

Form **990**

Department of the Treasury  
Internal Revenue Service

# Return of Organization Exempt From Income Tax

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

▶ Do not enter social security numbers on this form as it may be made public.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2018**

Open to Public Inspection

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

<b>B</b> Check if applicable:  <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <div style="border: 1px solid black; padding: 2px;">Carlos G. Otis Health Care Center</div> <div style="border: 1px solid black; padding: 2px;">Doing business as <b>Grace Cottage Hospital</b></div> <div style="border: 1px solid black; padding: 2px;">Number and street (or P.O. box if mail is not delivered to street address) Room/suite  <div style="display: flex; justify-content: space-between;"> <span>P.O. Box 216</span> <span></span> </div> </div> <div style="border: 1px solid black; padding: 2px;">City or town, state or province, country, and ZIP or foreign postal code  <b>Townshend, VT 05353-0216</b> </div>	<b>D</b> Employer identification number <div style="border: 1px solid black; padding: 2px; text-align: center;">03-0177161</div>
	<b>E</b> Telephone number <div style="border: 1px solid black; padding: 2px; text-align: center;">802-365-7920</div>	
	<b>G</b> Gross receipts \$ <b>24,392,886.</b> <b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) <b>H(c)</b> Group exemption number ▶	
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 <b>J</b> Website: ▶ <b>www.gracecottage.org</b>		
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶ <b>L</b> Year of formation: <b>1949</b> <b>M</b> State of legal domicile: <b>VT</b>		

**Part I Summary**

<b>1</b>	Briefly describe the organization's mission or most significant activities: <b>Provision of health care services</b>		
<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	9
<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	8
<b>5</b>	Total number of individuals employed in calendar year 2018 (Part V, line 2a)	<b>5</b>	250
<b>6</b>	Total number of volunteers (estimate if necessary)	<b>6</b>	98
<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	0.
<b>7b</b>	Net unrelated business taxable income from Form 990-T, line 38	<b>7b</b>	0.
<b>8</b>	Contributions and grants (Part VIII, line 1h)	<b>8</b>	1,362,167.
<b>9</b>	Program service revenue (Part VIII, line 2g)	<b>9</b>	22,989,229.
<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<b>10</b>	-11,688.
<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<b>11</b>	0.
<b>12</b>	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<b>12</b>	24,339,708.
<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	<b>13</b>	0.
<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4)	<b>14</b>	0.
<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	<b>15</b>	15,664,670.
<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e)	<b>16a</b>	0.
<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>268,185.</b>	<b>b</b>	
<b>17</b>	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	<b>17</b>	8,173,275.
<b>18</b>	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	<b>18</b>	23,837,945.
<b>19</b>	Revenue less expenses. Subtract line 18 from line 12	<b>19</b>	501,763.
<b>20</b>	Total assets (Part X, line 16)	<b>20</b>	15,316,029.
<b>21</b>	Total liabilities (Part X, line 26)	<b>21</b>	5,528,786.
<b>22</b>	Net assets or fund balances. Subtract line 21 from line 20	<b>22</b>	9,787,243.

**Part II Signature Block**

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

<b>Sign Here</b>	Signature of officer <div style="border: 1px solid black; padding: 2px; margin-top: 10px;"><b>Stephen A. Brown, CFO</b></div>	Date	
<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>Lisa M. Dickson</b>	Preparer's signature <i>Lisa M Dickson, CPA</i>	Date <b>08/10/20</b>
	Firm's name ▶ <b>Baker Newman &amp; Noyes</b>	Firm's EIN ▶ <b>01-0494526</b>	Check if self-employed <input type="checkbox"/> PTIN <b>P00068196</b>
	Firm's address ▶ <b>P.O. Box 507 Portland, ME 04112</b>	Phone no. (207) 879-2100	

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

The Otis Health Care Center promotes excellence in healthcare and well being, putting people first. It aims to be the standard for patient care.

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

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

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

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

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

**4a** (Code: ) (Expenses \$ 22,375,709. including grants of \$ 0. ) (Revenue \$ 23,265,422. )  
 Grace Cottage Hospital is a critical access hospital offering 24-hour emergency services, inpatient acute and skilled care, 24-hour diagnostic imaging services, a full-service laboratory, a pharmacy, a variety of outpatient medical care services, including physical therapy, occupational therapy, and speech therapy, and a rural health clinic providing primary care and psychiatric services.

