

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)

OMB No. 1545-0047

2018

Open to Public Inspection

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.

A For the 2018 calendar year, or tax year beginning **OCT 1, 2018** and ending **SEP 30, 2019**

| | | | |
|--|--|---|--|
| B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending | C Name of organization Copley Hospital, Inc. | | D Employer identification number 03-0179423 |
| | Doing business as | | E Telephone number 802-888-8888 |
| | Number and street (or P.O. box if mail is not delivered to street address) | Room/suite | G Gross receipts \$ 68,634,684. |
| | 528 Washington Highway | | H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| City or town, state or province, country, and ZIP or foreign postal code Morrisville, VT 05661 | | H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No | H(c) Group exemption number |
| F Name and address of principal officer: Joseph Woodin same as C above | | If "No," attach a list. (see instructions) | |
| I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 | | | |
| J Website: www.copleyvt.org | | | |
| K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other | | | L Year of formation: 1934 |
| | | | M State of legal domicile: VT |

Part I Summary

| | |
|---|--|
| Activities & Governance | 1 Briefly describe the organization's mission or most significant activities: Critical Access Hospital |
| | 2 Check this box <input type="checkbox"/> 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 16 |
| | 4 Number of independent voting members of the governing body (Part VI, line 1b) 4 13 |
| | 5 Total number of individuals employed in calendar year 2018 (Part V, line 2a) 5 551 |
| | 6 Total number of volunteers (estimate if necessary) 6 114 |
| | 7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 0. |
| 7b Net unrelated business taxable income from Form 990-T, line 38 7b 0. | |
| Revenue | 8 Contributions and grants (Part VIII, line 1h) 518,568. Prior Year 356,332. Current Year |
| | 9 Program service revenue (Part VIII, line 2g) 67,528,425. 68,127,051. |
| | 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) -15,668. 50,442. |
| | 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 0. 0. |
| | 12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 68,031,325. 68,533,825. |
| Expenses | 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 0. 0. |
| | 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) 36,894,570. 37,974,216. |
| | 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) 32,789,086. 32,325,115. |
| 18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 69,683,656. 70,299,331. | |
| 19 Revenue less expenses. Subtract line 18 from line 12 -1,652,331. -1,765,506. | |
| Net Assets or Fund Balances | 20 Total assets (Part X, line 16) 56,568,832. Beginning of Current Year 54,544,853. End of Year |
| | 21 Total liabilities (Part X, line 26) 17,153,752. 16,683,576. |
| | 22 Net assets or fund balances. Subtract line 21 from line 20 39,415,080. 37,861,277. |

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 | | | |
| | Joseph Woodin, CEO Type or print name and title | | | | |
| Paid Preparer Use Only | Print/Type preparer's name Joseph R. Byrne | Preparer's signature Joseph R. Byrne | Date 08/03/20 | Check if self-employed <input type="checkbox"/> | PTIN P01289281 |
| | Firm's name Berry Dunn McNeil & Parker, LLC | Firm's address P.O. Box 1100 Portland, ME 04104-1100 | Firm's EIN 01-0523282 | 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: To help people live healthier lives by providing exceptional care and superior service.

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

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses.

4a (Code:) (Expenses \$ 64,479,032. including grants of \$) (Revenue \$ 68,127,051.) Copley Hospital provides quality medical healthcare regardless of race, creed, sex, national origin, handicap, age or ability to pay. Although reimbursement is critical to the hospital, it is recognized that not all individuals possess the ability to purchase essential medical services. Further, our mission is to serve the community with respect to providing healthcare services and healthcare education in keeping with the hospital's commitment to serve all members of its community. The Hospital offers free care and or subsidized care, care provided to persons covered by governmental programs at below cost, and health activities and programs to support the community and are considered where the need and/or individual's inability to pay coexists. These activities include a variety of services in the form of seminars,

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

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 64,479,032.

Part IV Checklist of Required Schedules

| | Yes | No |
|---|--------------|----|
| 1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> | 1 X | |
| 2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ? | 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? <i>If "Yes," complete Schedule C, Part I</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? <i>If "Yes," complete Schedule C, Part II</i> | 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? <i>If "Yes," complete Schedule C, Part III</i> | 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? <i>If "Yes," complete Schedule D, Part I</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? <i>If "Yes," complete Schedule D, Part II</i> | 7 | X |
| 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> | 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? <i>If "Yes," complete Schedule D, Part IV</i> | 9 | X |
| 10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> | 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? <i>If "Yes," complete Schedule D, Part VI</i> | 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? <i>If "Yes," complete Schedule D, Part VII</i> | 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? <i>If "Yes," complete Schedule D, Part VIII</i> | 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? <i>If "Yes," complete Schedule D, Part IX</i> | 11d | X |
| e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> | 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)? <i>If "Yes," complete Schedule D, Part X</i> | 11f | X |
| 12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> | 12a X | |
| b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> | 12b X | |
| 13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i> | 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? <i>If "Yes," complete Schedule F, Parts I and IV</i> | 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? <i>If "Yes," complete Schedule F, Parts II and IV</i> | 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? <i>If "Yes," complete Schedule F, Parts III and IV</i> | 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? <i>If "Yes," complete Schedule G, Part I</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? <i>If "Yes," complete Schedule G, Part II</i> | 18 | X |
| 19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> | 19 | X |
| 20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> | 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? <i>If "Yes," complete Schedule I, Parts I and II</i> | 21 | X |

Part IV Checklist of Required Schedules (continued)

Table with 3 columns: Question number, Yes, No. Rows 22-38. Includes questions about grants, compensation, tax-exempt bonds, excess benefit transactions, and Schedule O completion.

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with 3 columns: Question number, Yes, No. Rows 1a, 1b, 1c. Includes questions about Form 1096, Forms W-2G, and backup withholding rules.

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

| | | Yes | No |
|--|--|------------|----|
| 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 551 | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | 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? | | 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 | | |
| 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)? | | 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? | | X |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | X |
| c | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? | | |
| 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? | | X |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | | |
| 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? | | X |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | | 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? | | X |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | | X |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | | |
| 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? | | |
| 9 | Sponsoring organizations maintaining donor advised funds. | | |
| a | Did the sponsoring organization make any taxable distributions under section 4966? | | |
| b | Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? | | |
| 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 | |
| 15 | Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? | 15 | X |
| If "Yes," see instructions and file Form 4720, Schedule N. | | | |
| 16 | Is the organization an educational institution subject to the section 4968 excise tax on net investment income? | 16 | X |
| If "Yes," complete Form 4720, Schedule O. | | | |

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

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

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year (16); 1b Enter the number of voting members included in line 1a, above, who are independent (13); 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? (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? (X); 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? (X); 5 Did the organization become aware during the year of a significant diversion of the organization's assets? (X); 6 Did the organization have members or stockholders? (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? (X); 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? (X); 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: a The governing body? (X); b Each committee with authority to act on behalf of the governing body? (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 (X).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates? (X); 10b 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?; 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? (X); 11b 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 (X); 12b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? (X); 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done (X); 13 Did the organization have a written whistleblower policy? (X); 14 Did the organization have a written document retention and destruction policy? (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 (X); b Other officers or key employees of the organization (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? (X); 16b 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?

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed None
18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A 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 Angela Lamell - 802-888-8222 528 Washington Highway, Morrisville, VT 05661

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) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (1) Carl Szlachetka Chair | 3.80 0.20 | X | | X | | | | 0. | 0. | 0. |
| (2) Kathy Demars Vice Chair | 1.80 0.20 | X | | X | | | | 0. | 0. | 0. |
| (3) Walter Frame Treasurer | 1.80 0.20 | X | | X | | | | 0. | 0. | 0. |
| (4) Sharon Green Secretary | 1.80 0.20 | X | | X | | | | 0. | 0. | 0. |
| (5) Henry Binder MD Trustee | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (6) David Bisbee, MD Trustee/Med. Staff President | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (7) Bob Bleimeister Trustee | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (8) Ira Marvin Trustee | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (9) Elaine Nichols Trustee | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (10) Dan Noyes Trustee | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (11) Nancy Putnam Trustee | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (12) Jan Roy Trustee | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (13) David Silverman Trustee | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (14) Jamey Ventura Trustee | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (15) Richard Westman Trustee | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (16) Harry Miller Past Trustee | 1.80 0.20 | X | | | | | | 0. | 0. | 0. |
| (17) Joseph Subasic MD Past Trustee/Med. Staff President | 41.80 0.20 | X | | | | | | 258,936. | 0. | 31,034. |

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) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|---|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (18) Arthur Mathisen Past President and CEO | 38.00 2.00 | X | | X | | | | 347,745. | 0. | 17,755. |
| (19) Jeff White Interim CEO | 23.00 1.00 | X | | X | | | | 0. | 0. | 0. |
| (20) Rassoul Rangaviz Past CFO | 38.00 2.00 | | | X | | | | 266,426. | 0. | 10,585. |
| (21) Vera Jones COO | 38.00 2.00 | | | X | | | | 185,632. | 0. | 17,347. |
| (22) Lori Profota CNO | 38.00 2.00 | | | X | | | | 176,451. | 0. | 28,575. |
| (23) Debralee Dorain Interim CFO | 38.00 2.00 | | | X | | | | 122,654. | 0. | 5,809. |
| (24) Kevin Dorain Interim Co-CFO | 38.00 2.00 | | | X | | | | 102,042. | 0. | 30,462. |
| (25) Nicholas Antell Physician | 40.00 0.00 | | | | | X | | 491,944. | 0. | 40,821. |
| (26) Bryan Huber Physician | 40.00 0.00 | | | | | X | | 641,790. | 0. | 44,810. |
| 1b Sub-total | | | | | | | | 2,593,620. | 0. | 227,198. |
| c Total from continuation sheets to Part VII, Section A | | | | | | | | 2,030,970. | 0. | 130,231. |
| d Total (add lines 1b and 1c) | | | | | | | | 4,624,590. | 0. | 357,429. |

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 **51**

| | Yes | No |
|---|-----|----|
| 3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual | | X |
| 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual | X | |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person | | X |

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|--------------------------------|---------------------|
| Weatherby Locums, Inc. P.O. Box 972633, Dallas, TX 75397-2633 | Physician Services | 587,800. |
| Apogee Medical Management, 15059 N. Scottsdale Rd. Ste. 600, Scottsdale, AZ | Physician Services | 552,539. |
| CPSI P.O. Box 850309, Mobile, AL 36685-0309 | Software support | 478,055. |
| University of Vermont P.O. Box 1902, Burlington, VT 05402-1902 | Lab Services | 335,236. |
| Amnesia Anesthesia, PLLC P.O. Box 4461, St. Johnsbury, VT 05819 | Anesthesia Services | 315,835. |

