** PUBLIC DISCLOSURE COPY **

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

A For the 2017 calendar year, or tax year beginning OCT 1, 2017 **and ending** SEP 30, 2018

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return/terminated ☐ Amended return ☐ Application pending

C Name of organization: Northwestern Medical Center

Doing business as

Number and street (or P.O. box if mail is not delivered to street address): 133 Fairfield St. | Room/suite

City or town, state or province, country, and ZIP or foreign postal code: St. Albans, VT 05478

D Employer identification number 03-0266986

E Telephone number 802-524-5911

G Gross receipts $ 122,519,913.

F Name and address of principal officer: Jill Berry Bowen
same as C above

H(a) Is this a group return for subordinates? ☐ Yes ☒ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www.northwesternmedicalcenter.org

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 1977 **M** State of legal domicile: VT

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: Northwestern Medical Center's mission is to provide exceptional healthcare for our community.

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	12
5	Total number of individuals employed in calendar year 2017 (Part V, line 2a)	5	966
6	Total number of volunteers (estimate if necessary)	6	107
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	2,188,575.	3,241,983.
	9	Program service revenue (Part VIII, line 2g)	107,777,177.	107,029,042.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,608,905.	3,705,981.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,245.	184,729.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	113,581,902.	114,161,735.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	12,000.	18,000.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	64,085,158.	65,493,757.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	47,197,705.	49,906,310.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	111,294,863.	115,418,067.
	19	Revenue less expenses. Subtract line 18 from line 12	2,287,039.	-1,256,332.
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	173,591,431.	173,603,693.
	21	Total liabilities (Part X, line 26)	47,248,126.	47,223,281.
	22	Net assets or fund balances. Subtract line 21 from line 20	126,343,305.	126,380,412.

Part II Signature Block

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

Sign Here

▶ Signature of officer | Date

▶ Chris Hickey, Chief Financial Officer
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Barbara J. McGuan, CPA	Barbara J. McGuan, C	08/01/19		P00219457

Firm's name ▶ Berry Dunn McNeil & Parker, LLC | Firm's EIN ▶ 01-0523282

Firm's address ▶ P.O. Box 1100
Portland, ME 04104-1100 | Phone no. (207) 775-2387

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:
Northwestern Medical Center's mission is to provide exceptional healthcare for our community.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [X] 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 [X] 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 $ 92,235,124. including grants of $ 18,000.) (Revenue $ 107,213,771.)
Providing inpatient and outpatient services to the general public in a full-service 70-bed hospital. The Hospital publishes an annual report. Please refer to the annual report for additional explanation of the Hospital's programs and achievements.

4b (Code:) (Expenses $ including grants of $) (Revenue $)
Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection or amounts determined to qualify as charity care they are not reported in revenue. The Hospital maintains records to identify and monitor the level of charity care it provides. The records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies and equivalent service statistics. The following information measures the level of charity care provided during the year ended September 30, 2018.

See continuation on Schedule O.

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 ▶ 92,235,124.

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	X	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	X	
21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	X	
22	Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		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? *If "Yes," complete Schedule J*	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No", go to line 25a*	24a	X	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		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?	24c		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		X
25a	**Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		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? *If "Yes," complete Schedule L, Part I*	25b		X
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If "Yes," complete Schedule L, Part II*	26		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? *If "Yes," complete Schedule L, Part III*	27		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? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		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? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		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? *If "Yes," complete Schedule R, Part I*	33	X	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	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)? *If "Yes," complete Schedule R, Part V, line 2*	35b		X
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		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? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	135		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	966		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		X
b	If "Yes," has it filed a Form 990-T for this year? *If "No," to line 3b, provide an explanation in Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		X
b	If "Yes," enter the name of the foreign country: ▶				
	See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the sponsoring organization make any taxable distributions under section 4966?		9a		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state?		13a		
	Note. See the instructions for additional information the organization must report on Schedule O.				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*		14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	12		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.				
b	Enter the number of voting members included in line 1a, above, who are independent	1b	12		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3		X	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			X
6	Did the organization have members or stockholders?	6		X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?	8a		X	
b	Each committee with authority to act on behalf of the governing body?	8b		X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9			X

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c	X	
13	Did the organization have a written whistleblower policy?	13	X	
14	Did the organization have a written document retention and destruction policy?	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	X	
b	Other officers or key employees of the organization	15b	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ VT

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

[ ] Own website [ ] Another's website [X] Upon request [ ] Other *(explain in Schedule O)*

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records: ▶

Stephanie Breault, CPA - 802-524-5911
133 Fairfield Street, St. Albans, VT 05478

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, 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 line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(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
(1) Leon Berthiaume President	5.00	X		X				0.	0.	0.
(2) Janet McCarthy Vice President	5.00	X		X				0.	0.	0.
(3) Dawn Bugbee Treasurer	5.00	X		X				0.	0.	0.
(4) Jake Holzscheiter Secretary	5.00	X		X				0.	0.	0.
(5) Lorne Babb, M.D. Member	5.00	X						0.	0.	0.
(6) John Casavant Member	5.00	X						0.	0.	0.
(7) Nick Hadden Member	5.00	X						0.	0.	0.
(8) Thomas Harrison, MD Member	5.00	X						0.	0.	0.
(9) Kevin Manahan Member/Past President	5.00	X		X				0.	0.	0.
(10) Karyn Rocheleau Member	5.00	X						0.	0.	0.
(11) William O'Connor, Jr. Member	5.00	X						0.	0.	0.
(12) Marietta Scholten, MD Member	5.00	X						0.	0.	0.
(13) Paula J. Kane, Esq. Past Member	5.00	X						0.	0.	0.
(14) Michael Kennedy, M.D. Past Member	5.00	X		X				40,538.	0.	0.
(15) Jill Berry Bowen CEO	40.00			X				441,074.	0.	29,764.
(16) Chris Hickey CFO	40.00			X				260,437.	0.	35,653.
(17) Michael Barnum, MD Orthopedic Surgeon	40.00					X		1,007,761.	0.	36,515.

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 line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(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
(18) Robert Beattie, MD Orthopedic Surgeon	40.00					X		642,844.	0.	12,715.
(19) Gregory Brophey, M.D. Ophthalmologist	40.00					X		565,401.	0.	30,764.
(20) Stephanie Neider, MD Dermatolgist	40.00					X		480,243.	0.	36,515.
(21) Lawrence Sullivan, MD CMO/OB GYN Physician	40.00					X		609,411.	0.	36,515.
1b Sub-total ▶								4,047,709.	0.	218,441.
c Total from continuation sheets to Part VII, Section A ▶								0.	0.	0.
d Total (add lines 1b and 1c) ▶								4,047,709.	0.	218,441.

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 ▶ 83

		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*	3		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*	4	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*	5	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
PC Construction Company, 193 Tilley Drive, South Burlington, VT 05403	Construction/General Contractor	15,731,071.
University of Vermont Medical Center PO Box 1902, Burlington, VT 05402	Lab & Other Medical Services	1,723,519.
VHV Company 16 Tigan Street, Winooski, VT 05404	Construction	1,499,332.
Clinical Colleagues, 1121 N. Bethlehem Pike, Suite 60-234, Spring House, PA 19477	Anesthesia Services	1,125,961.
Quorum Health Services 105 Continental Place, Brentwood, TN 37027	Mgmt/Consulting (Includes CEO Compen	1,038,933.

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 88

Part VIII Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e	1,585,666.			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	1,656,317.			
	g Noncash contributions included in lines 1a-1f: $					
	h **Total.** Add lines 1a-1f ▶		3,241,983.			
		Business Code				
Program Service Revenue	2 a Patient Service Revenue	622100	215,612,235.	215,612,235.		
	b Other Operating Revenue	622100	1,620,421.	1,620,421.		
	c Cafeteria	622100	633,486.			633,486.
	d Provision for Bad Debts	622100	-6,470,850.	-6,470,850.		
	e Contractual Allowances/Char. Adj.	622100	-104,366,250.	-104,366,250.		
	f All other program service revenue					
	g **Total.** Add lines 2a-2f ▶		107,029,042.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶		1,396,931.			1,396,931.
	4 Income from investment of tax-exempt bond proceeds ▶					
	5 Royalties ▶					
		(i) Real / (ii) Personal				
	6 a Gross rents	247,545.				
	b Less: rental expenses	62,816.				
	c Rental income or (loss)	184,729.				
	d Net rental income or (loss) ▶		184,729.	184,729.		
		(i) Securities / (ii) Other				
	7 a Gross amount from sales of assets other than inventory	10,524,412. / 80,000.				
	b Less: cost or other basis and sales expenses	8,246,897. / 48,465.				
	c Gain or (loss)	2,277,515. / 31,535.				
	d Net gain or (loss) ▶		2,309,050.			2,309,050.
	8 a 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 ▶					
	9 a Gross income from gaming activities. See Part IV, line 19	a				
	b Less: direct expenses	b				
	c Net income or (loss) from gaming activities ▶					
	10 a 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 ▶					
	Miscellaneous Revenue	**Business Code**				
	11 a					
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a-11d ▶					
	12 **Total revenue.** See instructions. ▶		114,161,735.	106,580,285.	0.	4,339,467.

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	18,000.	18,000.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	766,929.	600,659.	166,270.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	52,701,936.	41,153,003.	11,548,933.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,872,522.	1,466,559.	405,963.	
9 Other employee benefits	6,662,329.	5,255,561.	1,406,768.	
10 Payroll taxes	3,490,041.	2,733,400.	756,641.	
11 Fees for services (non-employees):				
a Management	1,050,045.	822,395.	227,650.	
b Legal	123,635.	96,831.	26,804.	
c Accounting	107,266.	84,011.	23,255.	
d Lobbying	13,863.		13,863.	
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	57,697.		57,697.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	14,946,341.	11,859,170.	3,087,171.	
12 Advertising and promotion	343,578.	269,090.	74,488.	
13 Office expenses	711,476.	557,228.	154,248.	
14 Information technology				
15 Royalties				
16 Occupancy	1,878,898.	1,471,553.	407,345.	
17 Travel	382,689.	299,722.	82,967.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	693,060.	552,190.	140,870.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	5,065,141.	3,967,018.	1,098,123.	
23 Insurance	1,178,399.	922,922.	255,477.	
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 Supplies	12,081,277.	9,462,056.	2,619,221.	
b Provider Tax	6,169,059.	6,169,059.		
c Miscellaneous	3,158,395.	2,529,206.	629,189.	
d NOH	1,945,491.	1,945,491.		
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	115,418,067.	92,235,124.	23,182,943.	0.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ [ ] if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	1,868,137.	1	1,855,110.
	2	Savings and temporary cash investments	11,543,487.	2	8,844,961.
	3	Pledges and grants receivable, net	772,690.	3	388,831.
	4	Accounts receivable, net	10,828,387.	4	9,004,130.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	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 instr). Complete Part II of Sch L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	1,763,260.	8	1,740,620.
	9	Prepaid expenses and deferred charges	2,488,394.	9	2,833,879.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a 126,021,704.			
	b	Less: accumulated depreciation — 10b 57,720,696.	61,555,339.	10c	68,301,008.
	11	Investments - publicly traded securities	75,075,110.	11	71,495,812.
	12	Investments - other securities. See Part IV, line 11	4,379,434.	12	4,496,622.
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	3,317,193.	15	4,642,720.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	173,591,431.	16	173,603,693.
Liabilities	17	Accounts payable and accrued expenses	8,746,702.	17	8,516,506.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	33,723,689.	20	32,719,848.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	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		22	
	23	Secured mortgages and notes payable to unrelated third parties	47,745.	23	37,270.
	24	Unsecured notes and loans payable to unrelated third parties		24	
	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	4,729,990.	25	5,949,657.
	26	**Total liabilities.** Add lines 17 through 25	47,248,126.	26	47,223,281.
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	122,134,028.	27	122,752,719.
	28	Temporarily restricted net assets	3,090,926.	28	2,483,564.
	29	Permanently restricted net assets	1,118,351.	29	1,144,129.
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ [ ] and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	126,343,305.	33	126,380,412.
	34	Total liabilities and net assets/fund balances	173,591,431.	34	173,603,693.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	114,161,735.
2	Total expenses (must equal Part IX, column (A), line 25)	2	115,418,067.
3	Revenue less expenses. Subtract line 2 from line 1	3	-1,256,332.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	126,343,305.
5	Net unrealized gains (losses) on investments	5	-19,647.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	1,313,086.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	126,380,412.

