid cash into the State of Connecticut Uncompensated Care Pool that exceeded the amount was received from the State. Fiscal year 2013 resulted in a decrease in net revenue whereas fiscal year 2012 was an increase to net revenue.

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 \$1,126,576 and \$4,271,085 in 2013 and 2012, respectively.

During 2013 and 2012, approximately 33% 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, but also includes certain cases where incurred charges are significant when compared to income. These charges are not included in net patient service revenues for financial reporting purposes.

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**3. Investments**

Investments at September 30 consist of:

	2013	2012
<b>Endowment investments</b>		
Cash and cash equivalents	\$ 201,482	\$ 311,567
Bonds	2,393,150	3,160,573
Mutual funds	9,977,123	8,137,871
Hedge funds	4,734,703	4,181,923
Private equities	90,111	39,230
Marketable equities	526,385	420,212
Total pooled endowment funds	<u>17,922,954</u>	<u>16,251,376</u>
<b>Funds held in trust by others</b>		
Investments held in trust by others	<u>6,773,578</u>	<u>6,451,420</u>
Total investments held in trust by others	<u>6,773,578</u>	<u>6,451,420</u>
<b>Other investments</b>		
Cash and cash equivalents	1,039,729	1,195,140
Bonds	19,613,262	42,457,428
Mutual Funds	-	-
Hedge funds	45,300,989	41,256,677
Private equities	1,772,427	389,562
Marketable equities	63,223,755	53,134,831
Total other investments	<u>130,950,162</u>	<u>138,433,638</u>
Total Investments at fair value	<u>\$ 155,646,694</u>	<u>\$ 161,136,434</u>

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The Hospital'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 valuation hierarchy:

	<b>2013</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Endowment investments</b>				
Cash and cash equivalents	\$ 201,482	\$ -	\$ -	\$ 201,482
Bonds	1,582,076	599,579	211,495	2,393,150
Mutual funds	8,529,184	-	1,447,939	9,977,123
Hedge funds	-	-	4,734,703	4,734,703
Private equities	-	-	90,111	90,111
Marketable equities	526,385	-	-	526,385
Total pooled endowment funds	<u>10,839,127</u>	<u>599,579</u>	<u>6,484,248</u>	<u>17,922,954</u>
<b>Funds Held in trust by others</b>				
Investments held in trust by others	-	-	6,773,578	6,773,578
Total held in trust by others	<u>-</u>	<u>-</u>	<u>6,773,578</u>	<u>6,773,578</u>
<b>Other investments</b>				
Cash and cash equivalents	1,039,729	-	-	1,039,729
Bonds	13,777,897	5,835,365	-	19,613,262
Mutual funds	-	-	-	-
Hedge funds	-	-	45,300,989	45,300,989
Private equities	-	-	1,772,427	1,772,427
Marketable equities	63,223,755	-	-	63,223,755
Total other investments	<u>78,041,381</u>	<u>5,835,365</u>	<u>47,073,416</u>	<u>130,950,162</u>
	<u>\$ 88,880,508</u>	<u>\$ 6,434,944</u>	<u>\$ 60,331,242</u>	<u>\$ 155,646,694</u>

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	2012			Total Fair Value
	Level 1	Level 2	Level 3	
<b>Endowment investments</b>				
Cash and cash equivalents	\$ 311,567	\$ -	\$ -	\$ 311,567
Bonds	2,818,539	-	342,034	3,160,573
Mutual funds	7,351,719	-	786,152	8,137,871
Hedge funds	-	-	4,181,923	4,181,923
Private equities	-	-	39,230	39,230
Marketable equities	420,212	-	-	420,212
Total pooled endowment funds	10,902,037	-	5,349,339	16,251,376
<b>Funds held in trust by others</b>				
Investments held in trust by others	-	-	6,451,420	6,451,420
Total held in trust by others	-	-	6,451,420	6,451,420
<b>Other investments</b>				
Cash and cash equivalents	1,195,140	-	-	1,195,140
Bonds	42,457,428	-	-	42,457,428
Mutual funds	-	-	-	-
Hedge funds	-	-	41,256,677	41,256,677
Private equities	-	-	389,562	389,562
Marketable equities	53,134,831	-	-	53,134,831
Total other investments	96,787,399	-	41,646,239	138,433,638
	<u>\$ 107,689,436</u>	<u>\$ -</u>	<u>\$ 53,446,998</u>	<u>\$ 161,136,434</u>