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 **21**

See Part VII, Section A Continuation sheets

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 | 356,332. | | | | |
| | e Government grants (contributions) | 1e | | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | | | | | |
| | g Noncash contributions included in lines 1a-1f: \$ | | | | | | |
| | h Total. Add lines 1a-1f | | 356,332. | | | | |
| Program Service Revenue | 2 a Gross Patient Revenue | Business Code 621400 | 113,757,897. | 113,757,897. | | | |
| | b Miscellaneous Revenue | 621400 | 780,954. | | | 780,954. | |
| | c Cafeteria Revenue | 900099 | 352,285. | | | 352,285. | |
| | d Provision for Bad Debt | 621400 | -1,809,559. | -1,809,559. | | | |
| | e Contractual/Char. Adj. | 621400 | -44,954,526. | -44,954,526. | | | |
| | f All other program service revenue | | | | | | |
| | g Total. Add lines 2a-2f | | 68,127,051. | | | | |
| Other Revenue | 3 Investment income (including dividends, interest, and other similar amounts) | | 59,853. | | | 59,853. | |
| | 4 Income from investment of tax-exempt bond proceeds | | | | | | |
| | 5 Royalties | | | | | | |
| | 6 a Gross rents | (i) Real | | | | | |
| | | (ii) Personal | | | | | |
| | | b Less: rental expenses | | | | | |
| | | c Rental income or (loss) | | | | | |
| | d Net rental income or (loss) | | | | | | |
| | 7 a Gross amount from sales of assets other than inventory | (i) Securities | | | | | |
| | | (ii) Other | 91,448. | | | | |
| | | b Less: cost or other basis and sales expenses | | 100,859. | | | |
| | | c Gain or (loss) | | -9,411. | | | |
| | d Net gain or (loss) | | -9,411. | | | -9,411. | |
| | 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 | | | 68,533,825. | 66,993,812. | 0. | 1,183,681. | |

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 | | | | |
| 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 | 1,601,455. | 289,971. | 1,311,484. | |
| 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 | 29,974,794. | 28,458,254. | 1,516,540. | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | 730,354. | 703,206. | 27,148. | |
| 9 Other employee benefits | 3,704,610. | 3,446,656. | 257,954. | |
| 10 Payroll taxes | 1,963,003. | 1,793,304. | 169,699. | |
| 11 Fees for services (non-employees): | | | | |
| a Management | | | | |
| b Legal | 27,350. | | 27,350. | |
| c Accounting | 50,872. | | 50,872. | |
| d Lobbying | 45,001. | | 45,001. | |
| e Professional fundraising services. See Part IV, line 17 | | | | |
| f Investment management fees | | | | |
| g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.) | 7,188,506. | 6,037,865. | 1,150,641. | |
| 12 Advertising and promotion | 159,739. | | 159,739. | |
| 13 Office expenses | 1,092,878. | 828,196. | 264,682. | |
| 14 Information technology | | | | |
| 15 Royalties | | | | |
| 16 Occupancy | 1,897,493. | 1,568,217. | 329,276. | |
| 17 Travel | 52,925. | 40,255. | 12,670. | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | | | | |
| 20 Interest | 111,344. | 111,344. | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 2,711,502. | 2,555,012. | 156,490. | |
| 23 Insurance | 993,248. | 894,342. | 98,906. | |
| 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 Medical Supplies | 13,629,311. | 13,594,573. | 34,738. | |
| b Service Provider Tax | 3,899,906. | 3,899,906. | | |
| c Dues & Subscriptions | 322,548. | 125,947. | 196,601. | |
| d Education | 142,492. | 131,984. | 10,508. | |
| e All other expenses | | | | |
| 25 Total functional expenses. Add lines 1 through 24e | 70,299,331. | 64,479,032. | 5,820,299. | 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 <input type="checkbox"/> 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 | 2,650. | 1 | 2,650. |
| | 2 Savings and temporary cash investments | 11,696,982. | 2 | 11,498,004. |
| | 3 Pledges and grants receivable, net | | 3 | |
| | 4 Accounts receivable, net | 5,711,480. | 4 | 5,439,899. |
| | 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 | 3,360,814. | 8 | 2,997,420. |
| | 9 Prepaid expenses and deferred charges | 1,468,842. | 9 | 1,534,559. |
| | 10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D | 10a 56,093,751. | | |
| | b Less: accumulated depreciation | 10b 30,279,428. | 27,109,453. | 10c 25,814,323. |
| | 11 Investments - publicly traded securities | | 11 | |
| | 12 Investments - other securities. See Part IV, line 11 | 4,656,728. | 12 | 4,868,431. |
| | 13 Investments - program-related. See Part IV, line 11 | | 13 | |
| | 14 Intangible assets | | 14 | |
| | 15 Other assets. See Part IV, line 11 | 2,561,883. | 15 | 2,389,567. |
| 16 Total assets. Add lines 1 through 15 (must equal line 34) | 56,568,832. | 16 | 54,544,853. | |
| Liabilities | 17 Accounts payable and accrued expenses | 6,011,506. | 17 | 6,144,874. |
| | 18 Grants payable | | 18 | |
| | 19 Deferred revenue | | 19 | |
| | 20 Tax-exempt bond liabilities | | 20 | |
| | 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 | 8,398,785. | 23 | 7,910,328. |
| | 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 | 2,743,461. | 25 | 2,628,374. |
| | 26 Total liabilities. Add lines 17 through 25 | 17,153,752. | 26 | 16,683,576. |
| Net Assets or Fund Balances | Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> X and complete lines 27 through 29, and lines 33 and 34. | | | |
| | 27 Unrestricted net assets | 34,758,352. | 27 | 32,992,846. |
| | 28 Temporarily restricted net assets | 140,171. | 28 | 204,259. |
| | 29 Permanently restricted net assets | 4,516,557. | 29 | 4,664,172. |
| | Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34. | | | |
| | 30 Capital stock or trust principal, or current funds | | 30 | |
| | 31 Paid-in or capital surplus, or land, building, or equipment fund | | 31 | |
| | 32 Retained earnings, endowment, accumulated income, or other funds | | 32 | |
| 33 Total net assets or fund balances | 39,415,080. | 33 | 37,861,277. | |
| 34 Total liabilities and net assets/fund balances | 56,568,832. | 34 | 54,544,853. | |

Part XI Reconciliation of Net Assets

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

| | | | |
|----|--|----|-------------|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 68,533,825. |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 70,299,331. |
| 3 | Revenue less expenses. Subtract line 2 from line 1 | 3 | -1,765,506. |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 39,415,080. |
| 5 | Net unrealized gains (losses) on investments | 5 | |
| 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 | 211,703. |
| 10 | Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 37,861,277. |

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: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other | | |
| If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O. | | |
| 2a Were the organization's financial statements compiled or reviewed by an independent accountant? | | X |
| 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: | | |
| <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis | | |
| b Were the organization's financial statements audited by an independent accountant? | 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: | | |
| <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> 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? | 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? | | 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 | | |

Form 990 (2018)

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) 2014 | (b) 2015 | (c) 2016 | (d) 2017 | (e) 2018 | (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) 2014 | (b) 2015 | (c) 2016 | (d) 2017 | (e) 2018 | (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 | | | | | | <input type="checkbox"/> |

Section C. Computation of Public Support Percentage

| | | |
|---|----|--------------------------|
| 14 Public support percentage for 2018 (line 6, column (f) divided by line 11, column (f)) | 14 | % |
| 15 Public support percentage from 2017 Schedule A, Part II, line 14 | 15 | % |
| 16a 33 1/3% support test - 2018. 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 | | <input type="checkbox"/> |
| b 33 1/3% support test - 2017. 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 | | <input type="checkbox"/> |
| 17a 10% -facts-and-circumstances test - 2018. 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 | | <input type="checkbox"/> |
| b 10% -facts-and-circumstances test - 2017. 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 | | <input type="checkbox"/> |
| 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 | | <input type="checkbox"/> |

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) 2014 | (b) 2015 | (c) 2016 | (d) 2017 | (e) 2018 | (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) 2014 | (b) 2015 | (c) 2016 | (d) 2017 | (e) 2018 | (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 2018 (line 8, column (f), divided by line 13, column (f)) | 15 | % |
| 16 Public support percentage from 2017 Schedule A, Part III, line 15 | 16 | % |

Section D. Computation of Investment Income Percentage

| | | |
|--|-----------|---|
| 17 Investment income percentage for 2018 (line 10c, column (f), divided by line 13, column (f)) | 17 | % |
| 18 Investment income percentage from 2017 Schedule A, Part III, line 17 | 18 | % |

19a 33 1/3% support tests - 2018. 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 - 2017. 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? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i> | | |
| 2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i> | | |
| 3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i> | | |
| b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i> | | |
| c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i> | | |
| 4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i> | | |
| b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i> | | |
| 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)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i> | | |
| 5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i> | | |
| b 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? | | |
| c Substitutions only. Was the substitution the result of an event beyond the organization's control? | | |
| 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? <i>If "Yes," provide detail in Part VI.</i> | | |
| 7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as 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? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i> | | |
| 8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i> | | |
| 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))? <i>If "Yes," provide detail in Part VI.</i> | | |
| 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? <i>If "Yes," provide detail in Part VI.</i> | | |
| 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? <i>If "Yes," provide detail in Part VI.</i> | | |
| 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)? <i>If "Yes," answer 10b below.</i> | | |
| b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i> | | |

Part IV Supporting Organizations (continued)

| | Yes | No |
|--|-----|----|
| 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? | | |
| b A family member of a person described in (a) above? | | |
| 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 . | | |

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. | | |
| 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. | | |

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). | | |

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? | | |
| 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). | | |
| 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. | | |

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 year (see instructions). | | |
| a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below. | | |
| b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below. | | |
| c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions). | | |
| 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. | Yes | No |
| 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. | | |
| 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 . | | |
| 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. | | |

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 | <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions). | | |

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 2018 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-2018 | (iii) Distributable Amount for 2018 |
|--|-----------------------------|--|---|
| 1 Distributable amount for 2018 from Section C, line 6 | | | |
| 2 Underdistributions, if any, for years prior to 2018 (reasonable cause required- explain in Part VI). See instructions. | | | |
| 3 Excess distributions carryover, if any, to 2018 | | | |
| a From 2013 | | | |
| b From 2014 | | | |
| c From 2015 | | | |
| d From 2016 | | | |
| e From 2017 | | | |
| f Total of lines 3a through e | | | |
| g Applied to underdistributions of prior years | | | |
| h Applied to 2018 distributable amount | | | |
| i Carryover from 2013 not applied (see instructions) | | | |
| j Remainder. Subtract lines 3g, 3h, and 3i from 3f. | | | |
| 4 Distributions for 2018 from Section D, line 7: \$ | | | |
| a Applied to underdistributions of prior years | | | |
| b Applied to 2018 distributable amount | | | |
| c Remainder. Subtract lines 4a and 4b from 4. | | | |
| 5 Remaining underdistributions for years prior to 2018, 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 2018. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions. | | | |
| 7 Excess distributions carryover to 2019. Add lines 3j and 4c. | | | |
| 8 Breakdown of line 7: | | | |
| a Excess from 2014 | | | |
| b Excess from 2015 | | | |
| c Excess from 2016 | | | |
| d Excess from 2017 | | | |
| e Excess from 2018 | | | |

Schedule A (Form 990 or 990-EZ) 2018

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

2018

Name of the organization

Copley Hospital, Inc.

Employer identification number

03-0179423

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

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

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

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

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

501(c)(3) taxable private foundation

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

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

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, 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 (entering "N/A" in column (b) instead of the contributor name and address), 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 Copley Hospital, Inc. | Employer identification number 03-0179423 |
|--|---|

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 | <hr/> <hr/> <hr/> <hr/> | \$ 356,332. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| | <hr/> <hr/> <hr/> <hr/> | \$ _____ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| | <hr/> <hr/> <hr/> <hr/> | \$ _____ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| | <hr/> <hr/> <hr/> <hr/> | \$ _____ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| | <hr/> <hr/> <hr/> <hr/> | \$ _____ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| | <hr/> <hr/> <hr/> <hr/> | \$ _____ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| | <hr/> <hr/> <hr/> <hr/> | \$ _____ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

| | |
|--|---|
| Name of organization Copley Hospital, Inc. | Employer identification number 03-0179423 |
|--|---|

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

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

| | |
|--|---|
| Name of organization Copley Hospital, Inc. | Employer identification number 03-0179423 |
|--|---|

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 | |
| | | | |
| | | | |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| | | | |
| | | | |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| | | | |
| | | | |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| | | | |
| | | | |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| | | | |
| | | | |

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2018

Department of the Treasury
Internal Revenue Service

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.