**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 **22,375,709.**

**Part IV Checklist of Required Schedules**

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

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

	Yes	No
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	X	
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		X
<b>24b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
<b>24c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
<b>24d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
<b>25b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
<b>26</b> Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If "Yes," complete Schedule L, Part II		X
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
<b>28a</b> A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
<b>28b</b> A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
<b>28c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?	X	
<b>35b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	X	
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

**Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response or note to any line in this Part V ☐

	Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
<b>1b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
<b>1c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	

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

		Yes	No
<b>2a</b> 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 .....	<b>2a</b> 250		
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? .....	<b>2b</b>	X	
<b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) .....			
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year? .....	<b>3a</b>		X
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O .....	<b>3b</b>		
<b>4a</b> 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)? .....	<b>4a</b>		X
<b>b</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).			
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? .....	<b>5a</b>		X
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? .....	<b>5b</b>		X
<b>c</b> If "Yes" to line 5a or 5b, did the organization file Form 8886-T? .....	<b>5c</b>		
<b>6a</b> 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? .....	<b>6a</b>		X
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? .....	<b>6b</b>		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b> 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? .....	<b>7a</b>		X
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided? .....	<b>7b</b>		
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? .....	<b>7c</b>		X
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year .....	<b>7d</b>		
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? .....	<b>7e</b>		X
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? .....	<b>7f</b>		X
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? .....	<b>7g</b>		
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? .....	<b>7h</b>		
<b>8 Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year? .....	<b>8</b>		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>a</b> Did the sponsoring organization make any taxable distributions under section 4966? .....	<b>9a</b>		
<b>b</b> Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? .....	<b>9b</b>		
<b>10 Section 501(c)(7) organizations.</b> Enter:			
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12 .....	<b>10a</b>		
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities .....	<b>10b</b>		
<b>11 Section 501(c)(12) organizations.</b> Enter:			
<b>a</b> Gross income from members or shareholders .....	<b>11a</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) .....	<b>11b</b>		
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? .....	<b>12a</b>		
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year .....	<b>12b</b>		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
<b>a</b> Is the organization licensed to issue qualified health plans in more than one state? .....	<b>13a</b>		
<b>Note.</b> See the instructions for additional information the organization must report on Schedule O.			
<b>b</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 .....	<b>13b</b>		
<b>c</b> Enter the amount of reserves on hand .....	<b>13c</b>		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year? .....	<b>14a</b>		X
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O .....	<b>14b</b>		
<b>15</b> 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? .....	<b>15</b>		X
If "Yes," see instructions and file Form 4720, Schedule N.			
<b>16</b> Is the organization an educational institution subject to the section 4968 excise tax on net investment income? .....	<b>16</b>		X
If "Yes," complete Form 4720, Schedule O.			

Form 990 (2018)

**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

☒**Section A. Governing Body and Management**

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

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

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

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed **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 ☒ 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 **Stephen A. Brown - (802) 365-3601**  
**185 Grafton Road, Townshend, VT 05353**

**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) Alexandra Clark Trustee (end 9/23/2019)	1.00 0.00	X						0.	0.	0.
(2) John Clark Trustee	1.00 1.00	X						0.	0.	0.
(3) John Nopper Trustee (end 11/2018)	1.00 0.00	X						0.	0.	0.
(4) Terry Pollio Trustee	1.00 0.00	X						0.	0.	0.
(5) Cheryl Sanctuary Trustee (end 5/2019)	1.00 0.00	X						0.	0.	0.
(6) Sheila Scheuerman Trustee	1.00 0.00	X						0.	0.	0.
(7) Timothy P. Shafer, M.D. Trustee/Family Physician	44.00 0.00	X						273,526.	0.	27,305.
(8) Allan Shirks Trustee	1.00 0.00	X						0.	0.	0.
(9) Stephan Morse President (end 11/2018)	1.00 0.00	X		X				0.	0.	0.
(10) Kevin Meyer President (eff 11/2018)	1.00 0.00	X		X				0.	0.	0.
(11) Martha Dale Vice President (eff 11/2018)	1.00 0.00	X		X				0.	0.	0.
(12) Barry Emerson Treasurer	1.00 0.00	X		X				0.	0.	0.
(13) Edward Druke Secretary	1.00 0.00	X		X				0.	0.	0.
(14) Douglas DiVello CEO	40.00 1.00			X				275,925.	0.	37,404.
(15) Stephen A. Brown CFO	45.25 0.00			X				225,595.	0.	26,304.
(16) Maurice Geurts, M.D. Physician	58.08 0.00					X		345,153.	0.	39,332.
(17) Kenneth Rudd, M.D. Physician	53.84 0.00					X		288,071.	0.	36,742.