Fair value for Level 1 is based upon quoted prices in active markets that the Hospital has the ability to access at the measurement date. Market price data is generally obtained from exchange or dealer markets. The Hospital 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.

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Investments included in Level 3 primarily consist of the Hospital'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.

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 Hospital 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 Hospital within Level 3 of the fair value hierarchy defined above:

	Beginning October 1, 2012	Investment Income	Realized Gains	Unrealized Gains	Investment Fees	Purchases	Sales	Ending September 30, 2013
<b>Investment pool</b>								
Hedge funds	\$ 46,566,786	\$ 299,208	\$ 1,025,998	\$ 4,503,429	\$ (111,018)	\$ 1,037,784	\$ (1,627,061)	\$ 51,695,126
Private equities	428,792	-	63,278	100,252	(56,899)	1,339,123	(12,008)	1,862,538
Funds held in trust	6,451,420	-	-	322,158	-	-	-	6,773,578
<b>Total</b>	<b>\$ 53,446,998</b>	<b>\$ 299,208</b>	<b>\$ 1,089,276</b>	<b>\$ 4,925,839</b>	<b>\$ (167,917)</b>	<b>\$ 2,376,907</b>	<b>\$ (1,639,069)</b>	<b>\$ 60,331,242</b>

	Beginning October 1, 2011	Investment Income	Realized Gains	Unrealized Gains	Investment Fees	Purchases	Sales	Ending September 30, 2012
<b>Investment pool</b>								
Hedge funds	\$ 43,690,711	\$ 315,117	\$ 1,734,944	\$ 1,366,073	\$ (93,084)	\$ 10,791,494	\$ (11,238,469)	\$ 46,566,786
Private equities	94,306	-	-	-	-	334,486	-	428,792
Funds held in trust	5,807,932	-	-	843,488	-	-	-	6,451,420
<b>Total</b>	<b>\$ 49,392,949</b>	<b>\$ 315,117</b>	<b>\$ 1,734,944</b>	<b>\$ 2,209,561</b>	<b>\$ (93,084)</b>	<b>\$ 11,125,980</b>	<b>\$ (11,238,469)</b>	<b>\$ 53,446,998</b>

There were no transfers amongst levels during 2013 or 2012.

A summary of the pooled endowment investment return is presented below:

	2013	2012
Investment income	\$ 289,540	\$ 268,586
Realized and unrealized gains	1,663,438	1,877,871
Management fees and other costs	(41,701)	(27,226)
<b>Total return on endowment investments</b>	<b>\$ 1,911,277</b>	<b>\$ 2,119,231</b>

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Following is additional information related to funds whose fair value is not readily determinable as of September 30, 2013.

	Strategy	Fair Value	# of Investments	Remaining Life	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Restrictions in Place at Year End
Equity securities	Global developed and emerging market equity	\$ 12,442,187	1	N/A	\$ -	No remaining commitments	Monthly with 10 day's notice	None	None
Absolute return	Long/short and long-biased equity and credit hedge funds	15,953,850	7	N/A		No remaining commitments	Annual with 90 day's notice	Lock up provision of 12 months from the purchase date	None
Directional hedge	Long/short and long-biased equity and credit hedge funds	19,119,808	1	N/A		No remaining commitments	Quarterly with 90 day's notice	Lock up provision of 25 months from the purchase date	None
Commodities	Commodity index	4,479,501	1	N/A		No remaining commitments	Monthly with 5 day's notice	None	None
Private equity	Private equity	1,847,434	2	N/A		Illiquid long term 5 years	None	None	None
		<u>\$ 63,542,560</u>							

**4. Endowments**

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

The Hospital understands net asset classification guidance requires that donor restricted endowment gifts be maintained in perpetuity. Consistent with net asset classification guidance, the Hospital classified 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 Hospital 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 Hospital 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 Hospital.
- The investment policies of the Hospital.