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 Copley Hospital, Inc. | Employer identification number 03-0179423 |
|--|---|

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-. |
|----------|-------------|---------|---|--|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
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| | | | | |

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule C (Form 990 or 990-EZ) 2018

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. | | | | | | | | | | | | | | |
| <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width:65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table> | If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: | Not over \$500,000 | 20% of the amount on line 1e. | Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000. | Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000. | Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000. | Over \$17,000,000 | \$1,000,000. | | |
| If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: | | | | | | | | | | | | | |
| Not over \$500,000 | 20% of the amount on line 1e. | | | | | | | | | | | | | |
| Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000. | | | | | | | | | | | | | |
| Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000. | | | | | | | | | | | | | |
| Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000. | | | | | | | | | | | | | |
| Over \$17,000,000 | \$1,000,000. | | | | | | | | | | | | | |
| g Grassroots nontaxable amount (enter 25% of line 1f) | | | | | | | | | | | | | | |
| h Subtract line 1g from line 1a. If zero or less, enter -0- | | | | | | | | | | | | | | |
| i Subtract line 1f from line 1c. If zero or less, enter -0- | | | | | | | | | | | | | | |
| j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | | | | | | | | | | | | |

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

| Lobbying Expenditures During 4-Year Averaging Period | | | | | |
|---|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) | (a) 2015 | (b) 2016 | (c) 2017 | (d) 2018 | (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) | | (b) |
|---|-----|----|---------|
| | Yes | No | 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 | | 32,122. |
| h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | X | |
| i Other activities? | X | | 12,879. |
| j Total. Add lines 1c through 1i | | | 45,001. |
| 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:

The Organization pays dues to various organizations, a portion (12,879) of which is attributable to lobbying expenses.

The Hospital also engaged a law firm for 32,122 for lobbying services.

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

2018

Open to Public Inspection

Name of the organization **Copley Hospital, Inc.** Employer identification number **03-0179423**

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? | | <input type="checkbox"/> Yes <input type="checkbox"/> 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? | | <input type="checkbox"/> Yes <input type="checkbox"/> 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

▶ \$ _____

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

Schedule D (Form 990) 2018

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 | | | | | |
| b Contributions | | | | | |
| c Net investment earnings, gains, and losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | | | | | |

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

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

The percentages 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:

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

| | Yes | No |
|--------|-----|----|
| 3a(i) | | |
| 3a(ii) | | |
| 3b | | |

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

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

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" 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 | | 1,096,205. | | 1,096,205. |
| b Buildings | | 31,212,794. | 12,588,430. | 18,624,364. |
| c Leasehold improvements | | 686,072. | 382,458. | 303,614. |
| d Equipment | | 22,108,026. | 16,793,013. | 5,315,013. |
| e Other | | 990,654. | 515,527. | 475,127. |
| Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) | | | | 25,814,323. |

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) Beneficial Interest in | | |
| (B) Net Assets of Copley | | |
| (C) Health Systems, Inc. | 4,868,431. | End-of-Year Market Value |
| (D) | | |
| (E) | | |
| (F) | | |
| (G) | | |
| (H) | | |
| Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) | 4,868,431. | |

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) Deferred Compensation | 2,378,374. |
| (3) Estimated Third Party Payor | |
| (4) Settlements | 250,000. |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) | 2,628,374. |

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 | 68,745,528. |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12: | | | |
| a | Net unrealized gains (losses) on investments | 2a | | |
| b | Donated services and use of facilities | 2b | | |
| c | Recoveries of prior year grants | 2c | | |
| d | Other (Describe in Part XIII.) | 2d | 211,703. | |
| e | Add lines 2a through 2d | | 2e | 211,703. |
| 3 | Subtract line 2e from line 1 | | 3 | 68,533,825. |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1: | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | |
| b | Other (Describe in Part XIII.) | 4b | | |
| c | Add lines 4a and 4b | | 4c | 0. |
| 5 | Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.) | | 5 | 68,533,825. |

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 | 70,299,331. |
| 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 | 70,299,331. |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1: | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | |
| b | Other (Describe in Part XIII.) | 4b | | |
| c | Add lines 4a and 4b | | 4c | 0. |
| 5 | Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.) | | 5 | 70,299,331. |

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 XI, Line 2d - Other Adjustments:

Change in Beneficial Interest in Net Assets of Copley

Health Systems, Inc.

211,703.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2018

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

- ▶ 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.

Name of the organization **Copley Hospital, Inc.** Employer identification number **03-0179423**

Part I Financial Assistance and Certain Other Community Benefits at Cost

| | Yes | No |
|---|-----|----|
| 1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a | X | |
| b If "Yes," was it a written policy? | X | |
| 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities | | |
| 3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year. | | |
| a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: | X | |
| <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>300</u> % | | |
| b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: | X | |
| <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ % | | |
| c If the organization used factors other than FPG in determining eligibility, describe in Part VI the 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"? | | X |
| 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | X | |
| b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | X | |
| c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? | | X |
| 6a Did the organization prepare a community benefit report during the tax year? | X | |
| b If "Yes," did the organization make it available to the public? | X | |

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

7 Financial Assistance and Certain Other Community Benefits at Cost

| | (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 |
|--|---|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------|
| Financial Assistance and Means-Tested Government Programs | | | | | | |
| a Financial Assistance at cost (from Worksheet 1) | | | 482,203. | | 482,203. | .69% |
| b Medicaid (from Worksheet 3, column a) | | | 12,605,205. | 6,260,935. | 6,344,270. | 9.02% |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d Total. Financial Assistance and Means-Tested Government Programs | | | 13,087,408. | 6,260,935. | 6,826,473. | 9.71% |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 156,392. | 101,681. | 54,711. | .08% |
| f Health professions education (from Worksheet 5) | | | | | | |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | | | | |
| j Total. Other Benefits | | | 156,392. | 101,681. | 54,711. | .08% |
| k Total. Add lines 7d and 7j | | | 13,243,800. | 6,362,616. | 6,881,184. | 9.79% |

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)

1 Copley Hospital, Inc.
528 Washington Highway
Morrisville, VT 05661
www.copleyvt.org
891

Table with columns: 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. Row 1: X, 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 Copley Hospital, Inc.

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? | | 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 | | 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 | X | |
| If "Yes," indicate what the CHNA report describes (check all that apply): | | |
| a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility | | |
| b <input checked="" type="checkbox"/> Demographics of the community | | |
| c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community | | |
| d <input checked="" type="checkbox"/> How data was obtained | | |
| e <input checked="" type="checkbox"/> The significant health needs of the community | | |
| f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups | | |
| g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs | | |
| h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests | | |
| i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s) | | |
| j <input type="checkbox"/> Other (describe in Section C) | | |
| 4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>17</u> | | |
| 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 | 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 | | 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 | X | |
| 7 Did the hospital facility make its CHNA report widely available to the public? | X | |
| If "Yes," indicate how the CHNA report was made widely available (check all that apply): | | |
| a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>https://www.copleyvt.org/about-us/communi</u> | | |
| b <input type="checkbox"/> Other website (list url): | | |
| c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility | | |
| d <input type="checkbox"/> 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 | X | |
| 9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>17</u> | | |
| 10 Is the hospital facility's most recently adopted implementation strategy posted on a website? | X | |
| a If "Yes," (list url): <u>https://www.copleyvt.org/about-us/community-health-n</u> | | |
| b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? | | |
| 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)? | | X |
| b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? | | |
| 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 Copley Hospital, Inc.

| | 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? | X | |
| If "Yes," indicate the eligibility criteria explained in the FAP: | | |
| a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>300</u> % and FPG family income limit for eligibility for discounted care of <u>400</u> % | | |
| b <input type="checkbox"/> Income level other than FPG (describe in Section C) | | |
| c <input checked="" type="checkbox"/> Asset level | | |
| d <input type="checkbox"/> Medical indigency | | |
| e <input type="checkbox"/> Insurance status | | |
| f <input type="checkbox"/> Underinsurance status | | |
| g <input checked="" type="checkbox"/> Residency | | |
| h <input type="checkbox"/> Other (describe in Section C) | | |
| 14 Explained the basis for calculating amounts charged to patients? | X | |
| 15 Explained the method for applying for financial assistance? | 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 <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application | | |
| b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application | | |
| c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process | | |
| d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications | | |
| e <input type="checkbox"/> Other (describe in Section C) | | |
| 16 Was widely publicized within the community served by the hospital facility? | X | |
| If "Yes," indicate how the hospital facility publicized the policy (check all that apply): | | |
| a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>See Part V, Page 8</u> | | |
| b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>See Part V, Page 8</u> | | |
| c <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>See Part V, Page 8</u> | | |
| d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail) | | |
| e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail) | | |
| f <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail) | | |
| g <input checked="" type="checkbox"/> 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 <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP | | |
| i <input type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations | | |
| j <input type="checkbox"/> Other (describe in Section C) | | |

Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group Copley Hospital, Inc.

| | 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? | 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 <input type="checkbox"/> Reporting to credit agency(ies) | | |
| b <input type="checkbox"/> Selling an individual's debt to another party | | |
| c <input type="checkbox"/> 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 <input type="checkbox"/> Actions that require a legal or judicial process | | |
| e <input type="checkbox"/> Other similar actions (describe in Section C) | | |
| f <input checked="" type="checkbox"/> 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? | | X |
| If "Yes," check all actions in which the hospital facility or a third party engaged: | | |
| a <input type="checkbox"/> Reporting to credit agency(ies) | | |
| b <input type="checkbox"/> Selling an individual's debt to another party | | |
| c <input type="checkbox"/> 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 <input type="checkbox"/> Actions that require a legal or judicial process | | |
| e <input type="checkbox"/> 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 <input checked="" type="checkbox"/> 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 (if not, describe in Section C) | | |
| b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process (if not, describe in Section C) | | |
| c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications (if not, describe in Section C) | | |
| d <input checked="" type="checkbox"/> Made presumptive eligibility determinations (if not, describe in Section C) | | |
| e <input type="checkbox"/> Other (describe in Section C) | | |
| f <input type="checkbox"/> None of these efforts were made | | |

Policy Relating to Emergency Medical Care

| | | | |
|---|----|---|--|
| 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 <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions | | | |
| b <input type="checkbox"/> The hospital facility's policy was not in writing | | | |
| c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C) | | | |
| d <input type="checkbox"/> 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 Copley Hospital, Inc.

| | 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 <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period | | |
| b <input type="checkbox"/> 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 <input checked="" type="checkbox"/> 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 <input type="checkbox"/> 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? | 23 | X |
| If "Yes," explain in Section C. | | |
| 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? | 24 | X |
| If "Yes," explain in Section C. | | |

Schedule H (Form 990) 2018

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, 20a, 20b, 20c, 20d, 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.

Copley Hospital, Inc.:

Part V, Section B, Line 5: The Hospital's "Local Experts" come from an advisory group of at least 15 local residents, inclusive of at least one member self-identifying with each of the five Quorum written comment solicitation classifications, with whom the Hospital solicited to participate in the Quorum/Hospital CHNA process. The Hospital asked all participating in the written comment solicitation process to self-identify themselves into any of the following representative classifications, which is detailed in an Appendix to the CHNA report. Written comment participants self-identified into the following classifications:

1. Public Health - Persons with special knowledge of or expertise in public health

2. Departments and Agencies - Federal, tribal, regional, State, or local health or other departments or agencies, with current data or other information relevant to the health needs of the community served by the hospital facility

3. Priority Populations - Leaders, representatives, or members of medically underserved, low income, and minority populations, and populations with chronic disease needs in the community served by the hospital facility. Also, in other federal regulations the term Priority Populations, which include rural residents and LGBT interests, is employed and for consistency is included in this definition

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, 20a, 20b, 20c, 20d, 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.