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990: [ ] Cash [X] 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?	2a		X
	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?	2b	X	
	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 [X] 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?	2c	X	
	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?	3a		X
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	3b		

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization Northwestern Medical Center

Employer identification number 03-0266986

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 12, 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 (Form 990 or 990-EZ).)
3 [X] 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 agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
10 [ ] 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.)
11 [ ] An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
12 [ ] An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.

a [ ] **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
b [ ] **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
c [ ] **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
d [ ] **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
e [ ] Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
f Enter the number of supported organizations .....
g Provide the following information about the supported organization(s).

(i) Name of supported organization	**(ii)** EIN	**(iii)** Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document? **Yes**	**No**	**(v)** Amount of monetary support (see instructions)	**(vi)** Amount of other support (see instructions)
Total						

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ..... ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2017 (line 6, column (f) divided by line 11, column (f)) ..... 14 %

15 Public support percentage from 2016 Schedule A, Part II, line 14 ..... 15 %

16a **33 1/3% support test - 2017.** 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 - 2016.** 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 - 2017.** 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 VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ..... ▶ ☐

b **10% -facts-and-circumstances test - 2016.** 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 VI 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 10 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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support.** (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 **Total support.** (Add lines 9, 10c, 11, and 12.)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2017 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2016 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2017** (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from **2016** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2017.** 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 - 2016.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

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

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

			Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in* **Part VI** *how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.*	1		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *how the organization determined that the supported organization was described in section 509(a)(1) or (2).*	2		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer (b) and (c) below.*	3a		
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in* **Part VI** *when and how the organization made the determination.*	3b		
c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in* **Part VI** *what controls the organization put in place to ensure such use.*	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.*	4a		
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in* **Part VI** *how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.*	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in* **Part VI** *what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.*	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in* **Part VI,** *including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).*	5a		
b	**Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in* **Part VI.**	6		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	7		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	8		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? *If "Yes," provide detail in* **Part VI.**	9a		
b	Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in* **Part VI.**	9b		
c	Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in* **Part VI.**	9c		
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer 10b below.*	10a		
b	Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)*	10b		

Part IV **Supporting Organizations** *(continued)*

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

Section B. Type I Supporting Organizations

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

Section C. Type II Supporting Organizations

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

Section D. All Type III Supporting Organizations

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

Section E. Type III Functionally Integrated Supporting Organizations

1 *Check the box next to the method that the organization used to satisfy the Integral Part Test during the yea* **(see instructions).**

a ☐ The organization satisfied the Activities Test. *Complete* **line 2** *below.*

b ☐ The organization is the parent of each of its supported organizations. *Complete* **line 3** *below.*

c ☐ The organization supported a governmental entity. *Describe in* **Part VI** *how you supported a government entity (see instructions).*

			Yes	No
2	Activities Test. **Answer (a) and (b) below.**			
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in* **Part VI identify those supported organizations and explain** *how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*	**2a**		
b	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in* **Part VI** *the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*	**2b**		
3	Parent of Supported Organizations. **Answer (a) and (b) below.**			
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in* **Part VI.**	**3a**		
b	Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? *If "Yes," describe in* **Part VI** *the role played by the organization in this regard.*	**3b**		

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

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

Section A - Adjusted Net Income			(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1		
2	Recoveries of prior-year distributions	2		
3	Other gross income (see instructions)	3		
4	Add lines 1 through 3	4		
5	Depreciation and depletion	5		
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7	Other expenses (see instructions)	7		
8	**Adjusted Net Income** (subtract lines 5, 6, and 7 from line 4)	8		

Section B - Minimum Asset Amount			(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a	Average monthly value of securities	1a		
b	Average monthly cash balances	1b		
c	Fair market value of other non-exempt-use assets	1c		
d	**Total** (add lines 1a, 1b, and 1c)	1d		
e	**Discount** claimed for blockage or other factors (explain in detail in **Part VI**):			
2	Acquisition indebtedness applicable to non-exempt-use assets	2		
3	Subtract line 2 from line 1d	3		
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4		
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6	Multiply line 5 by .035	6		
7	Recoveries of prior-year distributions	7		
8	**Minimum Asset Amount** (add line 7 to line 6)	8		

Section C - Distributable Amount				Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2	Enter 85% of line 1	2		
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4	Enter greater of line 2 or line 3	4		
5	Income tax imposed in prior year	5		
6	**Distributable Amount.** Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6		

7 ☐ Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).

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

Section D - Distributions		Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes	
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	
4	Amounts paid to acquire exempt-use assets	
5	Qualified set-aside amounts (prior IRS approval required)	
6	Other distributions (describe in **Part VI**). See instructions.	
7	**Total annual distributions.** Add lines 1 through 6.	
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in **Part VI**). See instructions.	
9	Distributable amount for 2017 from Section C, line 6	
10	Line 8 amount divided by line 9 amount	

Section E - Distribution Allocations (see instructions)		(i) Excess Distributions	(ii) Underdistributions Pre-2017	(iii) Distributable Amount for 2017
1	Distributable amount for 2017 from Section C, line 6			
2	Underdistributions, if any, for years prior to 2017 (reasonable cause required- explain in **Part VI**). See instructions.			
3	Excess distributions carryover, if any, to 2017			
a				
b	From 2013			
c	From 2014			
d	From 2015			
e	From 2016			
f	**Total** of lines 3a through e			
g	Applied to underdistributions of prior years			
h	Applied to 2017 distributable amount			
i	Carryover from 2012 not applied (see instructions)			
j	Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4	Distributions for 2017 from Section D, line 7: $			
a	Applied to underdistributions of prior years			
b	Applied to 2017 distributable amount			
c	Remainder. Subtract lines 4a and 4b from 4.			
5	Remaining underdistributions for years prior to 2017, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in **Part VI.** See instructions.			
6	Remaining underdistributions for 2017. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in **Part VI**. See instructions.			
7	**Excess distributions carryover to 2018.** Add lines 3j and 4c.			
8	Breakdown of line 7:			
a	Excess from 2013			
b	Excess from 2014			
c	Excess from 2015			
d	Excess from 2016			
e	Excess from 2017			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF.**
▶ **Go to www.irs.gov/Form990 for the latest information.**

OMB No. 1545-0047

2017

Name of the organization	**Employer identification number**
Northwestern Medical Center	03-0266986

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	[X] 501(c)(3) (enter number) organization
	[ ] 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	[ ] 527 political organization
Form 990-PF	[ ] 501(c)(3) exempt private foundation
	[ ] 4947(a)(1) nonexempt charitable trust treated as a private foundation
	[ ] 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

[X] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling $5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

[ ] For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** $5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

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

[ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than $1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling $5,000 or more during the year ..... ▶ $ _____

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

Name of organization	Employer identification number
Northwestern Medical Center	03-0266986

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

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		$ 7,045.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
2		$ 22,500.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
3		$ 394,613.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
4		$ 10,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
5		$ 37,500.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
6		$ 5,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)

Name of organization	Employer identification number
Northwestern Medical Center	03-0266986

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

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7		$ 11,508.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
8		$ 20,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
9		$ 29,526.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
10		$ 13,792.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
11		$ 292,125.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
12		$ 1,191,053.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)

Name of organization	Employer identification number
Northwestern Medical Center	03-0266986

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

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

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

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

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

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

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

Name of organization	Employer identification number
Northwestern Medical Center	03-0266986

Part III *Exclusively* **religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than $1,000 for the year from any one contributor.** Complete columns **(a)** through **(e) and** the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of $1,000 or less for the year. (Enter this info. once.) ▶ $

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

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

2017

Open to Public Inspection

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

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

Name of organization	Employer identification number
Northwestern Medical Center	03-0266986

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 campaign activity expenditures ▶ $

3 Volunteer hours for political campaign activities

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-.

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

LHA

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	**(a)** Filing organization's totals	**(b)** Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.		
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-		

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.

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 separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	**(a)** 2014	**(b)** 2015	**(c)** 2016	**(d)** 2017	**(e)** Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes," response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	X		
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	X		4,350.
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		13,863.
j Total. Add lines 1c through 1i			18,213.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
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).**

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

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

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

Part IV **Supplemental Information**

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

Part II-B, Line 1, Lobbying Activities:

Northwestern Medical Center engages in minimal formal lobbying. NMC's CEO and VP of Community Relations are registered as lobbyists with the Vermont Secretary of State's office for discussions with legislators and other elected officials regarding action on specific legislation and action which impacts the health of the community and the

Part IV **Supplemental Information** *(continued)*

sustainability of the Organization.

Northwestern Medical Center is a member of the Vermont Association of Hospitals and Health Systems and the American Hospital Association. A portion of the dues paid to these organizations is available for lobbying expenditures on behalf of Northwestern Medical Center and other member organizations in furtherance of their exempt purposes.

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2017
Open to Public Inspection

Name of the organization Northwestern Medical Center

Employer identification number 03-0266986

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate value of contributions to (during year)		
3	Aggregate value of grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

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? ☐ Yes ☐ No

Part II Conservation Easements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

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

☐ Preservation of land for public use (e.g., recreation or education)
☐ Preservation of a historically important land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

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

			Held at the End of the Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register	2d	

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

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

Complete if the organization answered "Yes" on 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) Revenue included on 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 Revenue included on Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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" on 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	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

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

Part V Endowment Funds. Complete if the organization answered "Yes" on 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	1,118,351.	1,054,571.	1,071,601.	958,203.	932,757.
b Contributions				147,898.	
c Net investment earnings, gains, and losses	25,778.	63,780.	-17,030.	-34,500.	25,446.
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	1,144,129.	1,118,351.	1,054,571.	1,071,601.	958,203.

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

a Board designated or quasi-endowment ▶ .00 %
b Permanent endowment ▶ 100.00 %
c Temporarily restricted endowment ▶ .00 %

The percentages on 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	3a(i)	X	
(ii) related organizations	3a(ii)		X
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

Part VI Land, Buildings, and Equipment.

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,020,529.		1,020,529.
b Buildings		81,778,071.	27,965,026.	53,813,045.
c Leasehold improvements				
d Equipment		38,172,451.	27,786,791.	10,385,660.
e Other		5,050,653.	1,968,879.	3,081,774.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10c.)* ▶				68,301,008.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII Investments - Program Related.

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

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

Part IX Other Assets.

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

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶	

Part X Other Liabilities.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Estimated Third Party Settlements	3,119,075.
(3) Deferred Compensation	2,830,582.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	5,949,657.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☐

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

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

1	Total revenue, gains, and other support per audited financial statements			1	115,397,477.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains (losses) on investments	2a	-19,647.		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII.)	2d	1,313,086.		
e	Add lines **2a** through **2d**			2e	1,293,439.
3	Subtract line **2e** from line **1**			3	114,104,038.
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	57,697.		
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	57,697.
5	Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)*			5	114,161,735.

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

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

1	Total expenses and losses per audited financial statements			1	115,360,370.
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	0.
3	Subtract line **2e** from line **1**			3	115,360,370.
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	57,697.		
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	57,697.
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*			5	115,418,067.

Part XIII Supplemental Information.

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

Part V, line 4:

The Organization intends to use the endowment funds in the manner prescribed by the donors.

Part XI, Line 2d - Other Adjustments:

Increase in Perpetual Trusts	25,778.
Unrealized Gain on Interest Rate Swaps	1,287,308.
Total to Schedule D, Part XI, Line 2d	1,313,086.