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Changes in endowment net assets for year ended September 30:

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Endowment net assets at beginning of year</b>	\$ -	\$ 13,633,436	\$ 2,839,683	\$ 16,473,119
Investment return				
Investment income		137,152		137,152
Net realized and unrealized gains		1,663,438		1,663,438
Total investment return	-	1,800,590	-	1,800,590
Income distribution		(129,592)		(129,592)
<b>Endowment net assets at end of year</b>	<b>\$ -</b>	<b>\$ 15,304,434</b>	<b>\$ 2,839,683</b>	<b>\$ 18,144,117</b>

  

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Endowment net assets at beginning of year</b>	\$ -	\$ 11,788,979	\$ 2,839,683	\$ 14,628,662
Investment return				
Investment income	-	91,840	-	91,840
Net realized and unrealized gains	-	1,877,872	-	1,877,872
Total investment return	-	1,969,712	-	1,969,712
Income distribution	-	(125,255)	-	(125,255)
<b>Endowment net assets at end of year</b>	<b>\$ -</b>	<b>\$ 13,633,436</b>	<b>\$ 2,839,683</b>	<b>\$ 16,473,119</b>

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

	2013	2012
<b>Temporarily restricted net assets</b>		
Unspent income and appreciation on permanently restricted endowments for purchase of equipment and healthcare services	<u>\$ 15,304,434</u>	<u>\$ 13,633,436</u>
Total endowment funds classified as temporarily restricted net assets	<u>\$ 15,304,434</u>	<u>\$ 13,633,436</u>
<b>Permanently restricted net assets</b>		
Corpus of permanently restricted contributions for purchase of equipment and healthcare services	<u>\$ 2,839,683</u>	<u>\$ 2,839,683</u>
Total endowment funds classified as permanently restricted net assets	<u>\$ 2,839,683</u>	<u>\$ 2,839,683</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.

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**Endowment Investment Return Objectives and Risk Parameters**

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

**Strategies Employed for Achieving Endowment Investment Objectives**

To achieve its long-term rate of return objectives, the Hospital 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 Hospital targets a diversified asset allocation to achieve its long-term objectives within prudent Hospital 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. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes at September 30:

	2013	2012
Funds held in trust by others	\$ 3,687,812	\$ 3,448,102
Contributions receivable	20,366	20,366
Free beds and plant replacement and expansion:	15,304,434	13,633,436
Specific purpose reserves	3,185,636	2,990,335
	<u>\$ 22,198,248</u>	<u>\$ 20,092,239</u>

Permanently restricted net assets at September 30 are restricted to:

	2013	2012
Funds held in trust by others	\$ 3,107,571	\$ 3,025,124
Donor restricted endowment funds	2,839,683	2,839,683
	<u>\$ 5,947,254</u>	<u>\$ 5,864,807</u>

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**6. Property, Plant and Equipment**

Property, plant and equipment consists of the following:

	2013	2012
Land and land improvements	\$ 7,343,577	\$ 6,573,393
Buildings	120,101,634	114,978,768
Equipment	<u>234,099,872</u>	<u>215,747,098</u>
	361,545,083	337,299,259
Less: Accumulated depreciation	<u>(245,331,839)</u>	<u>(224,709,996)</u>
	116,213,244	112,589,263
Construction in progress (estimated cost to complete at September 30, 2013 is \$17,612,963 unaudited)	<u>45,776,965</u>	<u>22,337,285</u>
	<u>\$ 161,990,209</u>	<u>\$ 134,926,548</u>