4. Chronic Disease Groups - Representative of or member of Chronic Disease Group or Organization, including mental and oral health

5. Broad Interest of the Community - Individuals, volunteers, civic leaders, medical personnel, and others to fulfill the spirit of broad input required by the federal regulations

And Other

The methodology also took a comprehensive approach to assess community health needs by performing several independent data analyses based on secondary source data, augmenting this with Local Expert Advisor opinions, and resolving any data inconsistency or discrepancies by reviewing the combined opinions formed from local experts. The methodology relies on secondary source data, and most secondary sources use the county as the smallest unit of analysis. Most data used in the analysis is available from public Internet sources and proprietary data. Data sources included: www.Countyhealthrankings.org; IBM Watson Health (formerly known as Truven Health Analytics); www.healthvermont.gov; and www.Worldlifeexpectancy.com/usa-health-rankings.

Copley Hospital deployed a CHNA "Round 1" survey to our Local Expert Advisors to gain input on local health needs and the needs of priority populations. Local Expert Advisors were local individuals selected according to criteria required by the Federal guidelines and regulations and the Hospital's desire to represent the region's geographically and ethnically diverse population. The Hospital received community input from

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, 20a, 20b, 20c, 20d, 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.

78 Local Expert Advisors. Survey responses started February 19, 2018 and ended with the last response on March 12, 2018. A community survey was also completed in the same time period as the Local Expert Surveys and received 172 responses. Information gained from the community survey can be found in Appendix A of the hospital's CHNA.

While the Round 1 survey was open to the Local Experts, a Community Survey was solicited to the Copley Hospital's service area residents to help understand the overall health needs and challenges facing the local population to ensure the appropriate health needs were identified for the 2018 CHNA. The survey was open to any area resident over 18 years of age. 172 surveys were completed.

The top three priority populations in the area are residents of rural areas, low-income groups, and children.

When the Round 1 survey and data analysis was complete, the Hospital put the information and summary conclusions before our Local Expert Advisors who were asked to agree or disagree with the summary conclusions. They were free to augment potential conclusions with additional comments of need. Consultation with Local Experts occurred again via an internet-based survey beginning March 26, 2018 and ending April 9, 2018. 58 of the original 78 Local Expert Advisors responded to the Round 2 survey.

Having taken steps to identify potential community needs, the Local Experts then participated in a structured communication technique called a "Wisdom of Crowds" method. The premise of this approach relies on a panel

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, 20a, 20b, 20c, 20d, 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.

of experts with the assumption that the collective wisdom of participants is superior to the opinion of any one individual, regardless of their professional credentials.

Through the 'Wisdom of Crowds' process, each Local Expert had the opportunity to introduce needs previously unidentified and to challenge conclusions developed from the data analysis. A summary of all needs identified by any of the analyzed data sets was developed. The Local Experts then allocated 100 points among the potential significant need candidates, including the opportunity to again present additional needs that were not identified from the data. A rank order of priorities emerged, with some needs receiving none or virtually no support, and other needs receiving identical point allocations.

The ranked need were divided into two groups: "Significant" and "Other Identified Needs." Our criteria for identifying and prioritizing Significant Needs was based on a descending frequency rank order of the needs based on total points cast by the Local Experts, further ranked by a descending frequency count of the number of local experts casting any points for the need. By our definition, a Significant Need had to include all rank ordered needs until at least fifty percent (50%) of all points were included and to the extent possible, represented points allocated by a majority of voting local experts. The determination of the break point - "Significant" as opposed to "Other" - was a qualitative interpretation where a reasonable break point in rank order occurred.

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, 20a, 20b, 20c, 20d, 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.

Copley Hospital, Inc.:

Part V, Section B, Line 6b: The Hospital collaborated and obtained assistance in conducting this CHNA from Quorum Health Resources. Our steering committee included the Vermont Department of Health Field Director for the Morrisville, VT area and the Morrisville area facilitator for the Vermont State Blueprint for Health.

Local Area Experts came from the Unified Community Collaborative (UCC) which includes representatives from community, regional and state organizations and agencies involved in the social determinants of health.

Copley Hospital, Inc.:

Part V, Section B, Line 11:

1.Preventative Care

Copley Hospital services, programs, and resources available to respond to this need include:

- Screening availability at Copley Hospital's Women Center
[Note: Screening defined as screening for substance abuse, mental health, adverse childhood events, smoking, food insecurity, housing, BP and BMI.
Note: Adverse childhood events screening is performed by the provider, with referrals made to the social worker at TWC].

- Prevention education/awareness promoted through hospital's social media through collaborative community blog LiveWellLamoille.com.

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, 20a, 20b, 20c, 20d, 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.

- Prevention/education awareness program - through the launch of RISE

VT-Lamoille due FY2019.

- Social worker working with inpatients and emergency department patients to screen and provide referrals. [Note: Screening defined as screening for substance abuse, mental health, smoking, food insecurity and housing].

- Referral and Resource Specialist in emergency department; continue focus on "super-utilizers" in emergency department and Inpatient population.

- Standardized Fall Risk Screening tool for targeted populations 65+ with implementation scheduled in FY2020-FY2021.

- 100% of targeted patient population in the emergency department will be screened for chronic health conditions and social determinants of health (SDOHS) [Note: Screening defined as screening for substance abuse, mental health, adverse childhood events, smoking, food insecurity, housing, and BP].

Additionally, Copley Hospital plans to take the following steps to address this need:

- Evaluate options to increase transportation assistance to improve access to care.

- The Women's Center provides dental health referral options as part of pre-natal care.

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, 20a, 20b, 20c, 20d, 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.

- 100% of targeted patient population in outpatient clinics will routinely receive blood pressure screening.

2.Mental Health - Local expert concern

Copley Hospital services, programs, and resources available to respond to this need include:

- Screening availability at Copley Hospital's Women Center

[Note: Screening defined as screening for substance abuse, mental health, adverse childhood events, smoking, food insecurity, housing, BP and BMI.

Note: Adverse childhood events screening is performed by the provider, with referrals made to the social worker at TWC].

- Copley Hospital partners with the Mobile Crisis Team (Lamoille County Mental Health) to assist with people presenting in the ER with a mental health crisis. The Mobile Crisis Team offers emergency and crisis services to anyone who lives in Lamoille County, 24 hours a day, 7 days a week. They also serve children in the surrounding towns including: Hardwick, Craftsbury, Greensboro, Stannard, and Woodbury.

- Trained hospital staff as patient sitters and establishment of sitter program.

- Developed mental health safe room in emergency department.

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, 20a, 20b, 20c, 20d, 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.

- Referral and resource specialist in emergency department full-time.

- Partnered with Lamoille County Mental Health on the Zero Suicide Program (screening, intervention, safe transition of care).

- Provides mental health awareness education for targeted staff.

Additionally, Copley Hospital plans to take the following steps to address this need:

- Evaluate options for increasing transportation programs (Rural Community Transportation, others) to assist with getting patients to needed mental health and behavioral health appointments.

- Offer de-escalation training with community organizations to build appropriate skills in the community.

- Evaluate mental health resources in the emergency department.

Copley Hospital, Inc.

Part V, line 16a, FAP website:

www.copleyvt.org/for-patients-and-visitors/billing-and-insurance/

Copley Hospital, Inc.

Part V, line 16b, FAP Application website:

www.copleyvt.org/for-patients-and-visitors/billing-and-insurance/

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, 20a, 20b, 20c, 20d, 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.

Copley Hospital, Inc.

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

www.copleyvt.org/for-patients-and-visitors/billing-and-insurance/

Copley Hospital, Inc.:

Part V, Section B, Line 24: Services that are not medically necessary are excluded from coverage under the FAP, but an uninsured discount is granted for these services.

Continuation of Part V, Section B, Line 11:

3.Chronic Health Conditions

Copley Hospital services, programs, and resources available to respond to this need include:

- Screening availability at Copley Hospital's Women Center

[Note: Screening defined as screening for substance abuse, mental health, adverse childhood events, smoking, food insecurity, housing, BP and BMI. Note: Adverse childhood events screening is performed by the provider, with referrals made to the social worker at TWC].

- Increased services available via telemedicine, including Pulmonology and Nephrology.

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, 20a, 20b, 20c, 20d, 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.

- Collaboration with Central Vermont Medical Center for oncology services available at Copley Hospital.

- Referral and resource specialist in emergency department full time.

- Workforce Wellness Program available to area businesses.

- Cardiac/Pulmonary Rehabilitation program for persons that experienced an event or has a qualifying condition.

- Prevention/Education and awareness messaging via Social Media and LiveWellLamoille.com blog.

- Increase Workforce Wellness service area to offer tobacco cessation and chronic disease prevention/management at worksites throughout the service area.

- Discharge planning that includes scheduling Primary Care Follow-up prior to discharge.

Additionally, Copley Hospital plans to take the following steps to address this need:

- Evaluate options for increasing transportation assistance (Rural Community Transportation, others).

- 100% Screening of targeted patient populations in the emergency

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, 20a, 20b, 20c, 20d, 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.

department

[100% of targeted patient population in the emergency department will be screened by chronic health conditions and social determinants with health (SDOHS). Screening defined as screening for substance abuse, mental health, adverse childhood events, smoking, food insecurity, housing, and blood pressure (BP)].

- 100% of targeted patient population in outpatient clinics will routinely receive blood pressure screening.

- 100% of identified inpatient population will be evaluated using readmission risk assessment tool.

4. Substance Use/Abuse -

Copley Hospital services, programs, and resources available to respond to this need include:

- Provides SBIRT/ACES screenings at the Copley Hospital Women's Health Center.

- Referrals to Medication Assistance Treatment (MAT) program.

- Copley Hospital partners with the Mobile Crisis Team (Lamoille County Mental Health) to assist the people presenting in the ER with a mental health crisis. The Mobile Crisis Team offers emergency and crisis services to anyone who lives in Lamoille County, 24 hours a day, 7 days

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, 20a, 20b, 20c, 20d, 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.

a week. They also serve children in the surrounding towns including:

Hardwick, Craftsbury, Greensboro, Stannard, and Woodbury.

- Placed Referral and Resource Specialist in emergency department.

- Mental health awareness education for hospital staff.

- Evaluated ability to prescribe and/or distribute Naloxone through the emergency department.

- Installed a prescription drug "drop-box" for people to safely dispose of unused and/or expired prescription drugs.

- Implemented collaboration with North Central Vermont Recovery Center Coaches program for targeted patient population in the emergency department.

Additionally, Copley Hospital plans to take the following steps to address this need:

- Evaluate options for increasing transportation programs (Rural Community Transportation, others).

5.Reducing Cost of Healthcare

Copley Hospital services, programs, and resources available to respond to this need include:

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, 20a, 20b, 20c, 20d, 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.

- Financial assistance program offered at Copley Hospital.

- Resources to assist patients with enrolling for insurance through Vermont Health Connect.

- Continued focus on connecting "super utilizers" of the Emergency Department to needed social services.

- Continued collaboration with Community Care Management Team to refer complex patients to appropriate services.

- Ongoing implementation of inpatient readmission risk assessment tool to help reduce 30 day all cause readmissions.