**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) Kimona Alin, M.D. Physician	40.03 0.00					X		260,067.	0.	37,283.
(19) Moss Linder, D.O. Physician	40.42 0.00					X		259,108.	0.	36,019.
(20) Ewa Arnold, M.D. Physician	38.15 0.00					X		229,186.	0.	37,940.
(21) Roger Allbee CEO(end 2/2018)/Trustee (end 1/2014)	0.00 0.00						X	36,050.	0.	0.
<b>1b Sub-total</b>								2,192,681.	0.	278,329.
<b>c Total from continuation sheets to Part VII, Section A</b>								0.	0.	0.
<b>d Total (add lines 1b and 1c)</b>								2,192,681.	0.	278,329.

**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

26

- 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
- 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
- 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

	Yes	No
3	X	
4	X	
5		X

**Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
Cerner Corporation P.O. Box 412702, Kansas City, MO 64141	Hardware/Software Support	417,334.
Brook Field Service, LLC P.O. Box 47, Northfield, VT 05663	Generator Installation/Service	150,426.
Tafts Heating & Cooling 17 Eric Street, Springfield, VT 05156	HVAC Installation/Service	150,074.
AMN Healthcare, Inc. 2735 Collection Ctr. Dr., Chicago, IL 60693	Travel Nursing Services-RNs	103,964.
Virtual Radiologic Corporation 25983 Network Place, Chicago, IL 60673	Radiologist Services	101,574.

**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

5



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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1 a</b> Federated campaigns .....	<b>1a</b>					
	<b>b</b> Membership dues .....	<b>1b</b>					
	<b>c</b> Fundraising events .....	<b>1c</b>					
	<b>d</b> Related organizations .....	<b>1d</b>	977,268.				
	<b>e</b> Government grants (contributions) .....	<b>1e</b>	143,070.				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above .....	<b>1f</b>	6,460.				
	<b>g</b> Noncash contributions included in lines 1a-1f: \$ .....						
	<b>h Total.</b> Add lines 1a-1f .....		1,126,798.				
	<b>2 a</b> Patient Service Revenue .....	<b>Business Code</b>	621400	19,200,794.	19,200,794.		
<b>b</b> Pharmacy Revenue .....		446110	3,686,636.	3,686,636.			
<b>c</b> GCF Administration/Other .....		621400	293,723.	293,723.			
<b>d</b> Cafeteria Revenue .....		722514	75,551.	75,551.			
<b>e</b> .....							
<b>f</b> All other program service revenue .....		621990	8,718.	8,718.			
<b>g Total.</b> Add lines 2a-2f .....			23,265,422.				
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) .....			666.			666.
	<b>4</b> Income from investment of tax-exempt bond proceeds .....						
	<b>5</b> Royalties .....						
	<b>6 a</b> Gross rents .....	(i) Real	(ii) Personal				
	<b>b</b> Less: rental expenses .....						
	<b>c</b> Rental income or (loss) .....						
	<b>d</b> Net rental income or (loss) .....						
	<b>7 a</b> Gross amount from sales of assets other than inventory .....	(i) Securities	(ii) Other				
	<b>b</b> Less: cost or other basis and sales expenses .....		17,282.				
	<b>c</b> Gain or (loss) .....		-17,282.				
	<b>d</b> Net gain or (loss) .....			-17,282.			-17,282.
	<b>8 a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 .....	<b>a</b>					
	<b>b</b> Less: direct expenses .....	<b>b</b>					
	<b>c</b> Net income or (loss) from fundraising events .....						
	<b>9 a</b> Gross income from gaming activities. See Part IV, line 19 .....	<b>a</b>					
	<b>b</b> Less: direct expenses .....	<b>b</b>					
	<b>c</b> Net income or (loss) from gaming activities .....						
<b>10 a</b> Gross sales of inventory, less returns and allowances .....	<b>a</b>						
<b>b</b> Less: cost of goods sold .....	<b>b</b>						
<b>c</b> Net income or (loss) from sales of inventory .....							
<b>Miscellaneous Revenue</b>			<b>Business Code</b>				
<b>11 a</b> .....							
<b>b</b> .....							
<b>c</b> .....							
<b>d</b> All other revenue .....							
<b>e Total.</b> Add lines 11a-11d .....							
<b>12 Total revenue.</b> See instructions .....			24,375,604.	23,265,422.	0.	-16,616.	