**7. Long-Term Debt**

	2013	2012
CHEFA Series F Revenue Bonds		
Various rate bonds, due 2014 to 2026	\$ 33,625,000	\$ 36,250,000
5.0% Term Bonds, due 2027 to 2031	8,705,000	8,705,000
5.0% Term Bonds, due 2032 to 2036	11,100,000	11,100,000
CHEFA Series E revenue bonds		
Variable rate bonds, due 2023-2034	22,990,000	22,990,000
Tax exempt Lease	11,596,368	-
Capital lease obligation	<u>250,586</u>	<u>448,826</u>
Total debt outstanding	88,266,954	79,493,826
Less: Amounts classified as current	4,487,234	2,762,007
Add: Bond premium	<u>2,659,757</u>	<u>2,775,398</u>
Total long-term portion of long-term debt	<u>\$ 86,439,477</u>	<u>\$ 79,507,217</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 bond due July 1, 2036, with annual sinking fund payments due each July 1<sup>st</sup> commencing July 1, 2012. 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.

On June 24, 2004 CHEFA issued \$22,990,000 of Series E Bonds (the "Series E Bonds") on behalf of the Hospital and Lawrence + Memorial Corporation (collectively referred to as the "Obligated Group" under the Series E Bond agreement). The Series E Bonds are structured with a term bond due July 1, 2034, with annual sinking fund payments due each July 1<sup>st</sup> commencing July 1, 2023.

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Interest on the Series E Bonds accrues at the weekly rate and is payable on the first business day of each month commencing July 1, 2004.

Under the terms of the trust indenture for the Series E 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 E 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 E 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 \$22,900,000 which expires on December 31, 2014. 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 equal quarterly installments beginning in the first quarter that is at least 367 days after the initial draw down on the letter of credit. The Series E Bonds have been successfully remarketed in the past and there have been no draws on the letter of credit.

In accordance with the long-term loan agreement with CHEFA, certain trustee funds are required to be maintained. These funds provide for debt service and other related payments. The income derived from these funds is required to be reinvested in the trustee funds and is not available for current operating purposes.

The fair value of the Series E Bonds, using discounted cash flow analyses, approximates carrying value at September 30, 2013 and 2012. The fair value of the Series F Bonds using discounted cash flows was \$55,830,117.25 and \$62,036,108.50 for years ending September 30, 2013 and September 30, 2012, respectively.

The tax exempt lease (the "Easy Loan") 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 loan will be amortized monthly through June 27, 2020 at a nominal annual interest rate of 1.759%.

On October 10, 2013 Series G was issued in a private placement offering with Bank of America-Merrill Lynch and CHEFA in the amount of \$30,000,000 with an interest 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.

**Lawrence + Memorial Hospital**  
**Notes to Consolidated Financial Statements**  
**September 30, 2013 and 2012**

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Principal repayments on the CHEFA bonds are as follows:

<b>Years</b>	<b>Annual Principal Repayment</b>
2014	\$ 2,725,000
2015	2,835,000
2016	2,975,000
2017	3,130,000
2018 and thereafter	<u>64,755,000</u>
	<u>\$ 76,420,000</u>

The Hospital made cash interest payments of \$2,682,472 and \$2,118,293 in fiscal year 2013 and 2012, respectively. No interest was capitalized during 2013 or 2012.

**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 pension as incurred. This plan was frozen to include only those employees who retired prior to May 1, 1994.