Copley Hospital does not intend to develop an implementation strategy for this Significant Need. Due to a relative lack of identified effective interventions at the hospital level other than addressing chronic conditions, preventative care and identifying people at risk to address the need, we are choosing not to develop an implementation strategy at this time. We feel we can have a greater impact by putting attention and resources toward other significant needs as outlined.

6.Housing Insecurity - Local expert concern

Copley Hospital services, programs, and resources available to respond to this need include:

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, 20a, 20b, 20c, 20d, 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.

- Provide laundry service for warming shelter.

- Provide screening for housing insecurity at the Women's Center and with targeted population in the emergency department.

Copley Hospital does not intend to develop an implementation strategy for this Significant Need

Due to a lack of identified effective interventions to address the need, and the availability of other organizations to address this need, we are choosing not to develop an implementation strategy at this time. We feel we can have a greater impact by putting attention and resources toward other significant needs for which we are better qualified to serve.

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 7:

A cost accounting system was used to calculate the amounts reported in the table. The cost accounting system addresses all patient segments. A cost-to-charge ratio was used. The ratio was derived from Worksheet 2.

Part I, Line 3c

In addition to income, Copley uses other factors in determining eligibility for financial assistance, including residency status for non-emergent services and an asset threshold.

Part III, Line 4:

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances, and thus are reduced by an allowance for doubtful accounts. In evaluating collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provisions for bad debts. Management

Part VI Supplemental Information (Continuation)

regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The allowance for doubtful accounts decreased from \$2,100,000 in 2018 to \$2,015,000 in 2019 based on the aging of receivables.

The Organization utilized a cost to charge ratio as the costing methodology used to determine the amount of bad debt expense at cost.

Part III, Line 9b:

Financial Assistance is available to guarantors who meet the eligibility requirements. Income level, household size, residency status, etc,

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

determine eligibility. Federal Poverty Level guidelines are utilized to determine the amount of assistance a household may be eligible for. For the patient's convenience, all statements have an abbreviated version of the Financial Assistance Application on the back.

Part VI, Line 2:

Copley gathers and analyzes information about the greater Lamoille Valley community and its healthcare needs through various means, including: analyzing and responding to health trends in our patients; through aggregate data from our Quality and Wellness initiatives, the OneCare Vermont Accountable Care Organization, the Vermont State Blueprint for Health and from the Unified Community Collaborative (UCC) which includes representatives from community, regional and state organizations and agencies involved in the social determinants of health. We also review relevant data from the Vermont Department of Health, Centers for Medicare and Medicaid Services, and the Federal Centers for Disease Control.

Part VI, Line 3:

Information about Copley's Charitable Care policy, which includes helping patients apply for assistance under federal, state or local government programs, is posted by each registration desk (Main Lobby and Emergency Department). It is also available, along with the application form, online on the Hospital's website in addition to the "Hospital Report Card" website of the Green Mountain Care Board. Details are also included in the Patient Guide for inpatients, families and visitors.

Copley's Charitable Care program is also promoted in our philanthropy efforts as many donors give to the program. All care providers may refer

Part VI Supplemental Information (Continuation)

patients to the Hospital's Patient Financial Services counselors or to Patient and Family Services to connect them to assistance.

Part VI, Line 4:

Copley Hospital, defines its service area as Lamoille, and parts of Orleans and Caledonia counties in Vermont, which includes the towns of Belvedere, Cambridge, Jeffersonville, Waterville, Eden, Eden Mills, Hyde Park, Johnson, Elmore, Morristown, Moscow, north Hyde Park, Stowe, Wolcott, Craftsbury, Greensboro, Hardwick and Stannard. Copley serves a population of 30,387 people. Lamoille County is one of the few counties seeing population grown in Vermont, with an estimated population of 30,849 by 2022. The community is predominantly White, non-Hispanic, with a median age of 47.3 and a median household income of \$53,086 compared to the Vermont median household income of \$59,175. The area has pockets of great wealth and great poverty. The top three priority populations are residents of rural areas, low-income groups, and children.

Nearly 17% of the Hospital's service area is greater than 65 years of age, with 18.5% women of child-bearing age. Nearly 31% of adults 25 years of age or older in the area hold a high school degree, with 29% having some college experience or an Associate's degree and 34% holding a Bachelor's Degree or higher. The major industry is Accommodations and Food Service, followed by Health and Social Assistance.

Recent studies indicate Lamoille County has the highest rate of suicide in the state. The leading causes of death are from cancer, heart disease, and lung disease. Adverse metrics impacting more than 30% of the population and statistically significantly different from the national average

Part VI Supplemental Information (Continuation)

include:

- BMI in Morbid/Obese range at 10% above average, impacting 33.7%

- Routine Cholesterol Screening = 9.8% below average, impacting 40.0%

- Cancer Screen: Pap/Cerv Test 2 yr = 9.1% below average, impacting 43.8%

- OB/Gyn 1+ Visit = 11.5% below average, impacting 34.0%.

Beneficial metrics impacting more than 30% of the population and statistically significantly different from the national average include:

- Consumed Alcohol in the Past 30 Days = 18.3% below average, impacting 43.9%

- NP/PA Visit in the Last 6 Months = 10.7% above average, impacting 45.9%

Recent studies indicate Lamoille County has the highest rate of suicide in the state.

Part VI, Line 5:

The Hospital is governed by a volunteer board of trustees made up of local citizens representing a cross section of the community served. The board holds a public Annual Meeting in January and its Ethics Committee hosts an annual public forum on a topic pertinent to population health.

Copley continues to work collaboratively with other organizations to

Part VI Supplemental Information (Continuation)

identify and address community health needs. Our collaborations include but are not limited to the Unified Community Collaborative (UCC) which includes representatives from community, regional and state organizations and agencies involved in the social determinants of health; primary care practices; Lamoille Horne Health and Hospice; long-term residential care facilities The Manor and the Greensboro Nursing Home; Lamoille County Mental Health; Community Health Services of Lamoille Valley Behavioral Health & Wellness; Healthy Lamoille Valley; People in Partnership; the Morrisville District Office of the Vermont Department of Health; the Lamoille Community House (warming shelter); United Way; Clarina Howard Nichols Center; the North Central Vermont Recovery Center; and others.

Copley Hospital provides needed medical services, regardless of ability to pay. Services includes 24 hours/7 days a week emergency services, women's and children's services, general surgery, laboratory services, diagnostic imaging, orthopaedics, and rehabilitation. Copley continues its partnership with Dartmouth Hitchcock Connected Care to deliver needed services in the area with TeleMedicine; including Rheumatology, Nephrology and Pulmonology.

In conjunction with Community Health Services of Lamoille Valley, Copley has placed a resource referral specialist in the ER. This specialist works closely with our social worker and our utilization review nurse to screen and connect patients to needed services and community resources to address a variety of issues including quit smoking, fuel insecurity, food insecurity, homelessness or inadequate housing, substance abuse, mental health and/or long term management of complex conditions.

Part VI Supplemental Information (Continuation)

An ongoing initiative focuses on identifying patients with complex health issues that are high utilizers of emergency services and connecting them with a dedicated case worker to develop a coordinated care plan. This effort has resulted in a significant reduction in avoidable use of the emergency room, creating a potential - savings for the area's healthcare system.

To help address homelessness in the area, Copley provides laundry services to a grassroots warming shelter that opened in the area. All of these efforts improve transitions in care and outcomes, with the goal being the improvement of the health of our community.

As one of the largest employers in the area, the hospital is investing in education and training in support of recruitment and retention. Copley partners with Vermont Technical College, Northern Vermont University & Lamoille's Workforce Development Group to offer an Associate Degree in Nursing program here in Lamoille County. The hospital works with many educational institutions, offering onsite clinical rotations along with 8 graduate programs in nursing, medicine and healthcare administration. The Hospital continues to be a key partner in the Lamoille County Chapter of Rise Vermont, a state-wide initiative with the state's Accountable Care Organization. RiseVT supports and inspires residents to have fun, play more, eat well and feel good by amplifying and supporting efforts underway in the community. The RiseVT Program Manager is employed by the hospital. RiseVT operated wellness programming in the towns of Morrisville and Johnson, and attends multiple health and wellness events across our service area throughout the year. In 2019, the chapter awarded \$26,059 in Amplify Grants to local organizations like: Craftsbury Outdoor Center,

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

Lamoille Family Center, and Everyone Equals Morristown Community Center.

The Hospital regularly promotes healthy lifestyle choices and preventative information via social media outlets, including an award-winning collaborative community blog (LiveWellLamoille.com), community newsletters, information distributed on the hospital campus, and a year-long series of informational seminars that cover a range of timely health and wellness topics. We promote and support healthy, family-friendly activities and events to encourage healthy lifestyle choices.

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

2018

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization: **Copley Hospital, Inc.**
 Employer identification number: **03-0179423**

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (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
- 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?
- 3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.
- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input checked="" type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |
- 4** During the year, did any person listed 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?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.
- Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.**
- 5** For persons listed 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?
- b** Any related organization?
- 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?
- b** Any related organization?
- 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
- 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
- 9** If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

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

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

Schedule J (Form 990) 2018

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) Joseph Subasic MD Past Trustee/Med. Staff President | (i) | 233,159. | 0. | 25,777. | 9,960. | 21,074. | 289,970. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (2) Arthur Mathisen Past President and CEO | (i) | 295,188. | 40,000. | 12,557. | 10,800. | 6,955. | 365,500. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (3) Rassoul Rangaviz Past CFO | (i) | 226,455. | 0. | 39,971. | 9,071. | 1,514. | 277,011. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (4) Vera Jones COO | (i) | 176,549. | 0. | 9,083. | 3,954. | 13,393. | 202,979. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (5) Lori Profota CNO | (i) | 175,762. | 0. | 689. | 7,306. | 21,269. | 205,026. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (6) Nicholas Antell Physician | (i) | 454,010. | 0. | 37,934. | 6,154. | 34,667. | 532,765. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (7) Bryan Huber Physician | (i) | 594,286. | 25,000. | 22,504. | 10,800. | 34,010. | 686,600. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (8) John Macy Physician | (i) | 585,659. | 50,000. | 61,999. | 10,800. | 36,728. | 745,186. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (9) Brian Aros Physician | (i) | 591,769. | 107,567. | 61,953. | 10,800. | 30,823. | 802,912. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| (10) Joseph McLaughlin Physician | (i) | 544,517. | 5,573. | 21,933. | 10,800. | 30,280. | 613,103. | 0. |
| | (ii) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (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 5:

Bryan Huber, Brian Aros, John Macy, and Joseph McLaughlin highest compensated employees, received bonuses of \$25,000, \$107,567, \$50,000, & \$5,573 respectively.

The bonuses were based upon the gross revenue produced individually for the Hospital. The bonus is 20% of the excess revenue produced over that level.

Part I, Line 7:

During calendar year 2018, Arthur Mathisen, President & CEO, received a bonus of \$40,000. Mr. Mathisen is eligible for a quarterly bonus of up to \$10,000 per quarter. Quarterly incentive accruals are reviewed and evaluated by the Compensation and Evaluation Committee, and are subject to final approval by the full Board.

Part IV Business Transactions Involving Interested Persons.

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|-------------------------------|---|---------------------------|--------------------------------|---|----|
| | | | | Yes | No |
| David Vinick | Family Member of Sh | 118,058. | Employment | | X |
| Diane Szlachetka | Family Member of Ca | 29,773. | Independent | | X |
| Katherine Marvin | Family Member of Ir | 12,750. | Independent | | X |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Part V Supplemental Information.