Schedule D, Part V, Line 3a(i)

The Organization has Beneficial Interest in Trusts which are not held at nor in the possession of the Organization.

Part XIII Supplemental Information *(continued)*

SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

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

▶ Attach to Form 990.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization: Northwestern Medical Center

Employer identification number: 03-0266986

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

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

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

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

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in the region	(d) Activities conducted in the region (by type) (such as, 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 the region	(f) Total expenditures for and investments in the region
Central America and the Caribbean - Antigua & Barbuda, Aruba, Bahamas,	0	0	Investments		4,496,622.
3 a Sub-total	0	0			4,496,622.
b Total from continuation sheets to Part I	0	0			0.
c **Totals** (add lines 3a and 3b)	0	0			4,496,622.

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

Schedule F (Form 990) 2017

732071 10-06-17

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

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

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

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

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

(a) Type of grant or assistance	**(b)** Region	**(c)** Number of recipients	**(d)** Amount of cash grant	**(e)** Manner of cash disbursement	**(f)** Amount of noncash assistance	**(g)** Description of noncash assistance	**(h)** Method of valuation (book, FMV, appraisal, other)

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 separately 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; don't file with Form 990)* ☐ Yes ☒ No

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

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

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

6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to separately file Form 5713, International Boycott Report (see Instructions for Form 5713; don't file with Form 990)* ☐ Yes ☒ No

Part V **Supplemental Information**

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

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" on Form 990, Part IV, question 20.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization Northwestern Medical Center

Employer identification number 03-0266986

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	X	
b	If "Yes," was it a written policy?	1b	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. ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ 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: ☐ 100% ☐ 150% ☐ 200% ☒ Other 300 %	3a	X	
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: ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☒ Other 300 %	3b	X	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	X	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	X	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		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?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		X
b	If "Yes," did the organization make it available to the public?	6b		

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			557,396.		557,396.	.48%
b Medicaid (from Worksheet 3, column a)			29,157,631.	19,706,559.	9,451,072.	8.19%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			29,715,027.	19,706,559.	10,008,468.	8.67%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			7,507,762.	4,773,922.	2,733,840.	2.37%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			60,647.		60,647.	.05%
j **Total.** Other Benefits			7,568,409.	4,773,922.	2,794,487.	2.42%
k **Total.** Add lines 7d and 7j			37,283,436.	24,480,481.	12,802,955.	11.09%

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1		X	
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2	3,413,406.		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3			
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.				

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	25,295,514.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	32,862,139.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-7,566,625.

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

Check the box that describes the method used:

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

		Yes	No
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 %

Part V Facility Information

Section A. Hospital Facilities
(list in order of size, from largest to smallest)
How many hospital facilities did the organization operate during the tax year? 1

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)	Licensed hospital	Gen. medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 Northwestern Medical Center 133 Fairfield Street St. Albans, VT 05478 www.northwesternmedicalcenter.org 866	X	X					X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or letter of facility reporting group Northwestern Medical Center

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

		Yes	No
Community Health Needs Assessment			
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?	1		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C	2		X
3 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 12	3	X	
If "Yes," indicate what the CHNA report describes (check all that apply):			
a [X] A definition of the community served by the hospital facility			
b [X] Demographics of the community			
c [X] Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d [X] How data was obtained			
e [X] The significant health needs of the community			
f [X] Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g [X] The process for identifying and prioritizing community health needs and services to meet the community health needs			
h [X] The process for consulting with persons representing the community's interests			
i [X] The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)			
j [ ] Other (describe in Section C)			
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 15			
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	5	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a		X
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	6b		X
7 Did the hospital facility make its CHNA report widely available to the public?	7	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a [X] Hospital facility's website (list url): www.northwesternmedicalcenter.org			
b [ ] Other website (list url):			
c [X] Made a paper copy available for public inspection without charge at the hospital facility			
d [X] Other (describe in Section C)			
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	8	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 15			
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	X	
a If "Yes," (list url): www.northwesternmedicalcenter.org			
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b		
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.			
12a 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)?	12a		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b		
c If "Yes" to line 12b, 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 (FAP)

Name of hospital facility or letter of facility reporting group Northwestern Medical Center

			Yes	No
	Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	13	X	
	If "Yes," indicate the eligibility criteria explained in the FAP:			
a	[X] Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of 300 % and FPG family income limit for eligibility for discounted care of 300 %			
b	[X] Income level other than FPG (describe in Section C)			
c	[X] Asset level			
d	[X] Medical indigency			
e	[ ] Insurance status			
f	[X] Underinsurance status			
g	[X] Residency			
h	[ ] Other (describe in Section C)			
14	Explained the basis for calculating amounts charged to patients?	14	X	
15	Explained the method for applying for financial assistance?	15	X	
	If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):			
a	[X] Described the information the hospital facility may require an individual to provide as part of his or her application			
b	[X] Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application			
c	[X] Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process			
d	[X] Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications			
e	[ ] Other (describe in Section C)			
16	Was widely publicized within the community served by the hospital facility?	16	X	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	[X] The FAP was widely available on a website (list url): www.northwesternmedicalcenter.org			
b	[X] The FAP application form was widely available on a website (list url): www.northwesternmedicalcenter.org			
c	[X] A plain language summary of the FAP was widely available on a website (list url): See Part V, Page 8			
d	[X] The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
e	[X] The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)			
f	[X] A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
g	[X] Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention			
h	[ ] Notified members of the community who are most likely to require financial assistance about availability of the FAP			
i	[ ] The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations			
j	[ ] Other (describe in Section C)			

Part V Facility Information *(continued)*

Billing and Collections

Name of hospital facility or letter of facility reporting group Northwestern Medical Center

		Yes	No
17 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment?	17	X	
18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:			
a ☐ Reporting to credit agency(ies)			
b ☐ Selling an individual's debt to another party			
c ☐ Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP			
d ☐ Actions that require a legal or judicial process			
e ☐ Other similar actions (describe in Section C)			
f ☒ None of these actions or other similar actions were permitted			
19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	19		X
If "Yes," check all actions in which the hospital facility or a third party engaged:			
a ☐ Reporting to credit agency(ies)			
b ☐ Selling an individual's debt to another party			
c ☐ Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP			
d ☐ Actions that require a legal or judicial process			
e ☐ Other similar actions (describe in Section C)			

20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):

- **a** ☒ Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs
- **b** ☒ Made a reasonable effort to orally notify individuals about the FAP and FAP application process
- **c** ☒ Processed incomplete and complete FAP applications
- **d** ☒ Made presumptive eligibility determinations
- **e** ☐ Other (describe in Section C)
- **f** ☐ None of these efforts were made

Policy Relating to Emergency Medical Care

		Yes	No
21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	21	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 Section C)			
d ☐ Other (describe in Section C)			

Part V Facility Information *(continued)*

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

Name of hospital facility or letter of facility reporting group Northwestern Medical Center

			Yes	No
22	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 a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period			
b	☒ The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period			
c	☐ The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period			
d	☐ The hospital facility used a prospective Medicare or Medicaid method			
23	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? ..... If "Yes," explain in Section C.	23		X
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? ..... If "Yes," explain in Section C.	24		X

Part V Facility Information *(continued)*

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

Northwestern Medical Center:

Part V, Section B, Line 5: As part of our 2015/16 (FY'16) Community Health Needs Assessment, NMC gathered input in a variety of ways including interviews with physicians, providers, and community partners; perspectives from staff and volunteers; discussions with the Incorporators from throughout our service area; patient satisfaction insights; and utilization trend analysis. Significant input, perspective, and prioritization were received through a local group of experts who were asked to validate the direction and findings of the assessment and to establish priority among various identified issues. The composition of this group of community members aligns with the Federal regulations for involvement of community leaders with specified skills or representing specified constituencies and allows for them to use their connections to their neighbors and clientele and insights there in to assist in refining and prioritizing the community health needs.

Northwestern Medical Center's 2018/19 Community Health Needs Assessment is on schedule to be complete in March 2019, following a similarly broad and inclusive process with the addition of a community perception survey.

Northwestern Medical Center:

Part V, Section B, Line 7d: In addition to making the Community Health Needs Assessment widely available via the hospital website and in response to requests, Northwestern Medical Center provided overviews of the Community Health Needs Assessment to members of the community through

Part V Facility Information *(continued)*

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

presentations at groups such as the NMC Incorporators (150 local members who elect the hospital Board) and the Franklin Grand Isle Community Partnership (40+ health, education, and social service agencies who meet on a regular basis to address concerns within the community). The priorities of the Community Health Needs Assessment are frequently referenced in other hospital documents, plans, publications, and presentations as we work to integrate these findings into our efforts to care for our community.

Northwestern Medical Center:

Part V, Section B, Line 11: The Hospital is addressing the significant needs identified in its most recently conducted CHNA through a variety of initiatives including but not limited to: the RiseVT community campaign to embrace healthy lifestyles; the expansion of care and service through our Chronic Pain & Addiction service; expanded partnerships in mental health care and the embedding of mental healthcare in primary care offices; continued emphasis on smoking prevention and cessation; support of community-based efforts relating to suicide, domestic abuse, and sexual abuse awareness and prevention; support of community-based efforts relating to food insecurity; and other strategies aligning with awareness, education, resource allocation, and collaboration. All of the top priorities identified are being addressed in some fashion by the hospital.

Lower Priority Needs Not Being Addressed through a formal CHNA Action Plan:

Part V Facility Information *(continued)*

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

NMC has chosen to formally address all of the seven top priorities identified within the CHNA with formal action plans that are included in that document. The process also identified many other issues not of top priority which are still important within our community. These include prevention & wellness, cancer, heart disease, diabetes, dental care, alcohol use, transportation, etc. NMC is very active in addressing these needs in our community through the RiseVT community campaign to embrace healthy lifestyles, through our accredited community cancer program, through our work with and support of important community partners, and in other ways. In the process it was recognized that in many cases, NMC's ongoing efforts in these areas are part of the reason these do not elevate to the top priority level. Our actions on these topics are tracked through normal hospital operations, rather than through the CHNA action plan process which is focused on the top priorities.

Needs Not Being Addressed:

Homicide, Jobs, Baby Deaths, Physical Environmental Factors, Accidents, Chronic Osteoperosis, Sexually Transmitted Diseases, & Premature Death/Life Expectancy - The Hospital does not intend to develop an implementation plan for these needs for the following reasons:

1. Actions required are beyond the mission of NMC;

2. NMC can be more effective applying its resources to higher priority needs;

Part V Facility Information *(continued)*

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

3. The Hospital does not possess the expertise necessary for substantive positive improvement;

4. Actions contemplated for implementation fall more appropriately to the responsibility of others;

5. Other than providing encouragement, implementation efforts for some needs require appropriate actions by individuals modifying their personal habits rather than a response by an organization or the Hospital; and

6. The best use of NMC resources is to focus on resolving or improving higher priority needs rather than attempting to respond to everything with small, perhaps ineffective, efforts.

Northwestern Medical Center

Part V, line 16c, FAP Plain Language Summary website:

www.northwesternmedicalcenter.org

Part V Facility Information *(continued)*

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

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

How many non-hospital health care facilities did the organization operate during the tax year? 8

Name and address	Type of Facility (describe)
1 Northwestern Walk-in Clinic 927 Ethan Allen Hwy, Ste 2 Georgia, VT 05468	Diagnostic Imaging, Physical Therapy & Urgent Care
2 Branon's Pools & Spa 248 North Main Street St. Albans, VT 05478	Physical Therapy
3 Physical Therapy Services 44 Center Street Enosburg, VT 05450	Physical Therapy
4 Northwestern Georgia Health Center 4178 Highbridge Road Georgia, VT 05486	Primary Care
5 Northwestern Ophthalmology 53 Fairfax Road St. Albans, VT 05478	Ophthalmology
6 Northwestern Comprehensive Pain 17-19 Catherine Street St. Albans, VT 05478	Pain Care
7 Physical Therapy Services 272 North Main Street Cambridge, VT 05444	Physical Therapy
8 Northwestern Medical Center Pediatrics 11 Crest Road St. Albans, VT 05478	Pediatrics

Part VI Supplemental Information

Provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.