**Lawrence + Memorial Hospital**  
**Notes to Consolidated Financial Statements**  
**September 30, 2013 and 2012**

The following table sets forth the Plans' funded status and amounts recognized in the consolidated balance sheet at September 30, 2013 and 2012 (measurement date of September 30):

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
<b>Change in benefit obligation</b>				
Benefit obligation at beginning of year	\$ 147,201,452	\$ 126,663,537	\$ 1,289,208	\$ 1,167,001
Service cost	1,536,115	1,555,388	-	-
Interest cost	5,685,930	6,610,881	31,620	59,302
Employee contributions	90,611	118,336	-	-
Benefits paid	(6,590,842)	(6,214,539)	(107,793)	(124,024)
Actuarial (gain)/loss	(2,133,477)	18,467,849	(212,291)	186,929
Benefit obligation at end of year	<u>145,789,789</u>	<u>147,201,452</u>	<u>1,000,744</u>	<u>1,289,208</u>
<b>Change in plan assets</b>				
Fair value of plan assets at beginning of year	98,298,309	85,487,585	-	-
Actual return on plan assets	7,662,270	11,886,927	-	-
Employee contributions	90,611	118,336	-	-
Employer contributions	6,400,000	7,020,000	107,793	124,024
Benefits paid	(6,590,842)	(6,214,539)	(107,793)	(124,024)
Fair value of plan assets at end of year	<u>105,860,348</u>	<u>98,298,309</u>	<u>-</u>	<u>-</u>
Funded status of the plan	(39,929,441)	(48,903,143)	(1,000,744)	(1,289,208)
Unrecognized net loss/(gain) from past experience different from that assumed and effects of changes in assumptions				
	37,006,625	42,795,831	(456,751)	(289,506)
Unrecognized prior service cost				
	190,310	330,949	-	-
Accrued benefit costs recognized in the consolidated balance sheet				
	<u>\$ (2,732,506)</u>	<u>\$ (5,776,363)</u>	<u>\$ (1,457,495)</u>	<u>\$ (1,578,714)</u>
<b>Components of net periodic benefit costs</b>				
Service cost	\$ 1,536,115	\$ 1,555,388	\$ -	\$ -
Interest cost	5,685,930	6,610,881	31,620	59,302
Expected return on plan assets	(7,182,524)	(6,465,227)	-	-
Amortization of net loss/(gain)	3,175,983	2,154,266	(45,046)	(49,599)
Net amortization and deferral	140,639	140,639	-	-
Benefit cost	<u>\$ 3,356,143</u>	<u>\$ 3,995,947</u>	<u>\$ (13,426)</u>	<u>\$ 9,703</u>

**Lawrence + Memorial Hospital**  
**Notes to Consolidated Financial Statements**  
**September 30, 2013 and 2012**

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

	2013	2012
Discount rate	3.95 %	5.34 %
Average rate of compensation increases	2.50 %	3.50 %
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:

	2013	2012
Discount rate	4.51 %	3.95 %
Average rate of compensation increases	2.50 %	2.50 %

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

Asset Category	2013	2012
Cash	3 %	5 %
Bonds	23	29
Hedge funds	30	29
Marketable equities	44	37
Total	100 %	100 %

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

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

Fiscal Years Beginning October 1,	Expected Benefits
2013	\$ 6,998,164
2014	7,263,769
2015	7,511,189
2016	7,928,299
2017	8,074,614
Expected aggregate for 5 fiscal years beginning 2018	44,653,466

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

Pension	\$ 6,400,000
Retiree health	108,195

**Lawrence + Memorial Hospital**  
**Notes to Consolidated Financial Statements**  
**September 30, 2013 and 2012**

The weighted-average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) for participants is assumed to be 9.0% in 2013 reducing to 5.0% by the year 2021 and remaining at that level thereafter. This health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, a one percentage point increase in the assumed health care cost trend rate would increase the accumulated post-retirement benefit obligation and service cost plus interest cost by approximately \$71,000 and \$97,000, respectively, at September 30, 2013 and 2012. 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 \$65,000 and \$88,000, respectively, at September 30, 2013 and 2012.

**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, 2013:

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

The following table summarizes the fair values of investments by major type held by the staff pension plan at September 30, 2012:

	Level 1	Level 2	Level 3	2012
<b>Investments, at fair value</b>				
Cash	\$ 4,711,241	\$ -	\$ -	\$ 4,711,241
Bonds	28,278,732	-	-	28,278,732
Hedge funds	-	-	28,795,536	28,795,536
Marketable equities	32,342,939	4,169,861	-	36,512,800
Total investments, at fair value	<u>\$ 65,332,912</u>	<u>\$ 4,169,861</u>	<u>\$ 28,795,536</u>	<u>\$ 98,298,309</u>

There were no transfers between levels during 2013 or 2012.