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

Sch L, Part IV, Business Transactions Involving Interested Persons:

(a) Name of Person: David Vinick

(b) Relationship Between Interested Person and Organization:

Family Member of Sharon Greene, Board Secretary

(a) Name of Person: Diane Szlachetka

(b) Relationship Between Interested Person and Organization:

Family Member of Carl Szlachetka, Board Chair

(d) Description of Transaction: Independent Contractor Arrangement

(a) Name of Person: Katherine Marvin

(b) Relationship Between Interested Person and Organization:

Family Member of Ira Marvin, Board Trustee

(d) Description of Transaction: Independent Contractor Arrangement

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

2018

Open to Public
Inspection

Name of the organization

Copley Hospital, Inc.

Employer identification number

03-0179423

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

workshops, clinics, and screenings at minimal or no charge.

Form 990, Part VI, Section A, line 2:

Debralee Dorain and Kevin Dorain have a family relationship. Both were named Interim Co-CFOs after the previous CFO suddenly passed away in December of 2018.

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

Copley Hospital, Inc. is a member organization whose sole corporate member is Copley Health Systems, Inc. Copley Health Systems, Inc. and the Hospital share the same board of trustees.

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

Copley Hospital, Inc. shares the same board as Copley Health Systems, Inc. Each year, the members of Copley Health Systems, Inc. will hold an annual meeting. The purposes of the annual meeting shall include the election of members to the Corporation, the election of Trustees to the Corporation's Board of Trustees, the election of the community member at large of the governance and bylaws committee, and the transaction of such other business as may properly come before the membership.

The Board shall consist of up to twenty-one elected members, the Chief Executive Officer of the Corporation and the President of the Medical Staff of Copley Hospital, Inc., all as voting members. All Trustees must be members of the Corporation.

| | |
|---|--|
| Name of the organization Copley Hospital, Inc. | Employer identification number 03-0179423 |
|---|--|

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

The board reviews the Form 990 prior to submission. A complete copy of the form is made available to all members of the governing body through the finance office.

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

The Governance Committee reviews the statements and surveys completed by interested persons and maintains a list of individuals who may be considered disqualified persons under IRS regulations. The Governance Committee reports the results of its reviews annually to the Board.

The internal Compliance Committee of the Corporation reviews any potential conflict of interest which involves an interested person who is not a trustee or officer of the Corporation. The internal Compliance Committee reports the results of its reviews annually to the Board.

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

The CEO's pay is determined through the use of an outside compensation firm. Senior leadership and other highly compensated individuals have their pay ranges determined through market data from Astron Solutions. The compensation for the CEO is approved by the Board.

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

The governing documents are made available upon request. The conflict of interest policy and Matrix are available upon request. The financial statements are summarized in an annual report that is available to the public. The Hospital also submits both their budget and actual financial

Name of the organization

Copley Hospital, Inc.

Employer identification number

03-0179423

information to the State of Vermont's Department of Financial Regulation.

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

Other Fees:

| | |
|---------------------------------|------------|
| Program service expenses | 1,262,541. |
| Management and general expenses | 0. |
| Fundraising expenses | 0. |
| Total expenses | 1,262,541. |

Contract Labor:

| | |
|---------------------------------|------------|
| Program service expenses | 1,782,083. |
| Management and general expenses | 150,048. |
| Fundraising expenses | 0. |
| Total expenses | 1,932,131. |

Purchased Services:

| | |
|--|------------|
| Program service expenses | 2,993,241. |
| Management and general expenses | 1,000,593. |
| Fundraising expenses | 0. |
| Total expenses | 3,993,834. |
| Total Other Fees on Form 990, Part IX, line 11g, Col A | 7,188,506. |

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

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

Copley Hospital, Inc.

528 Washington Highway

Morrisville, VT 05661

| | |
|--|---|
| Name of the organization Copley Hospital, Inc. | Employer identification number 03-0179423 |
|--|---|

EIN: 03-0179423

Copley Hospital, Inc. 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:

| | |
|--|----------|
| Change in Beneficial Interest in Net Assets of Copley Health Systems, Inc. | 211,703. |
|--|----------|

**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

2018
Open to Public Inspection

Name of the organization **Copley Hospital, Inc.** Employer identification number **03-0179423**

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 |
|--|-------------------------|---|---------------------|---------------------------|-------------------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
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| | | | | | |

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 |
| Lamoille Area Housing Corporation Copley Terrace Project - 03-0270255, 528 Washington Highway, Morrisville, VT 05661 | Subsidized Elderly Housing | Vermont | 501(c)(3) | Line 10 | Copley Health Systems, Inc. | | X |
| Copley Health Systems, Inc. - 03-0301457 528 Washington Highway Morrisville, VT 05661 | Support of Copley Hospital | Vermont | 501(c)(3) | Line 12b, II | N/A | | X |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

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

Schedule R (Form 990) 2018

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.

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?

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

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

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

Part VII Supplemental Information.

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

Multiple horizontal lines for supplemental information.

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

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**
▶ **Go to www.irs.gov/Form8868 for the latest information.**

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/e-file-providers/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. Copley Hospital, Inc. | Employer identification number (EIN) or 03-0179423 |
| <small>File by the due date for filing your return. See instructions.</small> | Number, street, and room or suite no. If a P.O. box, see instructions. 528 Washington Highway | Social security number (SSN) |
| | City, town or post office, state, and ZIP code. For a foreign address, see instructions. Morrisville, VT 05661 | |

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 |

Angela Lamell

- The books are in the care of ▶ **528 Washington Highway - Morrisville, VT 05661**
Telephone No. ▶ **802-888-8222** 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, 2020**, 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, 2018**, and ending **SEP 30, 2019**.

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.

Electronic Filing PDF Attachment



FINANCIAL STATEMENTS

September 30, 2019 and 2018

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Copley Hospital, Inc.

We have audited the accompanying financial statements of Copley Hospital, Inc., a subsidiary of Copley Health Systems, Inc., which comprise the balance sheets as of September 30, 2019 and 2018, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Copley Hospital, Inc. as of September 30, 2019 and 2018, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

The Board of Trustees
Copley Hospital, Inc.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2019 Copley Hospital, Inc. adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
December 19, 2019
Registration No. 92-0000278

COPLEY HOSPITAL, INC.

Balance Sheets

September 30, 2019 and 2018

ASSETS

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 2,140,224 | \$ 3,788,288 |
| Certificates of deposit | 5,000,000 | 5,000,000 |
| Patient accounts receivable, net of allowances | 5,353,579 | 5,294,823 |
| Other accounts receivable | 86,320 | 416,657 |
| Due from related parties | 11,193 | 18,422 |
| Supplies | 2,997,420 | 3,360,814 |
| Prepaid expenses | <u>1,534,559</u> | <u>1,468,842</u> |
| Total current assets | 17,123,295 | 19,347,846 |
| Assets limited as to use | 4,360,430 | 2,911,344 |
| Property and equipment, net | 25,814,323 | 27,109,453 |
| Beneficial interest in net assets of Copley Health Systems, Inc. | 4,868,431 | 4,656,728 |
| Investments to fund deferred compensation | <u>2,378,374</u> | <u>2,543,461</u> |
| Total assets | <u>\$ 54,544,853</u> | <u>\$ 56,568,832</u> |

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

LIABILITIES AND NET ASSETS

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------------|-----------------------------|
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 2,420,467 | \$ 2,445,476 |
| Accrued payroll and related expenses | 3,724,407 | 3,566,030 |
| Current portion of long-term debt | 401,383 | 395,303 |
| Estimated third-party payor settlements | <u>250,000</u> | <u>200,000</u> |
| Total current liabilities | 6,796,257 | 6,606,809 |
| Long-term debt, excluding current portion | 7,508,945 | 8,003,482 |
| Deferred compensation | <u>2,378,374</u> | <u>2,543,461</u> |
| Total liabilities | <u>16,683,576</u> | <u>17,153,752</u> |
| Net assets | | |
| Without donor restrictions | 32,992,846 | 34,758,352 |
| With donor restrictions | <u>4,868,431</u> | <u>4,656,728</u> |
| Total net assets | <u>37,861,277</u> | <u>39,415,080</u> |
| Total liabilities and net assets | <u>\$ 54,544,853</u> | <u>\$ 56,568,832</u> |

COPLEY HOSPITAL, INC.

Statements of Operations

Years Ended September 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|------------------------------|-----------------------|
| Revenues, gains, and other support without donor restrictions | | |
| Patient service revenue (net of contractual allowances and discounts) | \$ 68,803,371 | \$ 68,104,288 |
| Provision for bad debts | <u>(1,809,559)</u> | <u>(1,877,839)</u> |
| Net patient service revenue | 66,993,812 | 66,226,449 |
| Other operating revenue | <u>1,144,276</u> | <u>1,245,038</u> |
| Total revenues, gains, and other support without donor restrictions | <u>68,138,088</u> | <u>67,471,487</u> |
| Expenses | | |
| Staff salaries | 24,082,328 | 23,673,061 |
| Physician salaries and fees | 8,614,895 | 9,378,369 |
| Employee benefits | 6,539,534 | 5,826,938 |
| Contracted labor | 1,932,130 | 2,199,310 |
| Supplies and drugs | 14,324,991 | 13,569,748 |
| Utilities, rent and taxes | 1,973,589 | 1,954,283 |
| Travel, education and dues | 530,854 | 541,058 |
| State provider tax | 3,899,906 | 3,852,435 |
| Purchased service and other | 4,585,010 | 4,588,316 |
| Insurance | 993,248 | 1,071,167 |
| Depreciation and amortization | 2,711,502 | 2,911,044 |
| Interest | <u>111,344</u> | <u>117,927</u> |
| Total expenses | <u>70,299,331</u> | <u>69,683,656</u> |
| Operating loss | <u>(2,161,243)</u> | <u>(2,212,169)</u> |
| Nonoperating gains | | |
| Investment income, net | 39,405 | 41,271 |
| Contributions | <u>356,332</u> | <u>518,567</u> |
| Total nonoperating gains | <u>395,737</u> | <u>559,838</u> |
| Deficiency of revenues, gains, and other support over expenses and losses, and decrease in net assets without donor restrictions | <u>\$ (1,765,506)</u> | <u>\$ (1,652,331)</u> |

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

COPLEY HOSPITAL, INC.

Statements of Changes in Net Assets

Years Ended September 30, 2019 and 2018

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|------------------------------------|----------------------|
| Balances, October 1, 2017 | \$ <u>36,410,683</u> | \$ <u>4,634,446</u> | \$ <u>41,045,129</u> |
| Deficiency of revenues, gains, and other support over expenses and losses | (1,652,331) | - | (1,652,331) |
| Change in beneficial interest in net assets of Copley Health Systems, Inc. | <u>-</u> | <u>22,282</u> | <u>22,282</u> |
| (Decrease) increase in net assets | <u>(1,652,331)</u> | <u>22,282</u> | <u>(1,630,049)</u> |
| Balances, September 30, 2018 | <u>34,758,352</u> | <u>4,656,728</u> | <u>39,415,080</u> |
| Deficiency of revenues, gains, and other support over expenses and losses | (1,765,506) | - | (1,765,506) |
| Change in beneficial interest in net assets of Copley Health Systems, Inc. | <u>-</u> | <u>211,703</u> | <u>211,703</u> |
| (Decrease) increase in net assets | <u>(1,765,506)</u> | <u>211,703</u> | <u>(1,553,803)</u> |
| Balances, September 30, 2019 | <u>\$ 32,992,846</u> | <u>\$ 4,868,431</u> | <u>\$ 37,861,277</u> |

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

COPLEY HOSPITAL, INC.