**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 ☐

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>				
<b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
<b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22				
<b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
<b>4</b> Benefits paid to or for members				
<b>5</b> Compensation of current officers, directors, trustees, and key employees	922,769.	315,184.	607,585.	
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
<b>7</b> Other salaries and wages	11,867,794.	10,960,895.	717,753.	189,146.
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	218,577.	203,061.	11,971.	3,545.
<b>9</b> Other employee benefits	2,458,337.	2,217,417.	203,290.	37,630.
<b>10</b> Payroll taxes	870,531.	770,861.	86,707.	12,963.
<b>11</b> Fees for services (non-employees):				
<b>a</b> Management				
<b>b</b> Legal	17,414.		17,414.	
<b>c</b> Accounting	70,123.		70,123.	
<b>d</b> Lobbying				
<b>e</b> Professional fundraising services. See Part IV, line 17				
<b>f</b> Investment management fees				
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	634,337.	622,169.	12,168.	
<b>12</b> Advertising and promotion	85,317.	177.	85,140.	
<b>13</b> Office expenses	590,333.	436,803.	139,633.	13,897.
<b>14</b> Information technology	720,164.	628,170.	89,221.	2,773.
<b>15</b> Royalties				
<b>16</b> Occupancy	207,231.	201,622.	5,609.	
<b>17</b> Travel	134,187.	107,743.	18,692.	7,752.
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials				
<b>19</b> Conferences, conventions, and meetings	4,398.	4,398.		
<b>20</b> Interest	155,800.	126,442.	29,358.	
<b>21</b> Payments to affiliates				
<b>22</b> Depreciation, depletion, and amortization	644,180.	644,180.		
<b>23</b> Insurance	297,216.	252,133.	44,604.	479.
<b>24</b> 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.)				
<b>a</b> Medical Supplies and La	3,133,596.	3,133,596.		
<b>b</b> Medicaid Tax	631,409.	631,409.		
<b>c</b> Provision for Bad Debt	571,623.	571,623.		
<b>d</b> Equipment Repair	365,886.	365,886.		
<b>e</b> All other expenses	181,940.	181,940.		
<b>25</b> Total functional expenses. Add lines 1 through 24e	24,783,162.	22,375,709.	2,139,268.	268,185.
<b>26</b> Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here ☐ if following SOP 98-2 (ASC 958-720)

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....	2,107.	<b>1</b>	178,507.
	<b>2</b> Savings and temporary cash investments .....	21,279.	<b>2</b>	20,515.
	<b>3</b> Pledges and grants receivable, net .....		<b>3</b>	
	<b>4</b> Accounts receivable, net .....	2,083,725.	<b>4</b>	1,917,986.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		<b>5</b>	
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L .....		<b>6</b>	
	<b>7</b> Notes and loans receivable, net .....		<b>7</b>	
	<b>8</b> Inventories for sale or use .....	1,715,794.	<b>8</b>	1,847,467.
	<b>9</b> Prepaid expenses and deferred charges .....	209,789.	<b>9</b>	221,271.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	<b>10a</b> 15,724,356.		
	<b>b</b> Less: accumulated depreciation .....	<b>10b</b> 12,541,446.	<b>10c</b>	3,182,910.
	<b>11</b> Investments - publicly traded securities .....		<b>11</b>	
	<b>12</b> Investments - other securities. See Part IV, line 11 .....		<b>12</b>	
	<b>13</b> Investments - program-related. See Part IV, line 11 .....		<b>13</b>	
	<b>14</b> Intangible assets .....		<b>14</b>	
	<b>15</b> Other assets. See Part IV, line 11 .....	7,918,908.	<b>15</b>	8,757,585.
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	15,316,029.	<b>16</b>	16,126,241.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	2,764,099.	<b>17</b>	3,178,275.
	<b>18</b> Grants payable .....		<b>18</b>	
	<b>19</b> Deferred revenue .....		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities .....	660,000.	<b>20</b>	515,000.
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		<b>21</b>	
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L .....		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....	1,783,540.	<b>23</b>	2,606,384.
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		<b>24</b>	
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D .....	321,147.	<b>25</b>	0.
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 .....	5,528,786.	<b>26</b>	6,299,659.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets .....	6,558,441.	<b>27</b>	6,405,496.
	<b>28</b> Temporarily restricted net assets .....	477,324.	<b>28</b>	672,186.
	<b>29</b> Permanently restricted net assets .....	2,751,478.	<b>29</b>	2,748,900.
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds .....		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund .....		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds .....		<b>32</b>	
	<b>33</b> <b>Total net assets or fund balances</b> .....	9,787,243.	<b>33</b>	9,826,582.
	<b>34</b> <b>Total liabilities and net assets/fund balances</b> .....	15,316,029.	<b>34</b>	16,126,241.