**Lawrence + Memorial Hospital**  
**Notes to Consolidated Financial Statements**  
**September 30, 2013 and 2012**

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

	2013	2012
<b>Beginning balances</b>	\$ 28,795,536	\$ 26,524,387
Realized gains	33,459	144,819
Fees	(65,081)	(54,861)
Unrealized gains	3,130,044	2,181,191
Purchases	-	5,475,369
Sales	-	(5,475,369)
<b>Ending balances</b>	<u>\$ 31,893,958</u>	<u>\$ 28,795,536</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 elect 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. Contributions charged to operations were approximately \$4,047,828 and \$3,911,714 for 2013 and 2012, respectively.

**9. Functional Expenses**

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

	2013	2012
Health care services	\$ 237,473,487	\$ 237,543,779
General and administrative	81,280,293	78,382,764
	<u>\$ 318,753,780</u>	<u>\$ 315,926,543</u>

**10. Contingencies**

The Hospital is a party to various lawsuits incidental to its business. Management believes that the lawsuits will not have a material adverse effect on the Hospital's financial position, results of operations, changes in net assets or cash flows.

**Lawrence + Memorial Hospital**  
**Consolidating Balance Sheet**  
**September 30, 2013**

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 301,175	\$ 117,793	\$ -	\$ 418,968
Investments	130,950,162	-	-	130,950,162
Patient accounts receivable, net	33,778,305	125,603	-	33,903,908
Other receivables	17,632,561	38,892	-	17,671,453
Inventories	5,845,470	-	-	5,845,470
Due from affiliates	1,434,568	-	(117,793)	1,316,775
Prepaid expenses and other current assets	2,256,097	-	-	2,256,097
Debt service fund	1,306,255	-	-	1,306,255
Total current assets	<u>193,504,593</u>	<u>282,288</u>	<u>(117,793)</u>	<u>193,669,088</u>
Assets limited as to use				
Cash	182,366	-	-	182,366
Construction funds	9,541,685	-	-	9,541,685
Investments held in trust	985,034	-	-	985,034
Endowment investments	17,922,954	-	-	17,922,954
Funds held in trust by others	6,773,578	-	-	6,773,578
Contributions receivable	20,366	-	-	20,366
Funds held in escrow by agreement with State of Connecticut Health and Educational Facilities Authority and trustees	2,247,255	-	-	2,247,255
Total assets limited as to use	<u>37,673,238</u>	<u>-</u>	<u>-</u>	<u>37,673,238</u>
Other assets				
Deferred financing costs	1,776,176	-	-	1,776,176
Property, plant and equipment	161,990,209	-	-	161,990,209
Total assets	<u>\$ 394,944,216</u>	<u>\$ 282,288</u>	<u>\$ (117,793)</u>	<u>\$ 395,108,711</u>

**Lawrence + Memorial Hospital**  
**Consolidating Balance Sheet**  
**September 30, 2013**

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
<b>Liabilities</b>				
Current liabilities	\$ 24,077,640	\$ 2,047	\$ -	\$ 24,079,687
Accounts payable	10,888,727	634,545	-	11,523,272
Accrued vacation and sick pay	4,108,644	386,813	-	4,495,457
Salaries, wages, payroll taxes and amounts withheld from employees	1,867,732	117,793	(117,793)	1,867,732
Due to affiliates	3,826,094	-	-	3,826,094
Due to third party payors	4,487,234	-	-	4,487,234
Current portion of long-term debt	49,256,071	1,141,198	(117,793)	50,279,476
Total current liabilities	42,309,345	-	-	42,309,345
Accrued pension and other postretirement benefits	17,774,823	-	-	17,774,823
Other liabilities	86,439,477	-	-	86,439,477
Long-term debt, less current portion	195,779,716	1,141,198	(117,793)	196,803,121
Total liabilities	171,018,998	(858,910)	-	170,160,088
Net assets	22,198,248	-	-	22,198,248
Unrestricted	5,947,254	-	-	5,947,254
Temporarily restricted	199,164,500	(858,910)	-	198,305,590
Permanently restricted	\$ 394,944,216	\$ 282,288	\$ (117,793)	\$ 395,108,711
Total net assets				