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

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

Part I, Line 3c:

Determining eligibility for free care and/or discounted care is not solely determined by Federal Poverty Guidelines (FPG). Other considerations, such as net worth, other financial obligations, and outstanding medical bills are reviewed in addition to income.

Part I, Line 7g:

Subsidized health services includes the Medicare shortfall from physician practices that are not included in the Hospital's cost reporting reflected on Part III, Line 7.

Part III, Line 4:

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments. Balances that are still outstanding after management has used reasonable collection efforts are written off through

Part VI Supplemental Information *(Continuation)*

a charge to the valuation allowance and a credit to patient accounts receivable.

In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purpose of estimating the appropriate amounts of the allowance for doubtful accounts and the provision for bad debts. Data in each major payor source are regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. For receivables relating to services provided to patients having third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a corresponding provision for bad debts at varying levels based on the age of the receivables and the payor source. For receivables relating to self-pay patients (which includes both patients without insurance and patients with deductibles, and copayment balances due for which third-party coverage exists for part of the bills), the Hospital records a provision for bad debts in the period of service based on past experience which indicates patients are unable or unwilling to pay amounts for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or eligible) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

Part III, Line 8:

The cost was determined using the cost to charge ratio.

The Medicare shortfall of $7,566,625 reported on line 7 of Part III, does not represent all Medicare services provided by the Hospital, as required

Part VI Supplemental Information *(Continuation)*

by IRS instructions. When taking all Medicare services into account, the Hospital calculated a different Medicare shortfall using an internal costing methodology.

Part III, Line 9b:

During the collection process, financial assistance, a payment plan or a discount may be offered to the patient, if appropriate, and in accordance with established hospital policy.

Part VI, Line 2:

In alignment with the Federal mandate, Northwestern Medical Center conducted a comprehensive Community Health Needs Assessment in 2015/2016. This document was formally approved by the Hospital's Board of Directors at their March 2, 2016 meeting, placing it in the Hospital's 2016 Fiscal Year. This document replaces the previous Community Health Needs Assessment which was approved in the Hospital's 2015 Fiscal Year. Six top priorities have been identified (Mental Health & Substance Abuse; Obesity; Smoking; Cancer; Suicide; and Domestic & Sexual Abuse) and action plans have been created to help address each of these priorities. The current (and previous) assessment is available free of charge on the Hospital website and the Hospital's Community Relations Office is available to provide free printed copies as requested.

Part VI, Line 3:

The Hospital uses a variety of methods of communication to inform and educate patients about its financial assistance program. For example, information related to financial assistance and charity care is available on the Hospital's website and patient portal, included on the back of

Part VI Supplemental Information *(Continuation)*

patient statements, posted on signs at registration areas, and patients may speak on the phone with a collection specialist. The Hospital's financial assistance program is also widely publicized within the community, including published information regularly placed in the local newspaper and information brochures displayed at local United Way and Department of Health offices.

Part VI, Line 4:

The Hospital serves the greater Franklin and Grand Isle counties in northwestern Vermont. The service area consists of approximately 54,000 people and the area is primarily rural and agricultural in nature with some light industry.

Part VI, Line 5:

The Hospital maintains an open medical staff and a community based Board of Directors. The Hospital's Board of Directors is elected by the Hospital's Board of Incorporators, which consists of approximately 150 local residents. The Hospital created and funds a program known as The Center for Health and Wellness, which is committed to a collaborative approach to community health improvement.

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990.**

▶ **Go to www.irs.gov/Form990 for the latest information.**

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization: Northwestern Medical Center

Employer identification number: 03-0266986

Part I **General Information on Grants and Assistance**

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? [X] Yes [ ] No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II **Grants and Other Assistance to Domestic Organizations and Domestic Governments.** Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section (if applicable)	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of noncash assistance	(h) Purpose of grant or assistance
Howard Center, Inc. 208 Flynn Avenue, Suite 3J Burlington, VT 05401	03-0179433	501(c)(3)	13,000.	0.			Support programs complimentary to the Hospital's exempt purpose.

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 1.

3 Enter total number of other organizations listed in the line 1 table ▶

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

Schedule I (Form 990) (2017)

732101 11-01-17

Part III **Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	**(b)** Number of recipients	**(c)** Amount of cash grant	**(d)** Amount of non-cash assistance	**(e)** Method of valuation (book, FMV, appraisal, other)	**(f)** Description of noncash assistance

Part IV **Supplemental Information.** Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.

Part I, Line 2:

All assistance is given to either 501(c)(3) public charities or governmental units and their affiliates. Therefore, additional monitoring is not deemed necessary.

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" on Form 990, Part IV, line 23.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization: Northwestern Medical Center

Employer identification number: 03-0266986

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.			
	☐ First-class or charter travel ☐ Housing allowance or residence for personal use			
	☐ Travel for companions ☐ Payments for business use of personal residence			
	☐ Tax indemnification and gross-up payments ☒ Health or social club dues or initiation fees			
	☐ Discretionary spending account ☐ Personal services (such as, 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	1b	X	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?	2	X	
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.			
	☒ Compensation committee ☐ Written employment contract			
	☐ Independent compensation consultant ☒ Compensation survey or study			
	☐ Form 990 of other organizations ☒ Approval by the board or compensation committee			
4	During the year, did any person listed on 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?	4a		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		X
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
	Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.			
5	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		X
b	Any related organization?	5b		X
	If "Yes" on line 5a or 5b, describe in Part III.			
6	For persons listed on 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?	6a		X
b	Any related organization?	6b		X
	If "Yes" on line 6a or 6b, describe in Part III.			
7	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III	7	X	
8	Were any amounts reported on 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	8		X
9	If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

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

Schedule J (Form 990) 2017

732111 10-17-17

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 on 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 aren't listed on Form 990, Part VII.

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Jill Berry Bowen	(i)	400,835.	25,410.	14,829.	8,250.	21,514.	470,838.	0.
CEO	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) Chris Hickey	(i)	244,692.	15,729.	16.	13,471.	22,182.	296,090.	0.
CFO	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) Michael Barnum, MD	(i)	986,761.	21,000.	0.	13,500.	23,015.	1,044,276.	0.
Orthopedic Surgeon	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) Robert Beattie, MD	(i)	636,109.	6,735.	0.	12,715.	0.	655,559.	0.
Orthopedic Surgeon	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) Gregory Brophey, M.D.	(i)	487,673.	73,449.	4,279.	13,500.	17,264.	596,165.	0.
Ophthalmologist	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) Stephanie Neider, MD	(i)	371,580.	104,395.	4,268.	13,500.	23,015.	516,758.	0.
Dermatolgist	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) Lawrence Sullivan, MD	(i)	522,782.	82,547.	4,082.	13,500.	23,015.	645,926.	0.
CMO/OB GYN Physician	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

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

Part I, Line 1a:

Northwestern Medical Center provided fitness club membership automatically for all employees through June 2017 when the program was discontinued. The employees are required to sign in at the fitness club and those records are provided regularly to the Hospital to determine the amount of payment due to the fitness club. Cost through June 2017 was $9,625.

Part I, Line 7:

Jill Berry Bowen, CEO, and Chris Hickey, CFO, compensation plans may include, among other things, elements that require meeting or exceeding financial performance measures, including profitability.

Michael Barnum, Robert Beattie, Gregory Brophey, Stephanie Neider, and Lawrence Sullivan, Highest Compensated Employees, received bonuses as part of an organization wide bonus payment, whereby the bonus payment was determined based on the number of hours worked during the year.

Form 990, Part VII, Section A, line 5:

Michael Kennedy, M.D., Medical Staff President, is compensated by

Part III Supplemental Information

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

Northwest Medical Surgical Associates, Inc., an unrelated organization, for services rendered to Northwestern Medical Center. During calendar year 2017, Northwestern Medical Center paid $40,538 to Northwest Medical Surgical Associates, Inc., for services rendered.

Actual compensation paid to Dr. Kennedy by Medical Surgical Associates, Inc. is not known by Northwestern Medical Center. The amount paid to Medical Surgical Associates, Inc. for services rendered has been reported on Form 990, Part VII, column D.

SCHEDULE K (Form 990)
Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047
2017
Open to Public Inspection

Name of the organization: Northwestern Medical Center

Employer identification number: 03-0266986

Part I Bond Issues

See Part VI for Columns (a) and (f) Continuations

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pooled financing Yes	(i) Pooled financing No
A	Vermont Educational & Health Building Financin	23-7154467	NoneAvail	06/01/16	35,000,000.	Refund 2012A Bond and New Capital		X		X		X
B												
C												
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	2,070,785.			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	35,000,000.			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	235,906.			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	17,429,519.			
11	Other spent proceeds	17,334,575.			
12	Other unspent proceeds				
13	Year of substantial completion	2017			

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D 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						

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	%		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond-financed property to a non-governmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X							
b	Exception to rebate?		X						
c	No rebate due?		X						
	If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X							
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X							
b	Name of provider	People's United Bank							
c	Term of hedge	12.0000000							
d	Was the hedge superintegrated?	X							
e	Was the hedge terminated?		X						

Part IV **Arbitrage** *(Continued)*

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period?		X						
7 Has the organization established written procedures to monitor the requirements of section 148?	X							

Part V **Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation isn't available under applicable regulations?	X							

Part VI **Supplemental Information.** Provide additional information for responses to questions on Schedule K. See instructions

Schedule K, Part I, Bond Issues:
(a) Issuer Name: Vermont Educational & Health Building Financing Agency
(f) Description of Purpose: Refund 2012A Bond and New Capital Projects

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047
2017
Open to Public Inspection

Name of the organization: Northwestern Medical Center

Employer identification number: 03-0266986

Form 990, Part III, Line 2, New Program Services:

NMC transferred the operations of our wholly owned subsidiary (NOH) to NMC on 4/1/18. These services include urgent care and occupational health.

Form 990, Part III, Line 4b, Program Service Accomplishments:

Estimated costs and expenses incurred to provide charity care: $558,187

Number of charity care patients served: 1,135

The Hospital provides health care services to residents of St. Albans, Vermont, and the surrounding area, without regard to the individual's ability to pay for their services.

Form 990, Part V, Line 13, List of States with Qualified Health Plans:

VT

Form 990, Part VI, Section A, line 3:

The Organization's CEO, Jill Berry Bowen, is an employee of Quorum Health Resources, an unrelated management company. Please refer to Form 990, Part VII for compensation paid by Quorum Health Resources.

Form 990, Part VI, Section A, line 6:

The organization has a maximum of 150 members, elected at the annual meeting from a slate of candidates nominated by the Nominating Committee.

Name of the organization: Northwestern Medical Center

Employer identification number: 03-0266986

Other candidates for membership may be nominated from the floor at the annual meeting. Any person whose term as a Corporation Director has expired shall automatically become a member if that person consents to become a member.

Form 990, Part VI, Section A, line 7a:

The membership elects a presiding membership officer, an alternate presiding membership officer and a membership secretary. Said officers are designated as Chair, Vice Chair and Recording Secretary of the membership.

Form 990, Part VI, Section B, line 11b:

The entire Form 990 is provided to the full Board of Directors for review. The Board has the opportunity to ask questions and the Board votes on giving Administration approval to file the return in advance.