Form 990 (2018)

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response or note to any line in this Part XI ☒

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	24,375,604.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	24,783,162.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	-407,558.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	9,787,243.
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	446,897.
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	9,826,582.

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response or note to any line in this Part XII ☒

	Yes	No
<b>1</b> 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.		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
<b>b</b> Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
<b>c</b> If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
<b>3a</b> 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>b</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)

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

Department of the Treasury  
Internal Revenue Service

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

OMB No. 1545-0047

**2018**

Open to Public  
Inspection

Name of the organization

Carlos G. Otis Health Care Center

Employer identification number

03-0177161

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 ☐ A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ).)
- 3 ☒ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 ☐ An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
- a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- f Enter the number of supported organizations .....
- g Provide the following information about the supported organization(s).

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

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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge ...						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> 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) .....						
<b>6 Public support.</b> 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
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources ...						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on ...						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	
<b>13 First five years.</b> 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 <b>stop here</b> .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2018 (line 6, column (f) divided by line 11, column (f)) .....	14	%
<b>15</b> Public support percentage from 2017 Schedule A, Part II, line 14 .....	15	%
<b>16a 33 1/3% support test - 2018.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		
<b>b 33 1/3% support test - 2017.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization .....		
<b>17a 10% -facts-and-circumstances test - 2018.</b> 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 <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		
<b>b 10% -facts-and-circumstances test - 2017.</b> 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 <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....		

Schedule A (Form 990 or 990-EZ) 2018

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

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources .....						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						

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

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2018 (line 8, column (f), divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2017 Schedule A, Part III, line 15 .....	<b>16</b>	%

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

<b>17</b> Investment income percentage for 2018 (line 10c, column (f), divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from 2017 Schedule A, Part III, line 17 .....	<b>18</b>	%

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



**Part IV Supporting Organizations** (continued)

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

**Section B. Type I Supporting Organizations**

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

**Section C. Type II Supporting Organizations**

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

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

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (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?		
<b>1</b>		
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in <b>Part VI</b> how the organization maintained a close and continuous working relationship with the supported organization(s).		
<b>2</b>		
<b>3</b> By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in <b>Part VI</b> the role the organization's supported organizations played in this regard.		
<b>3</b>		

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

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

**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.

<b>Section A - Adjusted Net Income</b>		(A) Prior Year	(B) Current Year (optional)
<b>1</b> Net short-term capital gain	<b>1</b>		
<b>2</b> Recoveries of prior-year distributions	<b>2</b>		
<b>3</b> Other gross income (see instructions)	<b>3</b>		
<b>4</b> Add lines 1 through 3	<b>4</b>		
<b>5</b> Depreciation and depletion	<b>5</b>		
<b>6</b> 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)	<b>6</b>		
<b>7</b> Other expenses (see instructions)	<b>7</b>		
<b>8 Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	<b>8</b>		

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

<b>Section C - Distributable Amount</b>			Current Year
<b>1</b> Adjusted net income for prior year (from Section A, line 8, Column A)	<b>1</b>		
<b>2</b> Enter 85% of line 1	<b>2</b>		
<b>3</b> Minimum asset amount for prior year (from Section B, line 8, Column A)	<b>3</b>		
<b>4</b> Enter greater of line 2 or line 3	<b>4</b>		
<b>5</b> Income tax imposed in prior year	<b>5</b>		
<b>6 Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	<b>6</b>		
<b>7</b> <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).			