Statements of Cash Flows

Years Ended September 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (1,553,803) | \$ (1,630,049) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities | | |
| Depreciation and amortization | 2,711,502 | 2,911,044 |
| Provision for bad debts | 1,809,559 | 1,877,839 |
| Change in beneficial interest in Copley Health Systems, Inc. | (211,703) | (22,282) |
| (Increase) decrease in | | |
| Patient accounts receivable | (1,868,315) | (2,194,045) |
| Other accounts receivable | 330,337 | (244,234) |
| Due from related parties | 7,229 | 8,561 |
| Supplies | 363,394 | (23,528) |
| Prepaid expenses | (65,717) | 109,312 |
| Increase (decrease) in | | |
| Accounts payable and accrued expenses | (25,009) | (781,878) |
| Accrued payroll and related expenses | 158,377 | 199,294 |
| Estimated third-party payor settlements | 50,000 | (1,000,000) |
| Net cash provided (used) by operating activities | <u>1,705,851</u> | <u>(789,966)</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (1,416,372) | (1,874,759) |
| Change in assets limited as to use | (1,449,086) | (1,432,973) |
| Net cash used by investing activities | <u>(2,865,458)</u> | <u>(3,374,936)</u> |
| Cash flows from financing activities | | |
| Payments on long-term debt | (488,457) | (523,586) |
| Net cash used by financing activities | <u>(488,457)</u> | <u>(523,586)</u> |
| Net decrease in cash and cash equivalents | (1,648,064) | (4,621,284) |
| Cash and cash equivalents, beginning of year | <u>3,788,288</u> | <u>8,409,572</u> |
| Cash and cash equivalents, end of year | <u>\$ 2,140,224</u> | <u>\$ 3,788,288</u> |
| Supplemental disclosures: | | |
| Cash paid for interest | <u>\$ 111,542</u> | <u>\$ 111,077</u> |

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

COPLEY HOSPITAL, INC.

Notes to Financial Statements

September 30, 2019 and 2018

Nature of Business

Copley Hospital, Inc. (Hospital), a subsidiary of Copley Health Systems, Inc. (CHSI), is a not-for-profit corporation organized under the laws of the State of Vermont for the purpose of establishing and maintaining a public, voluntary, short-term, critical access hospital (CAH). In addition, CHSI has a number of other subsidiaries whose relationships with the Hospital are disclosed in Note 14.

1. Summary of Significant Accounting Policies

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic (ASC) 958, *Not-For-Profit Entities*. Under FASB ASC 958 and FASB ASC 954, *Health Care Entities*, all not-for-profit healthcare organizations are required to provide a balance sheet, a statement of operations, a statement of changes in net assets, and a statement of cash flows. FASB ASC 954 requires reporting amounts for an organization's total assets, liabilities, and net assets in a balance sheet; reporting the change in an organization's net assets in statements of operations and changes in net assets; and reporting the change in its cash and cash equivalents in a statement of cash flows, according to the following net asset classification:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Hospital. These net assets may be used at the discretion of the Hospital's management and the Board of Trustees (Board).

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Hospital or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of operations and changes in net assets.

Newly Adopted Accounting Pronouncement

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which makes targeted changes to the not-for-profit financial reporting model. The ASU marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Under the ASU, net asset reporting is streamlined and clarified. The previous three category classification of net assets is replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." The guidance for classifying deficiencies in endowment funds and on accounting for the lapsing of restrictions on gifts to acquire property and equipment has also been simplified and clarified. New disclosures highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. The ASU also imposes several new requirements related to reporting expenses.

COPLEY HOSPITAL, INC.

Notes to Financial Statements

September 30, 2019 and 2018

The ASU is effective for the Hospital for the year ended September 30, 2019. Required disclosures for 2018 are also included in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 and cash equivalents include short-term investments with a maturity of three months or less, excluding amounts whose use is limited.

Certificates of Deposit

Certificates of deposit (CDs) with maturities greater than three months and less than one year are presented separately from cash and cash equivalents in the balance sheets.

Patient Accounts Receivable

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances, and thus are reduced by an allowance for doubtful accounts. In evaluating collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provisions for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The allowance for doubtful accounts decreased from \$2,100,000 in 2018 to \$2,015,000 in 2019 based on the aging of receivables.

Supplies

Supplies are carried at the lower of cost (determined by the first-in, first-out method) or market.

COPLEY HOSPITAL, INC.

Notes to Financial Statements

September 30, 2019 and 2018

Assets Limited as to Use

Assets limited as to use primarily consist of designated assets set aside by the Board for future capital improvements, over which the Board retains control and which it may at its discretion subsequently use for other purposes.

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, and are excluded from the deficiency of revenues, gains, and other support over expenses and losses, 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.

Accrual for Self-Insurance

CHSI has a self-insured health plan for substantially all of its, and its subsidiaries', employees. The plan is managed and administered by MVP Health Plan, Inc. CHSI has obtained reinsurance coverage to limit CHSI's exposure associated with the plan on individual members to \$150,000. The accompanying financial statements include an accrual for management's estimate of claims incurred, but not reported, of approximately \$279,000 and \$250,000 as of September 30, 2019 and 2018, respectively.

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. 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 support with donor restrictions 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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of operations as net assets released from restrictions.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

COPLEY HOSPITAL, INC.

Notes to Financial Statements

September 30, 2019 and 2018

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 collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Operating and Performance Indicators

The Hospital has deemed all activities as ongoing, major, or central to the provision of healthcare services and, accordingly, they are reported as operating revenue and expenses and losses, except for contributions and pledges without donor restrictions, and investment income which are recorded as nonoperating gains.

The statements of operations include deficiency of revenues, gains, and other support over expenses and losses. Changes in net assets without donor restrictions which are excluded from this measure, consistent with industry practice, include net assets released from restrictions used to purchase property and equipment and contributions of long-lived assets (including contributions which by donor restriction are to be used for the purposes of acquiring such assets).

Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on related income.

Subsequent Events

For purposes of the preparation of these financial statements, management has considered transactions or events occurring through December 19, 2019, the date which the financial statements were available to be issued.

Effective January 1, 2020, the Hospital will begin participation in the Vermont Medicaid risk-bearing program as a member of OneCare Vermont, LLC (OneCare), a statewide Accountable Care Organization (ACO). Under the Vermont Medicaid program, the Hospital will receive monthly fixed prospective payments for services provided to attributed patients. The ACO is responsible for both the cost and quality of care for each attributed patient. This is true whether that patient uses little or no care or whether they require services consistently throughout the year. The Hospital will recognize its share of annual contract settlements as an increase or decrease in its fixed prospective revenue.

2. 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. A summary of the payment arrangements with major third-party payors follows:

COPLEY HOSPITAL, INC.

Notes to Financial Statements

September 30, 2019 and 2018

Medicare

The Hospital is designated as a CAH. Under CAH rules, the Hospital is reimbursed 101% of allowable cost for its inpatient and outpatient services provided to Medicare patients. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2016.

Medicaid

Services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates. These rates vary according to an ambulatory payment classification system that is based on clinical, diagnostic, and other factors. As a CAH, the Hospital receives an additional 13% payment on the established rates. The Hospital submits annual cost reports subject to audit by the fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the fiscal intermediary through September 30, 2016.

Revenue from the Medicare and Medicaid programs accounted for approximately 31% and 10%, respectively, of the Hospital's net patient service revenue for the years ended September 30, 2019 and 2018. Laws and regulations governing the Medicare and Medicaid programs are 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 2019 and 2018, net patient service revenue decreased by approximately \$77,000 and increased by approximately \$301,000, respectively, due to prior year settlements and changes in prior year estimates.

The Hospital pays the State of Vermont a net patient revenue tax of 6%, which is reported as an operating expense.

Blue Cross/Other

Inpatient and outpatient services rendered to Blue Cross subscribers are reimbursed at submitted charges less a negotiated discount. The amounts paid to the Hospital are not subject to any retroactive adjustments.

The Hospital has also entered into other 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.

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided and, thus, the

COPLEY HOSPITAL, INC.

Notes to Financial Statements

September 30, 2019 and 2018

Hospital records a provision for bad debts related to uninsured patients. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources is as follows:

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------------|----------------------|
| Total all payors | | |
| Third-party payors | \$ 67,931,292 | \$ 67,455,972 |
| Self-pay | <u>872,079</u> | <u>648,316</u> |
| Patient service revenue (net of contractual allowances and discounts) | <u>\$ 68,803,371</u> | <u>\$ 68,104,288</u> |

Net patient service revenue consisted of the following for the years ended September 30:

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------------|----------------------|
| Patient services | | |
| Inpatient | \$ 41,297,458 | \$ 37,532,794 |
| Outpatient | 71,888,724 | 68,267,447 |
| Skilled nursing | <u>571,715</u> | <u>1,228,068</u> |
| Gross patient service revenue | <u>113,757,897</u> | <u>107,028,309</u> |
| Less contractual allowances | 44,113,003 | 38,304,310 |
| Less charity care | <u>841,523</u> | <u>619,711</u> |
| | <u>44,954,526</u> | <u>38,924,021</u> |
| | | |
| Patient service revenue (net of contractual allowances and discounts) | 68,803,371 | 68,104,288 |
| | | |
| Less provision for bad debts | <u>1,809,559</u> | <u>1,877,839</u> |
| | | |
| Net patient service revenue | <u>\$ 66,993,812</u> | <u>\$ 66,226,449</u> |

3. Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These 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 years ended September 30:

| | <u>2019</u> | <u>2018</u> |
|--|--------------------------|-------------------|
| Charges foregone, based on established rates | \$ <u>841,523</u> | \$ <u>619,711</u> |
| Estimated costs incurred to provide charity care | \$ <u>520,000</u> | \$ <u>403,000</u> |
| Equivalent percentage of charity care services to all services | <u>0.74 %</u> | <u>0.58 %</u> |

COPLEY HOSPITAL, INC.

Notes to Financial Statements

September 30, 2019 and 2018

Costs of providing charity care services have been estimated based on the relationship of charges for those services to total expenses.

4. Availability and Liquidity of Financial Assets

As of September 30, 2019 and 2018, the Hospital has working capital of \$10,327,038 and \$12,741,037, respectively. As part of the Hospital's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and certificates of deposits. The Hospital has \$2,360,430 and \$911,344 at September 30, 2019 and 2018, respectively, that are designated assets set aside by the Board for future capital improvements. These assets limited as to use are not available for general expenditure within the next year; however, the internally designated amounts could be made available at the Board's discretion to meet unexpected liquidity needs.

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows as of September 30:

| | <u>2019</u> | <u>2018</u> |
|----------------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 2,140,224 | \$ 3,788,288 |
| CDs | 5,000,000 | 5,000,000 |
| Patient accounts receivable, net | 5,353,579 | 5,294,823 |
| Other accounts receivable | 86,320 | 416,657 |
| Assets limited as to use | 4,360,430 | 2,911,344 |
| Less Board-designated funds | (2,360,430) | (911,344) |
| Less CDs as collateral for debt | <u>(7,910,328)</u> | <u>(8,398,785)</u> |
| Total financial assets | <u>\$ 6,669,795</u> | <u>\$ 8,100,983</u> |

5. Patient Accounts Receivable

Patient accounts receivable as of September 30 are as follows:

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Accounts receivable | \$ 11,868,579 | \$ 11,894,823 |
| Less - allowance for doubtful accounts | (2,015,000) | (2,100,000) |
| - allowance for contractual adjustments | <u>(4,500,000)</u> | <u>(4,500,000)</u> |
| Net patient accounts receivable | <u>\$ 5,353,579</u> | <u>\$ 5,294,823</u> |

COPLEY HOSPITAL, INC.