Form 990, Part VI, Section B, Line 12c:

Each Board Member and each member of the management team completes an annual statement attesting that they have received a copy of the policy and that they have read and understand it and will comply with it. Each person also completes a conflict of interest survey to identify potential conflicts and relevant financial interests. Each person also provides a listing of immediate family memebers, including spouse, children, grandchildren, parents, siblings, and any other person(s) living in their household. All disclosures are reviewed; determination of conflicts for Board Members are voted on by the remaining Board Members and determination of conflicts by the management staff is voted on by the senior leadership team. Those with conflicts are not allowed to participate in discussion and/or votes related to the conflict. A full copy of the policy can be

Name of the organization: Northwestern Medical Center

Employer identification number: 03-0266986

provided upon request.

Form 990, Part VI, Section B, Line 15:

The CEO is not an employee of Northwestern Medical Center. He/She is an employee of Quorum Health Resources and the respective contracts, including compensation, are approved by the Board of Directors on an annual basis.

Form 990, Part VI, Section C, Line 19:

Northwestern Medical Center does not formally make its governing documents and conflict of interest policy available to the public. Financial information is available to the public through the annual tax return filing, annual Medicare and Medicaid cost report filing, and financial data published by the Green Mountain Care Board and available on the Hospital's website, as well as summarized financial information and statistics published in the Hospital's annual report distributed to local communities and published on the Hospital's website.

Form 990, Part IX, Line 11g, Other Fees:

Other Professional Fees:

Program service expenses	9,666,719.
Management and general expenses	2,480,272.
Fundraising expenses	0.
Total expenses	12,146,991.

Maintenance Contracts:

Program service expenses	2,192,451.
Management and general expenses	606,899.
Fundraising expenses	0.

Name of the organization: Northwestern Medical Center

Employer identification number: 03-0266986

Total expenses	2,799,350.
Total Other Fees on Form 990, Part IX, line 11g, Col A	14,946,341.

Form 990, Part X, Line 10: Land, Buildings, and Equipment

Section 1.263(a)-3(n) Election:

Northwestern Medical Center
133 Fairfield St.
St. Albans, VT 05478
EIN: 03-0266986

Northwestern Medical Center is electing to capitalize repair and maintenance costs under Regulation Section 1.263(a)-3(n).

Form 990, Part XI, line 9, Changes in Net Assets:

Unrealized Gain on Interest Rate Swaps	1,287,308.
Increase in Perpetual Trusts	25,778.
Total to Form 990, Part XI, Line 9	1,313,086.

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization: Northwestern Medical Center

Employer identification number: 03-0266986

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
Northwestern Occupational Health, LLC - 03-0360669, 133 Fairfield Street, St. Albans, VT 05478	Medical rehabilitative and urgent care services	Vermont	1,681,992.	2,199,123.	Northwestern Medical Center

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
Northwestern Medical Center Auxiliary, Inc. - 03-0278425, 133 Fairfield St., St. Albans, VT 05478	Promotion and Support of Northwestern Medical Center	Vermont	501(c)(3)	Line 12a, I	Northwestern Medical Center	X	

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

Schedule R (Form 990) 2017

732161 09-11-17 LHA

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	(i) No

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

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

			Yes	No
1	During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a	Receipt of **(i)** interest, **(ii)** annuities, **(iii)** royalties, or **(iv)** rent from a controlled entity	1a		X
b	Gift, grant, or capital contribution to related organization(s)	1b		X
c	Gift, grant, or capital contribution from related organization(s)	1c		X
d	Loans or loan guarantees to or for related organization(s)	1d		X
e	Loans or loan guarantees by related organization(s)	1e		X
f	Dividends from related organization(s)	1f		X
g	Sale of assets to related organization(s)	1g		X
h	Purchase of assets from related organization(s)	1h		X
i	Exchange of assets with related organization(s)	1i		X
j	Lease of facilities, equipment, or other assets to related organization(s)	1j		X
k	Lease of facilities, equipment, or other assets from related organization(s)	1k		X
l	Performance of services or membership or fundraising solicitations for related organization(s)	1l		X
m	Performance of services or membership or fundraising solicitations by related organization(s)	1m		X
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		X
o	Sharing of paid employees with related organization(s)	1o		X
p	Reimbursement paid to related organization(s) for expenses	1p		X
q	Reimbursement paid by related organization(s) for expenses	1q		X
r	Other transfer of cash or property to related organization(s)	1r		X
s	Other transfer of cash or property from related organization(s)	1s		X

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

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners sec. 501(c)(3) orgs.? Yes	(e) No	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part VII Supplemental Information.

Provide additional information for responses to questions on Schedule R. See instructions.

Form **8868** (Rev. January 2017)

Department of the Treasury Internal Revenue Service

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

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

▶ **Information about Form 8868 and its instructions is at *www.irs.gov/form8868* .**

OMB No. 1545-1709

Electronic filing *(e-file).* You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request 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*, click on Charities & Non-Profits, and click on *e-file* for *Charities and Non-Profits.*

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (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

Type or print	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	Northwestern Medical Center	03-0266986
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 133 Fairfield St.	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. St. Albans, VT 05478	

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

- The books are in the care of ▶ Stephanie Breault, CPA 133 Fairfield Street - St. Albans, VT 05478

  Telephone No. ▶ 802-524-5911 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 6-month extension of time until August 15, 2019 , to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ ☐ calendar year _____ or

▶ ☒ tax year beginning OCT 1, 2017 , and ending SEP 30, 2018 .

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

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

LHA **For Privacy Act and Paperwork Reduction Act Notice, see instructions.**

Form **8868** (Rev. 1-2017)

723841 04-01-17

Electronic Filing PDF Attachment

BerryDunn

NORTHWESTERN MEDICAL CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

with

SUPPLEMENTARY INFORMATION

September 30, 2018 and 2017

With Independent Auditor's Report

BerryDunn

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwestern Medical Center, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Northwestern Medical Center, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of September 30, 2018 and 2017, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the 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 these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 the auditor's 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, the auditor considers internal control relevant to the entity'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 entity'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 Northwestern Medical Center, Inc. and Subsidiaries as of September 30, 2018 and 2017, and the results of their operations, changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Board of Directors
Northwestern Medical Center, Inc. and Subsidiaries

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information contained in Schedules 1 and 2 is presented for purposes of additional analysis, rather than to present the financial position and results of operations of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
December 19, 2018
Registration No. 92-0000278

NORTHWESTERN MEDICAL CENTER, INC.
AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2018 and 2017

ASSETS

	2018	2017
Current assets		
Cash and cash equivalents	**$ 6,600,858**	$ 5,954,422
Patient accounts receivable, net	**9,004,130**	10,828,387
Contributions receivable, net	**388,831**	772,690
Short-term investments	**11,244,196**	10,769,763
Other current assets	**4,574,499**	4,251,654
Total current assets	**31,812,514**	32,576,916
Assets limited as to use	**23,214,513**	32,328,245
Investments	**49,273,723**	47,020,732
Property and equipment, net	**68,301,008**	61,555,339
Other long-term assets	**147,890**	110,199
Interest rate swaps	**854,045**	-
Total assets	**$ 173,603,693**	$ 173,591,431

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	**$ 3,796,890**	$ 4,208,831
Salaries, wages and payroll taxes	**3,617,976**	3,315,510
Other accrued expenses	**1,101,640**	1,222,361
Estimated third-party settlements	**3,119,075**	1,911,849
Current portion of long-term debt	**1,499,069**	1,015,636
Total current liabilities	**13,134,650**	11,674,187
Deferred compensation	**2,830,582**	2,384,878
Long-term debt, net of current portion and unamortized bond issuance costs	**31,258,049**	32,755,798
Interest rate swaps	**-**	433,263
Total liabilities	**47,223,281**	47,248,126
Net assets		
Unrestricted	**122,752,719**	122,134,028
Temporarily restricted	**2,483,564**	3,090,926
Permanently restricted	**1,144,129**	1,118,351
Total net assets	**126,380,412**	126,343,305
Total liabilities and net assets	**$ 173,603,693**	$ 173,591,431

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

NORTHWESTERN MEDICAL CENTER, INC.
AND SUBSIDIARIES

Consolidated Statements of Operations

Years Ended September 30, 2018 and 2017

	2018	2017
Unrestricted revenues, gains and other support		
Patient service revenue (net of contractual allowances and discounts)	**$ 96,589,491**	$ 102,024,441
Less provision for bad debts	**6,470,850**	4,957,214
Net patient service revenue	**90,118,641**	97,067,227
Other operating revenue	**3,125,487**	3,206,227
Fixed prospective revenue	**14,656,494**	6,748,298
Net assets released from restriction used for operations	**3,031,066**	1,687,260
Total unrestricted revenues, gains and other support	**110,931,688**	108,709,012
Expenses		
Salaries and wages	**54,291,258**	53,427,049
Employee benefits	**12,204,498**	13,009,439
Supplies	**13,138,452**	12,114,339
Contracted services	**17,246,141**	14,512,154
Depreciation	**5,099,464**	4,722,649
Travelers' expense	**210,117**	203,003
Health care improvement tax	**6,169,059**	5,976,583
Other operating	**6,296,338**	6,594,011
Interest	**705,043**	603,519
Total expenses	**115,360,370**	111,162,746
Loss from operations	**(4,428,682)**	(2,453,734)
Nonoperating gains (losses)		
Net investment income	**3,608,207**	3,458,787
Unrealized gains on interest rate swaps	**1,287,308**	1,760,451
Unrealized (losses) gains on investments	**(19,647)**	4,524,461
Other	**171,505**	189
Nonoperating gains, net	**5,047,373**	9,743,888
Excess of revenues over expenses	**618,691**	7,290,154
Net assets released from restriction used for capital acquisitions	**-**	2,311,450
Increase in unrestricted net assets	**$ 618,691**	$ 9,601,604

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

NORTHWESTERN MEDICAL CENTER, INC.
AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years Ended September 30, 2018 and 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balances, October 1, 2016	$112,532,424	$ 4,120,579	$ 1,054,571	$117,707,574
Excess of revenue over expenses	7,290,154	-	-	7,290,154
Contributions	-	2,954,764	-	2,954,764
Appreciation in beneficial interest in perpetual trusts	-	-	63,780	63,780
Net investment gain	-	14,293	-	14,293
Net assets released from restriction used for operations	-	(1,687,260)	-	(1,687,260)
Net assets released from restriction used for capital acquisitions	2,311,450	(2,311,450)	-	-
Net increase (decrease) in net assets	9,601,604	(1,029,653)	63,780	8,635,731
Balances, September 30, 2017	122,134,028	3,090,926	1,118,351	126,343,305
Excess of revenue over expenses	**618,691**	**-**	**-**	**618,691**
Contributions	**-**	**2,415,162**	**-**	**2,415,162**
Appreciation in beneficial interest in perpetual trusts	**-**	**-**	**25,778**	**25,778**
Net investment gain	**-**	**8,542**	**-**	**8,542**
Net assets released from restriction used for operations	**-**	**(3,031,066)**	**-**	**(3,031,066)**
Net increase (decrease) in net assets	**618,691**	**(607,362)**	**25,778**	**37,107**
Balances, September 30, 2018	**$122,752,719**	**$ 2,483,564**	**$ 1,144,129**	**$126,380,412**

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

NORTHWESTERN MEDICAL CENTER, INC.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended September 30, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	$ 37,107	$ 8,635,731
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,099,464	4,722,649
Provision for bad debts	6,470,850	4,957,214
Gain on disposal of property and equipment	(31,535)	(3,708)
Net realized and unrealized gains on investments	(2,257,868)	(6,659,104)
Net change in beneficial interest in perpetual trusts	(25,778)	(63,780)
Contributions restricted to long-term purposes	(362,160)	(722,168)
Unrealized gain on interest rate swaps	(1,287,308)	(1,760,451)
Decrease (increase) in		
Patient accounts receivable, net	(4,646,593)	(6,009,179)
Contributions receivable	343,059	96,321
Other assets	(360,536)	314,637
Increase (decrease) in		
Accounts payable and accrued expenses	542,778	(167,632)
Estimated third-party settlements	1,207,226	451,816
Net cash provided by operating activities	4,728,706	3,792,346
Cash flows from investing activities		
Purchase of property and equipment	(12,666,572)	(27,506,110)
Net proceeds from sale of property and equipment	80,000	28,620
Purchase of investments	(1,408,753)	(2,853,396)
Withdrawal from construction fund	-	17,454,390
Proceeds from sale of investments	10,524,412	11,958,920
Net cash used by investing activities	(3,470,913)	(917,576)
Cash flows from financing activities		
Contributions received for long-term purposes	402,960	875,365
Borrowings on long-term debt	-	47,745
Principal payments on long-term debt	(1,014,317)	(832,233)
Net cash (used) provided by financing activities	(611,357)	90,877
Net increase in cash and cash equivalents	646,436	2,965,647
Cash and cash equivalents, beginning of year	5,954,422	2,988,775
Cash and cash equivalents, end of year	$ 6,600,858	$ 5,954,422
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 702,851	$ 586,527
Acquisition of property and equipment included in accounts payable	$ -	$ 772,975

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

Organization

Northwestern Medical Center, Inc. (Hospital or NMC) is a 70-bed, not-for-profit hospital in St. Albans, Vermont. The Hospital is the sole-owning member of Northwestern Occupational Health, LLC (NOH), a for-profit entity that provides medical rehabilitative and urgent care services. On April 1, 2018, the operation of the medical rehabilitative and urgent care services transferred from NOH to NMC. The consolidated financial statements also include the accounts of the Northwestern Medical Center Auxiliary, Inc. (Auxiliary) which is organized specifically for the promotion and support of the Hospital. Auxiliary volunteers provide the Hospital approximately 24,500 hours of support annually, as well as financial support.