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

Section D - Distributions			Current Year
<b>1</b>	Amounts paid to supported organizations to accomplish exempt purposes		
<b>2</b>	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity		
<b>3</b>	Administrative expenses paid to accomplish exempt purposes of supported organizations		
<b>4</b>	Amounts paid to acquire exempt-use assets		
<b>5</b>	Qualified set-aside amounts (prior IRS approval required)		
<b>6</b>	Other distributions (describe in <b>Part VI</b> ). See instructions.		
<b>7</b>	<b>Total annual distributions.</b> Add lines 1 through 6.		
<b>8</b>	Distributions to attentive supported organizations to which the organization is responsive (provide details in <b>Part VI</b> ). See instructions.		
<b>9</b>	Distributable amount for 2018 from Section C, line 6		
<b>10</b>	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
<b>1</b> Distributable amount for 2018 from Section C, line 6			
<b>2</b> Underdistributions, if any, for years prior to 2018 (reasonable cause required- explain in <b>Part VI</b> ). See instructions.			
<b>3</b> Excess distributions carryover, if any, to 2018			
<b>a</b> From 2013			
<b>b</b> From 2014			
<b>c</b> From 2015			
<b>d</b> From 2016			
<b>e</b> From 2017			
<b>f</b> <b>Total</b> of lines 3a through e			
<b>g</b> Applied to underdistributions of prior years			
<b>h</b> Applied to 2018 distributable amount			
<b>i</b> Carryover from 2013 not applied (see instructions)			
<b>j</b> Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
<b>4</b> Distributions for 2018 from Section D, line 7: \$			
<b>a</b> Applied to underdistributions of prior years			
<b>b</b> Applied to 2018 distributable amount			
<b>c</b> Remainder. Subtract lines 4a and 4b from 4.			
<b>5</b> Remaining underdistributions for years prior to 2018, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>6</b> Remaining underdistributions for 2018. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>7</b> <b>Excess distributions carryover to 2019.</b> Add lines 3j and 4c.			
<b>8</b> Breakdown of line 7:			
<b>a</b> Excess from 2014			
<b>b</b> Excess from 2015			
<b>c</b> Excess from 2016			
<b>d</b> Excess from 2017			
<b>e</b> Excess from 2018			

Schedule A (Form 990 or 990-EZ) 2018

### Supplemental Information.

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

## Schedule B

(Form 990, 990-EZ,  
or 990-PF)

Department of the Treasury  
Internal Revenue Service

## Schedule of Contributors

- ▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

# 2018

Name of the organization

Carlos G. Otis Health Care Center

Employer identification number

03-0177161

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	Employer identification number
<b>Carlos G. Otis Health Care Center</b>	<b>03-0177161</b>

**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
<u>1</u>		\$ <u>977,268.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
<u>2</u>		\$ <u>112,760.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
<u>3</u>		\$ <u>30,310.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
<u>4</u>		\$ <u>6,460.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Employer identification number

03-0177161

## Part II

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

Name of organization	Employer identification number
<b>Carlos G. Otis Health Care Center</b>	<b>03-0177161</b>

**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	



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

Department of the Treasury  
Internal Revenue Service

**Political Campaign and Lobbying Activities**

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2018**

**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

Carlos G. Otis Health Care Center

Employer identification number

03-0177161

**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political campaign activity expenditures ..... ▶ \$

3 Volunteer hours for political campaign activities .....

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ..... ▶ \$

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ..... ▶ \$

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ..... ☐ Yes ☐ No

4a Was a correction made? ..... ☐ Yes ☐ No

b If "Yes," describe in Part IV.

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ..... ▶ \$

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527  
exempt function activities ..... ▶ \$

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL,  
line 17b ..... ▶ \$

4 Did the filing organization file **Form 1120-POL** for this year? ..... ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

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

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

Schedule C (Form 990 or 990-EZ) 2018

LHA

832041 11-08-18

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

☐ Yes ☐ No
**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.

See the separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2018

**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
<b>1</b> 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:			
<b>a</b> Volunteers?		X	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
<b>c</b> Media advertisements?		X	
<b>d</b> Mailings to members, legislators, or the public?		X	
<b>e</b> Publications, or published or broadcast statements?		X	
<b>f</b> Grants to other organizations for lobbying purposes?	X		3,853.
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
<b>i</b> Other activities?		X	
<b>j</b> Total. Add lines 1c through 1i			3,853.
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> 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
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	1	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
<b>3</b> 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."

<b>1</b> Dues, assessments and similar amounts from members	1	
<b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
<b>a</b> Current year	2a	
<b>b</b> Carryover from last year	2b	
<b>c</b> Total	2c	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
<b>4</b> 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	
<b>5</b> 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:**

Carlos G. Otis Health Care Center is a member of the Vermont

Association of Hospitals and Health Systems and the American Hospital

Association. A portion of the dues paid to these organizations is

available for lobbying expenditures on behalf of Carlos G. Otis Health

Care Center in furtherance of its exempt purpose. Carlos G. Otis Health

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

Care Center does not directly perform any lobbying activities.

AHA, portion of dues available for lobbying: \$559

VAHHS, portion of dues available for lobbying: \$3,294

**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](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2018**

**Open to Public Inspection**

Name of the organization

Carlos G. Otis Health Care Center

Employer identification number

03-0177161

**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).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> 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	3,228,802.	3,319,792.	3,040,711.	2,927,438.	3,073,919.
b Contributions					
c Net investment earnings, gains, and losses	192,284.	-90,990.	279,081.	113,273.	-146,481.
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	3,421,086.	3,228,802.	3,319,792.	3,040,711.	2,927,438.