**Lawrence + Memorial Hospital**  
**Consolidating Balance Sheet**  
**September 30, 2012**

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 13,568,654	\$ 140,845	\$ -	\$ 13,709,499
Investments	138,433,638	-	-	138,433,638
Patient accounts receivable, net	28,719,548	227,045	-	28,946,593
Other receivables	17,392,589	96,141	-	17,488,730
Inventories	4,469,470	-	-	4,469,470
Due from affiliates	808,442	-	(168,643)	639,799
Prepaid expenses and other current assets	2,004,576	-	-	2,004,576
Debt service fund	1,307,110	-	-	1,307,110
Total current assets	<u>206,704,027</u>	<u>464,031</u>	<u>(168,643)</u>	<u>206,999,415</u>
Assets limited as to use				
Cash	180,789	-	-	180,789
Investments held in trust	971,261	-	-	971,261
Endowment investments	16,251,376	-	-	16,251,376
Funds held in trust by others	6,451,420	-	-	6,451,420
Contributions receivable	20,366	-	-	20,366
Funds held in escrow by agreement with State of Connecticut Health and Educational Facilities Authority and trustees	2,247,125	-	-	2,247,125
Total assets limited as to use	<u>26,122,337</u>	<u>-</u>	<u>-</u>	<u>26,122,337</u>
Other assets				
Deferred financing costs	1,857,504	-	-	1,857,504
Property, plant and equipment	134,926,548	-	-	134,926,548
Total assets	<u>\$ 369,610,416</u>	<u>\$ 464,031</u>	<u>\$ (168,643)</u>	<u>\$ 369,905,804</u>

**Lawrence + Memorial Hospital**  
**Consolidating Balance Sheet**  
**September 30, 2012**

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
<b>Liabilities</b>				
Current liabilities	\$ 25,447,380	\$ -	\$ -	\$ 25,447,380
Accounts payable	11,282,391	1,001,539	-	12,283,930
Accrued vacation and sick pay	3,600,791	287,097	-	3,887,888
Salaries, wages, payroll taxes and amounts withheld from employees	2,421,244	168,643	(168,643)	2,421,244
Due to affiliates	5,409,556	-	-	5,409,556
Due to third party payors	2,762,007	-	-	2,762,007
Current portion of long-term debt				
Total current liabilities	50,923,369	1,457,279	(168,643)	52,212,005
Accrued pension and other postretirement benefits	51,185,800	-	-	51,185,800
Other liabilities	17,998,408	-	-	17,998,408
Long-term debt, less current portion	79,507,217	-	-	79,507,217
Total liabilities	199,614,794	1,457,279	(168,643)	200,903,430
<b>Net assets</b>				
Unrestricted	144,038,576	(993,248)	-	143,045,328
Temporarily restricted	20,092,239	-	-	20,092,239
Permanently restricted	5,864,807	-	-	5,864,807
Total net assets	169,995,622	(993,248)	-	169,002,374
	\$ 369,610,416	\$ 464,031	\$ (168,643)	\$ 369,905,804