The Hospital and Auxiliary are tax-exempt corporations pursuant to Section 501(c)(3) of the Internal Revenue Code (Code) and, as such, are not subject to certain income and property taxes. As a single member LLC, NOH is considered a disregarded tax entity and its results of operations are consolidated with the Hospital.

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital and its subsidiaries, NOH and Auxiliary (collectively, "Organization"). All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include money market funds with a maturity of three months or less when purchased. The Hospital maintains its cash in deposit accounts which, at times, may exceed federal depository insurance limits. Management believes credit risk related to these investments is minimal. The Hospital has not experienced any losses in such accounts.

Patient Accounts Receivable

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable.

In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purpose of estimating the appropriate amounts of the allowance for doubtful accounts and the provision for bad debts. Data in each major payor source are regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. For receivables relating to services provided to patients having third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a corresponding provision for bad debts at varying levels based on the age of the receivables and the payor source. For receivables relating to self-pay patients (which includes both patients without insurance and patients with deductibles, and copayment balances due for which third-party coverage exists for part of the bills), the Hospital records a provision for bad debts in the period of service based on past experience which indicates patients are unable or unwilling to pay amounts for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or eligible) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

Short-Term Investments, Assets Limited as to Use, and Investments

Short-term investments include money market funds, certificates of deposit and highly liquid debt instruments with a maturity of one year or less when purchased. These funds represent excess cash from operations that are available for day-to-day operational needs, as required.

Assets limited as to use include donor-restricted investments, cash collateralizing property financed by bank loans, bond proceeds to be used for capital projects, deferred compensation plan assets and designated assets set aside by the Board of Directors for future capital improvements, over which the Board of Directors retains control and which it may, at its discretion, use for other purposes.

Investments represent unrestricted donations received over the years, as well as excess funds generated from the operations of the Hospital. These funds, collectively, may only be used upon Board approval. While these funds are identified and referred to as the Hospital's endowment, they are not endowment funds as defined by the Uniform Prudent Management of Institutional Funds Act (UPMIFA) or U.S. GAAP and are not subject to any donor limitations or guidelines with respect to withdrawals.

Investments also include the non-current portion of short-term investments.

Investments in equity securities are reported at readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. The Hospital has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 825, *Financial Instruments*, and has elected the fair value option relative to its investments which consolidates all investment performance activity within the excess of revenues over expenses in the consolidated statements of operations to simplify the presentation of these amounts.

Investment income or loss on unrestricted investments, including realized gains and losses on investments, unrealized gains and losses on investments, and interest and dividends is included in nonoperating gains (losses), unless the income or loss is restricted by donor or law.

Employee Fringe Benefits

The Hospital has an "earned time" plan to provide certain fringe benefits for its employees; however, certain employees are not eligible for this plan. Under this plan, each employee "earns" paid leave for each payroll period. Accumulated hours may be used for vacations, holidays or illnesses. Hours earned, but not used, vest with the employees up to established limits. The Hospital accrues the cost of these benefits as they are earned.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if contributed, at fair market value determined at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Hospital reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors.

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 period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as either net assets released from restriction used for operations or net assets released from restriction used for capital acquisitions.

Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity. Generally, income earned on permanently restricted net assets, including net realized appreciation (depreciation) on investments, is included as a change in unrestricted net assets or as a change in temporarily restricted net assets if restricted by the donor.

Interest Rate Swaps

The Hospital uses interest rate swap contracts to mitigate the cash flow exposure of interest rate movements on variable-rate debt. The Hospital has adopted FASB ASC Topic 815, *Derivatives and Hedging*, to account for its interest rate swap contracts. The interest rate swaps do not qualify as cash flow hedges. Gains and losses on derivative financial instruments that do not qualify as hedges are required to be included in the performance indicator. As a result, the unrealized gains on the interest rate swaps for 2018 and 2017 have been included in the excess of revenues over expenses.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively-determined rates per discharge, reimbursed costs, discounted charges and per diem rates. 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.

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge, or at amounts less than its established rates. Because the Hospital does not pursue collections of amounts determined to qualify as charity care, they are not reported as revenue.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. The Hospital records unconditional promises to give greater than one year at the net present value using risk-free interest rates applicable at the time of the contribution and the donors' expected payment terms, less an estimate for uncollectible amounts. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received and the conditions are met. 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 as unrestricted net assets and reported in the statements of operations as net assets released from restriction.

Subsequent Events

For purposes of the preparation of these consolidated financial statements in conformity with U.S. GAAP, the Organization has considered transactions of events occurring through December 19, 2018, the date the financial statements were available for issuance.

2. Net Patient Service Revenue

Patient service revenue, contractual allowances and other discounts, and the provision for bad debts are as follows for the years ended September 30:

	2018	2017
Gross patient service revenue		
Inpatient services	**$ 42,001,084**	$ 42,476,351
Outpatient services	**158,954,657**	149,805,027
	200,955,741	192,281,378
Less contractual allowances and discounts	**104,366,250**	90,256,937
Patient service revenue (net of contractual allowances and discounts)	**96,589,491**	102,024,441
Less provision for bad debts	**(6,470,850)**	(4,957,214)
Net patient service revenue	**$ 90,118,641**	$ 97,067,227

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Due to its geographic location, the Hospital is deemed to be a sole community hospital. Under this designation, it is reimbursed at a prospectively-determined rate per inpatient discharge based upon its historical costs from a base period. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Outpatient services rendered to Medicare program beneficiaries are paid at prospectively-determined rates. These rates vary according to an ambulatory payment classification system that is based on clinical, diagnostic, and other factors. Final settlements have been determined for all years through September 30, 2014.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at acuity-based prospectively-determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are paid at prospectively-determined rates. The Hospital's Medicaid cost reports have been audited by the fiscal intermediary through September 30, 2013.

Blue Cross and Commercial

Inpatient and outpatient services rendered to Blue Cross and MVP Health Care subscribers are reimbursed at submitted charges less a discount. Physician professional fees are reimbursed on a fee schedule. The amounts paid to the Hospital are not subject to any retroactive adjustments.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively-determined rates per discharge, discounts from established charges and prospectively-determined daily rates.

Revenue from the Medicare and Medicaid programs accounted for approximately 28% and 13%, respectively, of the Hospital's patient revenue (net of contractual allowances and discounts) for the year ended 2018, and 36% and 11%, respectively, of the Hospital's patient revenue (net of contractual allowances and discounts) for the year ended 2017. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. In 2018 and 2017, net patient service revenue increased approximately $547,000 and $639,000, respectively, due to differences in retroactive adjustments compared to amounts previously estimated.

The Organization recognizes patient service revenue relating to services rendered to patients who have third-party payor coverage on the basis of contractual rates for such services. For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates less established discounts promulgated by the Patient Protection and Affordable Care Act. Based on historical trends, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services rendered. Thus, the Organization records a provision for bad debts related to uninsured patients in the period the services are rendered. Patient service revenue, net of contractual allowances and discounts, but before the provision for bad debts, recognized from these major payor sources is as follows:

	2018	2017
Revenue from third-party payors	**$ 93,443,861**	$ 99,692,394
Revenue from self-pay patients	**3,145,630**	2,332,047
	$ 96,589,491	$102,024,441

3. Patient Accounts Receivable and Estimated Allowance for Doubtful Accounts

Patient accounts receivable is stated net of estimated contractual allowances and the allowance for doubtful accounts as follows as of September 30:

	2018	2017
Patient accounts receivable	**$ 26,365,365**	$ 24,397,626
Estimated contractual allowances	**(11,920,479)**	(9,341,087)
Estimated allowance for doubtful accounts	**(5,440,756)**	(4,228,152)
Patient accounts receivable, net	**$ 9,004,130**	$ 10,828,387

	2018	2017
Estimated allowance for doubtful accounts, beginning of year	**$ 4,228,152**	$ 4,765,460
Self-pay write-offs, net	**(5,258,246)**	(5,494,522)
Provision for bad debts	**6,470,850**	4,957,214
Estimated allowance for doubtful accounts, end of year	**$ 5,440,756**	$ 4,228,152

The allowance for doubtful accounts increased approximately $1,213,000 from 2017 to 2018 which is consistent with the increase in self-pay patient accounts receivable which increased from approximately $4,544,000 at September 30, 2017 to $5,682,000 at September 30, 2018. Self-pay write-offs include charges from uninsured patients, as well as co-pays and deductibles from insured patients that are unwilling or unable to meet their financial responsibility.

4. Charity Care and Community Services

Consistent with its tax-exempt status and community service responsibility, the Hospital provides services at no charge or at discounted rates to patients who are uninsured or underinsured and meet certain criteria. The criteria for charity care consider family income, net worth, and extent of financial obligations, including healthcare costs.

The net cost of charity care provided was $558,187 in 2018 and $573,517 in 2017. The total cost estimate is based on the Hospital's cost accounting system.

As part of its mission, the Hospital underwrites a number of healthcare related programs that may not be otherwise available to the community. These activities directly align with the Community Health Needs Assessment, targeting the priorities both directly and indirectly.

Some examples of healthcare related programs are described below:

- NMC staff co-chair, facilitate, and participate in the “Community Committee on Healthy Lifestyles,” a broad multi-disciplinary grassroots effort to address pressing community health concerns through wellness and prevention. In 2014, the “RISE VT” initiative was created to bring aggressive wellness programming and initiatives throughout the region. A major grant was secured to supplement resources that the Hospital has already committed to this effort.

- The Healthy Hearts community health fair focuses on improved cardiovascular health with free screenings, educational booths, opportunities to try fitness activities, engaging kids’ activities, healthy snacks, and opportunities to discuss screening results and health questions with providers.

- NMC’s Lifestyle Medicine Department offers various community wellness and prevention programming, including media pieces, special events, smoking cessation activities, public lectures, and health related support groups.

- NMC invests staff time and production costs to dedicate space in hospital publications, paid advertising, proactive traditional media, and social media to raise awareness of health issues, prevention efforts, wellness activities, and supportive offerings put forth by the Hospital as well as community providers – who often lack the staff or resources to fully communicate these important messages to the target audiences in the community.

- Underwriting of, and voluntary participation in, local United Way programs and outreach with focus on health, education, and income – all of which contribute to improved quality of life and overall community health.