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

- a Board designated or quasi-endowment ☒ 13.18 %  
 b Permanent endowment ☒ 80.35 %  
 c Temporarily restricted endowment ☒ 6.47 %

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)		X
3a(ii)	X	
3b	X	

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		30,549.		30,549.
b Buildings		7,886,137.	6,072,315.	1,813,822.
c Leasehold improvements				
d Equipment		7,703,019.	6,439,896.	1,263,123.
e Other		104,651.	29,235.	75,416.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				3,182,910.

Schedule D (Form 990) 2018

**Part VII Investments - Other Securities.**

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

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

**Part VIII Investments - Program Related.**

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

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) .....		
(2) .....		
(3) .....		
(4) .....		
(5) .....		
(6) .....		
(7) .....		
(8) .....		
(9) .....		
<b>Total.</b> (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) Beneficial interest in net assets of GCF	8,268,337.
(2) Deposits with Trustee	56,618.
(3) Meaningful use receivable	17,000.
(4) Estimated Third Party Payor Settlements	415,630.
(5) .....	
(6) .....	
(7) .....	
(8) .....	
(9) .....	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►	8,757,585.

**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) .....	
(3) .....	
(4) .....	
(5) .....	
(6) .....	
(7) .....	
(8) .....	
(9) .....	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►	

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 ☒

Schedule D (Form 990) 2018

**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.

<b>1</b>	Total revenue, gains, and other support per audited financial statements	<b>1</b>	24,822,501.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
<b>a</b>	Net unrealized gains (losses) on investments	<b>2a</b>	
<b>b</b>	Donated services and use of facilities	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	446,897.
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	446,897.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	24,375,604.
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	0.
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)	<b>5</b>	24,375,604.

**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.

<b>1</b>	Total expenses and losses per audited financial statements	<b>1</b>	24,783,162.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
<b>a</b>	Donated services and use of facilities	<b>2a</b>	
<b>b</b>	Prior year adjustments	<b>2b</b>	
<b>c</b>	Other losses	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	0.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	24,783,162.
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	0.
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)	<b>5</b>	24,783,162.

**Part XIII Supplemental Information.**

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

**Part V, line 4:**

OHCC uses its endowment funds to assist in the provision of health care.

**Part X, Line 2:**

OHCC and the Foundation are tax-exempt corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and had been classified as an organization that is not a private foundation under Section 509(a)(3). Management evaluated the Organization's tax positions and concluded the Organization has maintained its tax-exempt status, does not



**Part XIII** Supplemental Information *(continued)*

have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements.

## Part XI, Line 2d - Other Adjustments:

Change in Beneficial Interest in Net Assets of GCF	446,897.
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**SCHEDULE H  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Hospitals**

- **Complete if the organization answered "Yes" on Form 990, Part IV, question 20.**  
► **Attach to Form 990.**  
► **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2018**

**Open to Public  
Inspection**

Name of the organization

Carlos G. Otis Health Care Center

Employer identification number

03-0177161

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

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .....	<input checked="" type="checkbox"/>	
<b>b</b> If "Yes," was it a written policy? .....	<input checked="" type="checkbox"/>	
<b>2</b> If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
<b>3</b> Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
<b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: ..... <input type="checkbox"/> 100% <input checked="" type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	<input checked="" type="checkbox"/>	
<b>b</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: ..... <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input checked="" type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	<input checked="" type="checkbox"/>	
<b>c</b> If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
<b>4</b> Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? .....	<input checked="" type="checkbox"/>	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? .....	<input checked="" type="checkbox"/>	
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? .....	<input checked="" type="checkbox"/>	
<b>c</b> If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? .....		<input checked="" type="checkbox"/>
<b>6a</b> Did the organization prepare a community benefit report during the tax year? .....	<input checked="" type="checkbox"/>	
<b>b</b> If "Yes," did the organization make it available to the public? .....	<input checked="" type="checkbox"/>	