Notes to Financial Statements

September 30, 2019 and 2018

6. Assets Limited as to Use

The composition of assets limited as to use at September 30, 2019 and 2018 is set forth in the following table. Cash, cash equivalents, and CDs are stated at fair value.

| | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|
| Internally designated by Board of Trustees | | |
| Cash and cash equivalents | \$ 2,360,430 | \$ 2,911,344 |
| CDs | <u>2,000,000</u> | <u>-</u> |
| Total | <u>\$ 4,360,430</u> | <u>\$ 2,911,344</u> |

7. Property and Equipment

A summary of property and equipment follows:

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|-----------------------------|-----------------------------|
| Land and land improvements | \$ 1,998,111 | \$ 1,954,063 |
| Buildings and improvements | 31,898,866 | 31,664,995 |
| Equipment | <u>22,108,026</u> | <u>21,849,241</u> |
| | 56,005,003 | 55,468,299 |
| Less accumulated depreciation | <u>30,279,428</u> | <u>28,396,701</u> |
| | 25,725,575 | 27,071,598 |
| Construction in progress | <u>88,748</u> | <u>37,855</u> |
| Property and equipment, net | <u>\$ 25,814,323</u> | <u>\$ 27,109,453</u> |

8. Fair Value Measurements

FASB ASC 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. FASB ASC 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.

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Assets measured at fair value on a recurring basis are summarized below:

| | <u>Fair Value Measurements at September 30, 2019</u> | |
|--|--|---------------------|
| | <u>Total</u> | <u>Level 1</u> |
| Investments to fund deferred compensation: | | |
| Cash and short-term investments | \$ 397,002 | \$ 397,002 |
| Mutual funds | | |
| Equity funds | 1,712,087 | 1,712,087 |
| Fixed income funds | 146,111 | 146,111 |
| International equity funds | <u>123,174</u> | <u>123,174</u> |
| Total | <u>\$ 2,378,374</u> | <u>\$ 2,378,374</u> |
| | | |
| | <u>Fair Value Measurements at September 30, 2018</u> | |
| | <u>Total</u> | <u>Level 1</u> |
| Investments to fund deferred compensation: | | |
| Cash and short-term investments | \$ 183,752 | \$ 183,752 |
| Mutual funds | | |
| Equity funds | 1,292,105 | 1,292,105 |
| Fixed income funds | 249,338 | 249,338 |
| International equity funds | <u>818,266</u> | <u>818,266</u> |
| Total | <u>\$ 2,543,461</u> | <u>\$ 2,543,461</u> |

As the beneficial interest in net assets of CHSI is not readily available to the Hospital, the assets are classified as Level 2. The underlying assets are managed through the Hospital and CHSI.

9. Long-Term Debt

A summary of long-term debt follows:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Note payable at a rate of the weighted average yield of CDs held as collateral, plus 1% (1.35% at September 30, 2019), due in monthly payments of \$42,236, including interest, through July 2037. | \$ 7,910,328 | \$ 8,398,785 |
| Less current portion | <u>401,383</u> | <u>395,303</u> |
| Long-term debt, excluding current portion | <u>\$ 7,508,945</u> | <u>\$ 8,003,482</u> |

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Maturities for long-term debt in subsequent fiscal years from September 30, 2019 are as follows:

| | |
|--|--------------------|
| 2020 (included in current liabilities) | \$ 401,383 |
| 2021 | 406,603 |
| 2022 | 412,204 |
| 2023 | 417,881 |
| 2024 | 423,407 |
| Thereafter | <u>5,848,850</u> |
| | <u>\$7,910,328</u> |

10. Net Assets

Net assets with donor restrictions are available for the following purposes at September 30:

| | <u>2019</u> | <u>2018</u> |
|---|--------------------|--------------------|
| Funds subject to use or time restriction: | | |
| Beneficial interest in net assets of CHSI consisting of cash contributions expendable primarily for Hospital capital projects | <u>\$ 204,259</u> | <u>\$ 140,171</u> |
| Funds of perpetual duration: | | |
| Beneficial interest in CHSI consisting of endowed investments of which realized and unrealized gains are expendable for patient services and the purchase of property and equipment | <u>\$4,664,172</u> | <u>\$4,516,557</u> |

The CHSI endowment fund donative instrument requires appreciation to be expended for the purposes described above, with dividends and interest to be reinvested to offset future inflation.

11. Retirement Plans

The Hospital participates in a defined contribution tax-sheltered annuity plan available to substantially all employees. Contributions, which are based on a percentage of each covered employee's annual compensation, for the years ended September 30, 2019 and 2018 were \$780,654 and \$750,698, respectively.

The Hospital maintains a nonqualified deferred compensation plan which was established for a select group of management or highly compensated employees. The amounts contributed to the plan by employees are recognized as an asset and a corresponding liability in the financial statements. Benefits are subject to "substantial risk of forfeiture" provisions.

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12. Concentrations

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 was as follows:

| | <u>2019</u> | <u>2018</u> |
|--------------------------|--------------|--------------|
| Medicare | 30 % | 32 % |
| Medicaid | 10 | 10 |
| Blue Cross | 18 | 15 |
| Other third-party payors | 27 | 30 |
| Patients | <u>15</u> | <u>13</u> |
| | <u>100 %</u> | <u>100 %</u> |

The Hospital maintains its cash and cash equivalents and CDs in bank deposit accounts which, at times, may exceed federally insured limits. The Hospital believes it is not exposed to any significant risk on cash and cash equivalents and CDs.

The Hospital's unionized registered nurses are 19% of the Hospital's workforce and are members of the United Nurses and Professionals Local Unit. The union contract is in effect through May 2021.

13. Contingencies

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 policy contains a provision which allows the Hospital to purchase "tail" coverage for an indefinite period of time to avoid any lapse in insurance coverage. 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. generally accepted accounting principles 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 is necessary for the years ended 2019 and 2018.

FASB ASC 410, *Asset Retirement and Environmental Obligations*, requires entities to record asset retirement obligations at fair value if they can be reasonably estimated. The State of Vermont requires special disposal procedures relating to building materials containing asbestos. The Hospital building contains some asbestos, but a liability has not been recognized. This is because there are no current plans to renovate the building that would require removal of the asbestos; accordingly, the liability has an indeterminate settlement date and its fair value cannot be reasonably estimated.

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14. Related Party Transactions

The Hospital is associated with several related organizations. Activities with these organizations are described in this note.

CHSI is a tax-exempt organization which controls the Hospital and other entities as discussed herein. Management services are provided by the Hospital to CHSI's affiliated entities.

Health Center Building, Inc. (HCB), a for-profit corporation, owns and manages an office building that leases space to the Hospital and area physicians on an annual basis. Rent expense was \$270,980 and \$208,534 for 2019 and 2018, respectively. CHSI is the parent company and shareholder of HCB.

Lamoille Area Housing Corporation (LAHC), d/b/a Copley Terrace, is a not-for-profit corporation established to provide housing for the elderly and handicapped. CHSI, as sole corporate member of LAHC, is the sponsor organization for the Copley Terrace project, which is insured and subsidized by the U.S. Department of Housing and Urban Development. CHSI also serves as the management agent for the project under an agreement whereby CHSI receives fees in return for various management services.

CHSI coordinates and implements fundraising and other resource development activities for the various CHSI entities, primarily the Hospital. The Hospital's interest in the restricted net assets of CHSI is reported as a non-current asset in the balance sheets. The Hospital received contributions from CHSI of \$309,386 and \$457,347 during 2019 and 2018, respectively.

Copley Woodlands, Inc. (CWI) is a not-for-profit corporation which operates an independent living retirement facility located in Stowe, Vermont. CWI is owned 50% by CHSI and 50% by University of Vermont Medical Center.

Transactions and balances between the above-described organizations and the Hospital are summarized as follows:

| | <u>Due (to) from Related Parties</u> | | <u>Management Fee Income (Expense)</u> | |
|-------|--|------------------|--|------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| CHSI | \$ 1,942 | \$ 5,556 | \$ (21,090) | \$ (13,997) |
| LAHC | 3,408 | 7,024 | 15,203 | 16,200 |
| HCB | 1,710 | (1,613) | 7,305 | 8,989 |
| CWI | <u>4,133</u> | <u>7,455</u> | <u>33,466</u> | <u>33,288</u> |
| Total | <u>\$ 11,193</u> | <u>\$ 18,422</u> | <u>\$ 34,884</u> | <u>\$ 44,480</u> |

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15. Contributed Services

During 2019 and 2018, volunteer hours of 11,932 and 11,902, respectively, were provided to the Hospital. Such services are not recognized as contribution revenue in the financial statements. The volunteers provide nonspecialized services to the Hospital, including patient assistance, clerical tasks, and event support.

16. Functional Expenses

The statements of operations report certain expense categories that are attributable to both healthcare services and support functions. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Employee benefits are allocated based on salaries, and occupancy costs are allocated based on square footage. Expenses related to healthcare and support services for the years ended September 30 are as follows:

| <u>2019</u> | <u>Healthcare Service</u> | <u>Administrative Support</u> | <u>Total</u> |
|-------------------------------|-------------------------------|-----------------------------------|----------------------|
| Staff salaries | \$ 21,364,835 | \$ 2,717,493 | \$ 24,082,328 |
| Physician salaries and fees | 8,614,895 | - | 8,614,895 |
| Employee benefits | 5,974,200 | 565,334 | 6,539,534 |
| Contract labor | 1,782,083 | 150,047 | 1,932,130 |
| Supplies and drugs | 14,106,772 | 218,219 | 14,324,991 |
| Utilities, rent and taxes | 832,223 | 1,141,366 | 1,973,589 |
| Travel, education and dues | 298,189 | 232,665 | 530,854 |
| State provider tax | 3,899,906 | - | 3,899,906 |
| Purchased service and other | 4,045,231 | 539,779 | 4,585,010 |
| Insurance | 894,342 | 98,906 | 993,248 |
| Depreciation and amortization | 2,555,012 | 156,490 | 2,711,502 |
| Interest | 111,344 | - | 111,344 |
| | <u>\$ 64,479,032</u> | <u>\$ 5,820,299</u> | <u>\$ 70,299,331</u> |

| <u>2018</u> | <u>Healthcare Service</u> | <u>Administrative Support</u> | <u>Total</u> |
|-------------------------------|-------------------------------|-----------------------------------|----------------------|
| Staff salaries | \$ 20,958,626 | \$ 2,714,435 | \$ 23,673,061 |
| Physician salaries and fees | 9,378,369 | - | 9,378,369 |
| Employee benefits | 5,317,833 | 509,105 | 5,826,938 |
| Contract labor | 2,199,310 | - | 2,199,310 |
| Supplies and drugs | 13,307,581 | 262,167 | 13,569,748 |
| Utilities, rent and taxes | 785,476 | 1,168,807 | 1,954,283 |
| Travel, education and dues | 310,155 | 230,903 | 541,058 |
| State provider tax | 3,852,435 | - | 3,852,435 |
| Purchased services and other | 3,962,323 | 625,993 | 4,588,316 |
| Insurance | 974,517 | 96,650 | 1,071,167 |
| Depreciation and amortization | 2,662,642 | 248,402 | 2,911,044 |
| Interest | 117,927 | - | 117,927 |
| | <u>\$ 63,827,194</u> | <u>\$ 5,856,462</u> | <u>\$ 69,683,656</u> |