**Lawrence + Memorial Hospital**  
**Consolidating Statement of Operations**  
**September 30, 2013**

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
Net revenues	\$ 310,967,942	\$ 4,416,164	\$ -	\$ 315,384,106
Provision for bad debt	(12,037,777)	(89,969)	-	(12,127,746)
Net revenue less provision for bad debt	298,930,165	4,326,195	-	303,256,360
Other operating revenues	22,653,789	463,654	(3,524,633)	19,592,810
Net assets released from restriction	508,227	-	-	508,227
	<u>322,092,181</u>	<u>4,789,849</u>	<u>(3,524,633)</u>	<u>323,357,397</u>
Operating expenses	144,544,364	5,408,975	(127,493)	149,825,846
Salaries and wages	43,319,912	983,325	(767,809)	43,535,428
Employee benefits	45,122,992	48,417	-	45,171,409
Supplies	22,707,507	2,773,480	(1,858,849)	23,622,138
Purchased services	32,978,276	1,044,981	(770,482)	33,252,775
Other	2,705,025	-	-	2,705,025
Interest	20,641,159	-	-	20,641,159
Depreciation and amortization	312,019,235	10,259,178	(3,524,633)	318,753,780
	<u>10,072,946</u>	<u>(5,469,329)</u>	<u>-</u>	<u>4,603,617</u>
Income from operations				
Nonoperating gains and losses				
Unrestricted income	122,109	-	-	122,109
Income/(loss) from investments	6,041,461	-	-	6,041,461
	<u>6,163,570</u>	<u>-</u>	<u>-</u>	<u>6,163,570</u>
Excess of revenues over expenses	16,236,516	(5,469,329)	-	10,767,187
Transfers from affiliate	(4,467,122)	5,603,667	-	1,136,545
Net unrealized gains on investments	9,113,432	-	-	9,113,432
Net assets released from restriction used for purchase of property, plant and equipment	167,751	-	-	167,751
Pension related changes other than periodic pension costs	5,929,845	-	-	5,929,845
Increase/(decrease) in unrestricted net assets	\$ 26,980,422	\$ 134,338	\$ -	\$ 27,114,760

**Lawrence + Memorial Hospital**  
**Consolidating Statement of Operations**  
**September 30, 2012**

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
Net revenues	\$ 323,643,197	\$ 5,635,182	\$ -	\$ 329,278,379
Provision for bad debt	(11,930,619)	(183,700)	-	(12,114,319)
Net revenue less provision for bad debt	311,712,578	5,451,482	-	317,164,060
Other operating revenues	15,433,709	463,708	(4,619,500)	11,277,917
Net assets released from restriction	449,575	-	-	449,575
	<u>327,595,862</u>	<u>5,915,190</u>	<u>(4,619,500)</u>	<u>328,891,552</u>
Operating expenses	145,714,028	7,343,347	(144,638)	152,912,737
Salaries and wages	41,915,487	1,443,717	(1,236,367)	42,122,837
Employee benefits	46,209,962	38,536	-	46,248,498
Supplies	23,582,645	3,652,113	(2,611,015)	24,623,743
Purchased services	27,700,394	1,804,233	(627,480)	28,877,147
Other	2,315,992	-	-	2,315,992
Interest	18,825,589	-	-	18,825,589
Depreciation and amortization	306,264,097	14,281,946	(4,619,500)	315,926,543
	<u>21,331,765</u>	<u>(8,366,756)</u>	<u>-</u>	<u>12,965,009</u>
Income from operations				
Nonoperating gains and losses				
Unrestricted income	160,370	-	-	160,370
Income from investments	4,424,194	-	-	4,424,194
	<u>4,584,564</u>	<u>-</u>	<u>-</u>	<u>4,584,564</u>
Excess of revenues over expenses	25,916,329	(8,366,756)	-	17,549,573
Transfer to affiliate	(25,044,177)	8,112,643	-	(16,931,534)
Net unrealized gains on investments	11,303,455	-	-	11,303,455
Net assets released from restriction used for purchase of property, plant and equipment	136,178	-	-	136,178
Pension related changes other than periodic pension costs	(10,751,244)	-	-	(10,751,244)
Increase/(decrease) in unrestricted net assets	\$ 1,560,541	\$ (254,113)	\$ -	\$ 1,306,428