5. Contributions Receivable

Contributions receivable represent donors' unconditional promises to give to the master facility redesign capital campaign, which started during 2016. Contributions receivable are as follows:

	2018	2017
Contributions receivable	$ 518,441	$ 946,920
Less allowance for uncollectible contributions	(129,610)	(174,230)
Contributions receivable, net	$ 388,831	$ 772,690

6. Property and Equipment

The major categories of property and equipment are as follows as of September 30:

	2018	2017
Land	**$ 1,020,529**	$ 1,020,530
Land improvements	**3,887,209**	3,737,177
Buildings	**81,778,071**	53,516,806
Major moveable equipment	**38,172,451**	33,831,236
	124,858,260	92,105,749
Less accumulated depreciation	**57,720,696**	52,797,199
	67,137,564	39,308,550
Construction-in-progress	**1,163,444**	22,246,789
	$ 68,301,008	$ 61,555,339

In December 2015, the Hospital received approval on two Certificates of Need (CON) from the State of Vermont. The first CON was for construction of a two-story medical office building which will be attached to the main hospital building. The second CON was for construction and renovation to convert shared rooms to single occupancy rooms for inpatient medical/surgical and Intensive Care Unit (ICU) beds, and create a central registration area and adequate space for specialty clinics. The estimated total cost of these projects of $33,227,609 was financed with a $17.4 million loan and management expects the remaining funds will be funded from unrestricted net assets. The specialty clinic space was completed and placed in service in May 2017. The construction of the medical office building was completed in November 2017 and the medical/surgical and ICU space was completed in May 2018.

7. Assets Limited as to Use and Investments

The composition of assets limited as to use and investments as of September 30 is as follows:

	2018	2017
Assets Limited as to Use		
Internally designated for capital acquisition		
Cash equivalents	**$ 52,221**	$ 3,528,409
Equities	**10,552,985**	13,284,314
Fixed income	**4,127,384**	7,416,308
Alternative investment - hedge funds	**2,149,742**	2,093,831
	16,882,332	26,322,862
Donor-restricted		
Cash equivalents	**1,714,452**	1,881,702
Equities	**375,169**	346,496
Fixed income	**271,519**	277,626
Beneficial interest in perpetual trusts	**940,598**	914,820
	3,301,738	3,420,644
Held by bank as collateral on property		
Cash equivalents	**199,861**	199,861
Other investments		
Deferred compensation	**2,830,582**	2,384,878
	$ 23,214,513	$ 32,328,245
Investments		
Cash equivalents	**$ 1,857,087**	$ 1,604,051
Certificates of deposit with maturity dates exceeding twelve months	**145,197**	150,236
Fixed income	**17,043,820**	17,194,665
Equities	**39,124,935**	36,555,701
Alternative investment - hedge funds	**2,346,880**	2,285,842
Total	**60,517,919**	57,790,495
Less short-term investments	**11,244,196**	10,769,763
Long-term investments	**$ 49,273,723**	$ 47,020,732

Investment income and gains for assets limited as to use and investments are comprised of the following:

	2018	2017
Interest and dividend income	**$ 1,330,692**	$ 1,324,144
Realized gains	**2,277,515**	2,134,643
	3,608,207	3,458,787
Unrealized (losses) gains	**(19,647)**	4,524,461
	$ 3,588,560	$ 7,983,248

On May 5, 2009, the Governor of Vermont signed UPMIFA as regulation over donor-restricted endowment funds. Under UPMIFA, the amount of the original gifts is not expendable, although the value of the investments purchased may occasionally fall below that amount. UPMIFA describes "historic dollar value" as the amount that is not expendable. Income not specifically restricted by donors is reported as temporarily restricted until appropriated by the Board and expended.

8. Beneficial Interest in Perpetual Trusts

The Hospital is the beneficiary of various trusts for which it is not the trustee, consisting of $940,598 and $914,820 in irrevocable perpetual trusts at September 30, 2018 and 2017, respectively. The Hospital has reflected as assets in the balance sheets, included in donor-restricted assets limited as to use, its share of the fair value of the underlying investments in the trusts. Receipts of income are included as unrestricted investment income when received. Receipts from the trusts were approximately $35,400 and $24,700 for the years ended September 30, 2018 and 2017, respectively, and were recorded in net investment income.

9. Borrowings

Long-term debt consisted of the following as of September 30:

	2018	2017
Vermont Educational and Health Building Finance Agency (VEHBFA) Hospital Revenue Bonds 2016 Series A, currently held by People's United Bank, interest, at a variable rate, plus principal are paid monthly; due through June 1, 2036; collateralized by substantially all of the Hospital's assets.	**$ 32,929,215**	$ 33,944,851
Capital lease payable, with interest at 3.0%, due in monthly installments of $980, including interest, through 2022.	**37,270**	47,745
Long-term debt before unamortized bond issuance costs	**32,966,485**	33,992,596
Less: unamortized bond issuance costs	**209,367**	221,162
Long-term debt, net of unamortized bond issuance costs	**32,757,118**	33,771,434
Less: current portion	**1,499,069**	1,015,636
Long-term debt, net of current portion and unamortized bond issuance costs	**$ 31,258,049**	$ 32,755,798

Maturities on long-term debt, before unamortized debt issuance costs, for fiscal years subsequent to September 30, 2018 are as follows:

2019	$ 1,499,069
2020	1,537,264
2021	1,578,179
2022	1,617,459
2023	1,650,781
Thereafter	25,083,733
	$32,966,485

Effective June 1, 2016, the Hospital entered into a loan agreement with VEHBFA issuing $35 million in bonds. The new issue (Series 2016A) was used to refinance the Hospital's Series 2012A bonds, to provide funds for capital projects, and to pay bond issuance costs. Interest on the Series 2016A bonds is payable monthly at a variable rate based on 75% of the one-month LIBOR rate plus 0.71%, which equaled 2.14% and 1.55% at September 30, 2018 and 2017, respectively.

The 2016A bond issue requires the Hospital to meet certain covenants. As of September 30, 2018, the Hospital was in compliance with those covenants.

Interest Rate Swaps

The Hospital has entered into three swap agreements. During 2018 and 2017, the interest rate swap agreements did not qualify for hedge accounting.

The Hospital is required to include the fair value of the swaps in the balance sheet, and annual changes, if any, in the fair value of the swaps in the statement of operations. For example, during the Bonds' holding period, the annually calculated value of the swaps will be reported as assets if expected interest rates increase above those expected on the date the swaps were entered into (and as an unrealized gain in the statement of operations), which will generally be indicative that the net fixed rate the Hospital is paying is below market expectations of rates during the remaining term of the swap. The swaps will be reported as a liability (and as an unrealized loss in the statement of operations) if expected interest rates decrease below those expected on the date the swaps were entered into, which will generally be indicative that the net fixed rate the Hospital is paying on the swap is above market expectations of rates during the remaining term of the swap. These annual accounting adjustments of value changes in the swap transaction are non-cash recognition requirements. The Hospital retains the sole right to terminate the swap agreements should the need arise; however, such termination may result in a payment or receipt based on interest rate expectations at that time. The Hospital recorded the swaps at their asset position of $854,045 at September 30, 2018 and at their liability position of $433,263 at September 30, 2017. The interest rate swap contract disclosures are summarized as follows:

Fixed Rate Paid	Variable Rate Received	Current Notional Amount	Fair Value as of September 30, 2018	Fair Value as of September 30, 2017	Termination Date	Counterparty
1.208%	.84131%	$ 25,330,680	$ 1,370,765	$ 496,636	06/01/2028	People's United Bank
3.228%	.89799%	1,320,000	(23,514)	(72,203)	10/01/2030	Deutsche Bank AG
2.906%	.83966%	6,155,000	(493,206)	(857,696)	10/01/2021	Morgan Stanley
			$ 854,045	$ (433,263)		

The variable rate for the interest rate swaps is based on 68% of the one-month USD-LIBOR-BBA rate.

10. Retirement Plans

The Hospital sponsors a 403(b) retirement plan for its employees. To be eligible to participate in the 403(b) plan, an employee must meet certain requirements as specified in the Plan documents. The Hospital matches 1% if the employee contributes 2% or 3% of their annual salary and the Hospital contributes 2% if the employee contributes 4% or more of their annual salary. Total expense under the 403(b) retirement plan was $919,049 and $812,128 in 2018 and 2017, respectively.

The Hospital sponsors a Money Purchase Pension Plan covering substantially all of its employees. The Hospital's contributions are determined for, and allocated to, eligible participants based on a predetermined percent of compensation paid. Individual benefits at retirement are the amounts which can be provided by the sums contributed to each participant's account. The plan, which may be terminated at any time by the Board of Directors, provides for employee vesting over a six-year period. Retirement plan expenses charged to operations were $975,194 and $1,001,177 in 2018 and 2017, respectively.

The Hospital has a nonqualified deferred compensation plan established under Section 457 of the Code. The plan permits certain management and highly compensated employees to defer portions of their compensation based on Internal Revenue Service guidelines. The Hospital has cumulatively recorded $2,830,582 and $2,384,878 at September 30, 2018 and 2017, respectively, related to this plan. The related investments are segregated in a separate account and reported in the balance sheet along with the Hospital's related liability to the employees.

11. Commitments and Contingencies

Leases

The Hospital has leases for medical care space, and has various leases for medical and office equipment with original terms through November 2018 and March 2021. Certain of these leases have renewal options and contain an annual Consumer Price Index increase provision. Future minimum payments under these leases are as follows:

Years ending September 30,	
2019	$ 356,000
2020	289,000
2021	88,000
	$ 733,000

Rental expense for the years ended September 30, 2018 and 2017 was $831,075 and $1,215,455, respectively.

Professional Liability Insurance and Litigation

The Hospital carries malpractice insurance coverage under a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. The Hospital intends to renew its coverage on a claims-made basis and has no reason to believe that it may be prevented from renewing such coverage.

The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business. U.S. GAAP require the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Hospital has evaluated its exposure to losses arising from potential claims and determined that no such accrual was considered necessary as of September 30, 2018 and 2017.

QHR, LLC

The Hospital contracts with QHR, LLC for management advisory services. Total expenses related to the QHR, LLC contract, and charged to operations, were $1,050,045 and $1,021,690 for the years ended September 30, 2018 and 2017, respectively.

Self-Funded Health Insurance

The Hospital maintains a self-funded health insurance plan. A reserve of $493,690 and $442,667 in 2018 and 2017, respectively, has been established to allow for incurred but not reported claims for healthcare services based on claim history. The self-funded policy had an individual stop loss of $125,000 in 2018 and $150,000 in 2017. The Hospital's aggregate stop loss coverage begins at 125% of expected claims, excluding claim amounts which are paid under the individual stop loss coverage.

OneCare Vermont, LLC

The Hospital is a participant in OneCare Vermont, LLC (OneCare), a statewide Accountable Care Organization (ACO). Beginning January 1, 2017, the Hospital entered into a risk bearing arrangement through the Vermont Medicaid program. Beginning January 1, 2018, the Hospital accepted additional risk as a member of OneCare by participating in the Medicare Next Generation Model and Blue Cross/Blue Shield of Vermont. Under the Medicare Next Generation Model, Blue Cross/Blue Shield of Vermont, and Vermont Medicaid program, the Hospital receives monthly fixed prospective payments for services provided to attributed members. The ACO is responsible for both the cost and quality of care for each attributed member. This is true whether that person uses little or no care or whether they require services consistently throughout the year. The Hospital recognizes its share of annual contract settlements as an increase or decrease to fixed prospective revenue in the Statement of Operations.

12. Health Care Improvement Tax

A health care improvement tax is imposed on hospitals, nursing homes, and home health agencies as part of a program to upgrade services in Vermont. Hospitals in Vermont are assessed as a percentage of net patient revenue which is determined annually by the General Assembly. Hospital tax rates were 6.0% in 2018 and 2017.

13. Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30 are as follows:

	2018	2017
Medicare	**29 %**	33 %
Medicaid	**12**	12
Blue Cross	**15**	16
Other third-party payors	**23**	20
Patients	**21**	19
	100 %	100 %

14. Functional Expenses

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

	2018	2017
Healthcare services	**$ 89,962,000**	$ 86,927,370
General and administrative	**25,398,370**	24,235,376
	$ 115,360,370	$ 111,162,746

15. Restrictions on Net Assets

Temporarily restricted net assets consisted of donor contributions to the following programs and purposes at September 30:

	2018	2017
Community wellness initiatives	**$ 1,902,562**	$ 2,497,160
Capital expenditures	**188,128**	188,128
Education assistance	**46,530**	48,379
Free care assistance	**102,073**	120,595
Other community programs	**244,271**	236,664
	$ 2,483,564	$ 3,090,926

Permanently restricted net assets include endowment fund assets to be held in perpetuity and consisted of the following at September 30:

	2018	2017
Beneficial Interest in Trusts; income is unrestricted	**$ 940,598**	$ 914,820
Sowles Memorial Fund; income to be used for charity care	**203,531**	203,531
	$ 1,144,129	$ 1,118,351

16. Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurement*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Hospital's various financial instruments included in Level 2.

The Hospital's hedge fund alternative investments are valued based on the net asset values (NAV) in accordance with U.S. GAAP as a practical expedient. The Hospital invests in the hedge funds, which calculate NAV per share in accordance with FASB guidance relative to investment companies, and these investments are reported at fair value based on the NAV per share as reported by the investee. In accordance with U.S. GAAP, the investments for which fair value is measured at fair value using the practical expedient have not been categorized in the fair value hierarchy.

Assets and liabilities measured at fair value at September 30, 2018 are summarized below:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Assets:				
Assets limited as to use				
Cash equivalents	$ 1,966,534	$ -	$ -	$ 1,966,534
Fixed income	4,398,903	-	-	4,398,903
Equities	10,928,154	-	-	10,928,154
Deferred compensation plan assets	2,830,582	-	-	2,830,582
Beneficial interest in perpetual trusts	-	-	940,598	940,598
	$ 20,124,173	$ -	$ 940,598	21,064,771
Alternative investment - hedge funds				2,149,742
Total assets limited as to use				$ 23,214,513
Investments				
Cash equivalents	$ 1,857,087	$ -	$ -	$ 1,857,087
Certificates of deposit with maturity dates exceeding twelve months	145,197	-	-	145,197
Fixed income	17,043,820	-	-	17,043,820
Equities	39,124,935	-	-	39,124,935
	$ 58,171,039	$ -	$ -	58,171,039
Alternative investment - hedge funds				2,346,880
Total investments				$ 60,517,919
Interest rate swaps	-	854,045	-	854,045
Total assets				$ 84,586,477

Assets and liabilities measured at fair value at September 30, 2017 are summarized below:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Assets:				
Assets limited as to use				
Cash equivalents	$ 5,609,972	$ -	$ -	$ 5,609,972
Fixed income	7,693,934	-	-	7,693,934
Equities	13,630,810	-	-	13,630,810
Deferred compensation plan assets	2,384,878	-	-	2,384,878
Beneficial interest in perpetual trusts	-	-	914,820	914,820
	$ 29,319,594	$ -	$ 914,820	30,234,414
Alternative investment - hedge funds				2,093,831
Total assets limited as to use				$ 32,328,245
Investments				
Cash equivalents	$ 1,604,051	$ -	$ -	$ 1,604,051
Certificates of deposit with maturity dates exceeding twelve months	150,236	-	-	150,236
Fixed income	17,194,665	-	-	17,194,665
Equities	36,555,701	-	-	36,555,701
	$ 55,504,653	$ -	$ -	55,504,653
Alternative investment - hedge funds				2,285,842
Total investments				$ 57,790,495
Liabilities:				
Interest rate swaps	$ -	$ 433,263	$ -	$ 433,263

The fair value of the interest rate swap agreements is based on the income approach using a discounted cash flow analysis of the future cash inflows and cash outflows based on the notional amount of the interest rate swap agreement, market expectations regarding the variable rate as outlined in the 2016A bonds, and the fixed interest rate of the swap agreement.

The hedge fund investment primarily invests in limited partnerships and similar pooled investment vehicles often referred to as portfolio funds. These funds are managed by independent portfolio managers that employ diverse alternative investment strategies across a variety of asset classes. The alternative investment involves certain risks due to a lack of a public market and certain time restrictions on withdrawals.

Because the Hospital will never receive the assets held in the perpetual trusts, the beneficial interest in the perpetual trusts has been categorized as a Level 3 measurement. The fair value of the perpetual trusts is based on an estimate of the Hospital's portion of the fair value of the assets held by the perpetual trusts. The fair value of the assets held by the perpetual trusts is based on the market value of the underlying assets. Due to the level of risk associated with the fair value of the underlying securities and the level of uncertainty related to changes in their value, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the balance sheets.

Changes in the beneficial interest in perpetual trusts are comprised of the following for the years ended September 30:

	2018	2017
Fair value, beginning of year	**$ 914,820**	$ 851,040
Net appreciation	**25,778**	63,780
Fair value, end of year	**$ 940,598**	$ 914,820

SUPPLEMENTARY INFORMATION

Schedule 1

NORTHWESTERN MEDICAL CENTER, INC.
AND SUBSIDIARIES

Consolidating Balance Sheet

September 30, 2018
(With Comparative Totals for September 30, 2017)

ASSETS

	2018				2017
	NMC	NOH	Eliminations	**Total**	Total
Current assets					
Cash and cash equivalents	$ 5,076,604	$ 1,524,254	$ -	**$ 6,600,858**	$ 5,954,422
Patient accounts receivable, net	9,004,130	-	-	**9,004,130**	10,828,387
Contributions receivable, net	388,831	-	-	**388,831**	772,690
Short-term investments	11,244,196	-	-	**11,244,196**	10,769,763
Other current assets	5,219,051	-	(644,552)	**4,574,499**	4,251,654
Total current assets	30,932,812	1,524,254	(644,552)	**31,812,514**	32,576,916
Assets limited as to use	23,214,513	-	-	**23,214,513**	32,328,245
Investments	49,273,723	-	-	**49,273,723**	47,020,732
Property and equipment, net	67,626,139	674,869	-	**68,301,008**	61,555,339
Other long-term assets	1,693,732	-	(1,545,842)	**147,890**	110,199
Interest rate swaps	854,045	-	-	**854,045**	-
Total assets	$173,594,964	$ 2,199,123	$(2,190,394)	**$173,603,693**	$173,591,431

LIABILITIES AND NET ASSETS

Current liabilities					
Accounts payable	$ 3,788,161	$ 613,468	$ (604,739)	**$ 3,796,890**	$ 4,208,831
Salaries, wages and payroll taxes	3,617,976	-	-	**3,617,976**	3,315,510
Other accrued expenses	1,101,640	-	-	**1,101,640**	1,222,361
Estimated third-party settlements	3,119,075	-	-	**3,119,075**	1,911,849
Current portion of long-term debt	1,499,069	37,813	(37,813)	**1,499,069**	1,015,636
Total current liabilities	13,125,921	651,281	(642,552)	**13,134,650**	11,674,187
Deferred compensation	2,830,582	-	-	**2,830,582**	2,384,878
Long-term debt, net	31,258,049	585,191	(585,191)	**31,258,049**	32,755,798
Interest rate swaps	-	-	-	**-**	433,263
Total liabilities	47,214,552	1,236,472	(1,227,743)	**47,223,281**	47,248,126
Net assets					
Unrestricted	122,752,719	-	-	**122,752,719**	122,134,028
Member's equity	-	962,651	(962,651)	**-**	-
Temporarily restricted	2,483,564	-	-	**2,483,564**	3,090,926
Permanently restricted	1,144,129	-	-	**1,144,129**	1,118,351
Total net assets	126,380,412	962,651	(962,651)	**126,380,412**	126,343,305
Total liabilities and net assets	$173,594,964	$ 2,199,123	$(2,190,394)	**$173,603,693**	$173,591,431

Schedule 2

NORTHWESTERN MEDICAL CENTER, INC.
AND SUBSIDIARIES

Consolidating Statement of Operations

Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)

	2018				2017
	NMC	NOH	Eliminations	**Total**	Total
Unrestricted revenues, gains and other support					
Patient service revenue (net of contractual allowances and discounts)	$ 94,980,938	$ 1,656,593	$ (48,040)	**$ 96,589,491**	$ 102,024,441
Less provision for bad debts	6,322,820	148,030	-	**6,470,850**	4,957,214
Net patient service revenue	88,658,118	1,508,563	(48,040)	**90,118,641**	97,067,227
Other operating revenue	3,160,590	25,399	(60,502)	**3,125,487**	3,206,227
Fixed prospective revenue	14,656,494	-	-	**14,656,494**	6,748,298
Net assets released from restriction used for operations	3,031,066	-	-	**3,031,066**	1,687,260
Total unrestricted revenues, gains and other support	109,506,268	1,533,962	(108,542)	**110,931,688**	108,709,012
Expenses					
Salaries and wages	53,246,212	887,802	157,244	**54,291,258**	53,427,049
Employee benefits	12,138,349	114,189	(48,040)	**12,204,498**	13,009,439
Supplies	13,050,203	88,249	-	**13,138,452**	12,114,339
Contracted services	16,770,407	671,336	(195,602)	**17,246,141**	14,512,154
Depreciation	5,065,141	34,323	-	**5,099,464**	4,722,649
Travelers' expense	157,632	52,485	-	**210,117**	203,003
Healthcare improvement tax	6,169,059	-	-	**6,169,059**	5,976,583
Other operating	6,273,264	85,124	(62,050)	**6,296,338**	6,594,011
Interest	705,043	11,983	(11,983)	**705,043**	603,519
Total expenses	113,575,310	1,945,491	(160,431)	**115,360,370**	111,162,746
Loss from operations	(4,069,042)	(411,529)	51,889	**(4,428,682)**	(2,453,734)
Nonoperating gains (losses)					
Net investment income	3,208,661	-	399,546	**3,608,207**	3,458,787
Unrealized gains on interest rate swaps	1,287,308	-	-	**1,287,308**	1,760,451
Unrealized (losses) gains on investments	(19,647)	-	-	**(19,647)**	4,524,461
Other	211,411	-	(39,906)	**171,505**	189
Nonoperating gains, net	4,687,733	-	359,640	**5,047,373**	9,743,888
Excess (deficiency) of revenue over expenses	618,691	(411,529)	411,529	**618,691**	7,290,154
Net assets released from restriction used for capital acquisitions	-	-	-	**-**	2,311,450
Increase (decrease) in unrestricted net assets	$ 618,691	$ (411,529)	$ 411,529	**$ 618,691**	$ 9,601,604

Form **8868** (Rev. January 2017)

Department of the Treasury Internal Revenue Service

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

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

▶ **Information about Form 8868 and its instructions is at *www.irs.gov/form8868* .**

OMB No. 1545-1709

Electronic filing *(e-file).* You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request 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*, click on Charities & Non-Profits, and click on *e-file* for *Charities and Non-Profits.*

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (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

Type or print	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	Northwestern Medical Center	03-0266986
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 133 Fairfield St.	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. St. Albans, VT 05478	

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

- The books are in the care of ▶ Stephanie Breault, CPA 133 Fairfield Street - St. Albans, VT 05478

  Telephone No. ▶ 802-524-5911 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 6-month extension of time until August 15, 2019 , to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ ☐ calendar year _____ or

▶ ☒ tax year beginning OCT 1, 2017 , and ending SEP 30, 2018 .

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

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

LHA **For Privacy Act and Paperwork Reduction Act Notice, see instructions.** Form **8868** (Rev. 1-2017)

723841 04-01-17