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
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheet 1) .....			149,759.		149,759.	.60%
<b>b</b> Medicaid (from Worksheet 3, column a) .....			3,364,674.	1,369,184.	1,995,490.	8.05%
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) .....						
<b>d Total.</b> Financial Assistance and Means-Tested Government Programs .....			3,514,433.	1,369,184.	2,145,249.	8.65%
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) .....			455,105.	294,291.	160,814.	.65%
<b>f</b> Health professions education (from Worksheet 5) .....						
<b>g</b> Subsidized health services (from Worksheet 6) .....						
<b>h</b> Research (from Worksheet 7) .....						
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) .....			7,358.		7,358.	.03%
<b>j Total.</b> Other Benefits .....			462,463.	294,291.	168,172.	.68%
<b>k Total.</b> Add lines 7d and 7j .....			3,976,896.	1,663,475.	2,313,421.	9.33%

<b>Part III</b>	<b>Bad Debt, Medicare, &amp; Collection Practices</b>
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<b>Part IV</b>	<b>Management Companies and Joint Ventures</b> (owned 10% or more by officers, directors, trustees, key employees, and physicians - see instructions)
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2018.06010 Carlos G. Otis Health Care 59683-21



**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 Grace Cottage Hospital

Line number of hospital facility, or line numbers of hospital

facilities in a facility reporting group (from Part V, Section A): 1

	Yes	No
<b>Community Health Needs Assessment</b>		
<b>1</b> 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? .....	<b>1</b>	<b>X</b>
<b>2</b> 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 .....	<b>2</b>	<b>X</b>
<b>3</b> During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 .....	<b>3</b>	<b>X</b>
If "Yes," indicate what the CHNA report describes (check all that apply):		
<b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input checked="" type="checkbox"/> Demographics of the community		
<b>c</b> <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input checked="" type="checkbox"/> How data was obtained		
<b>e</b> <input checked="" type="checkbox"/> The significant health needs of the community		
<b>f</b> <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
<b>j</b> <input type="checkbox"/> Other (describe in Section C)		
<b>4</b> Indicate the tax year the hospital facility last conducted a CHNA: <u>20 17</u>		
<b>5</b> In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted .....	<b>5</b>	<b>X</b>
<b>6a</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C .....	<b>6a</b>	<b>X</b>
<b>b</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 .....	<b>6b</b>	<b>X</b>
<b>7</b> Did the hospital facility make its CHNA report widely available to the public? .....	<b>7</b>	<b>X</b>
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
<b>a</b> <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>See Part V, Section C</u>		
<b>b</b> <input checked="" type="checkbox"/> Other website (list url): <u>See Part V, Section C</u>		
<b>c</b> <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
<b>d</b> <input type="checkbox"/> Other (describe in Section C)		
<b>8</b> 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 .....	<b>8</b>	<b>X</b>
<b>9</b> Indicate the tax year the hospital facility last adopted an implementation strategy: <u>20 18</u>		
<b>10</b> Is the hospital facility's most recently adopted implementation strategy posted on a website? .....	<b>10</b>	<b>X</b>
<b>a</b> If "Yes," (list url): <u>See Part V, Section C</u>		
<b>b</b> If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? .....	<b>10b</b>	<b>X</b>
<b>11</b> 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.		
<b>12a</b> Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? .....	<b>12a</b>	<b>X</b>
<b>b</b> If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? .....	<b>12b</b>	
<b>c</b> 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 Grace Cottage Hospital

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
<b>13</b> Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? .....	<b>13</b> 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>150</u> % and FPG family income limit for eligibility for discounted care of <u>350</u> %		
b <input checked="" 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 checked="" type="checkbox"/> Insurance status		
f <input checked="" type="checkbox"/> Underinsurance status		
g <input checked="" type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
<b>14</b> Explained the basis for calculating amounts charged to patients? .....	<b>14</b> X	
<b>15</b> Explained the method for applying for financial assistance? .....	<b>15</b> 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)		
<b>16</b> Was widely publicized within the community served by the hospital facility? .....	<b>16</b> 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, Section C</u>		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>See Part V, Section C</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, Section C</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 checked="" 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)		

Schedule H (Form 990) 2018

**Part V Facility Information** (continued)**Billing and Collections**Name of hospital facility or letter of facility reporting group Grace Cottage Hospital

	Yes	No	
<b>17</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment? .....	<b>17</b>	X	
<b>18</b> Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:			
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			
<b>19</b> Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....	<b>19</b>		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)			
<b>20</b> Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):			
a <input 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 type="checkbox"/> Made presumptive eligibility determinations (if not, describe in Section C)			
e <input checked="" type="checkbox"/> Other (describe in Section C)			
f <input type="checkbox"/> None of these efforts were made			

**Policy Relating to Emergency Medical Care**

<b>21</b> Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....	<b>21</b>	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)			

Schedule H (Form 990) 2018

**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 Grace Cottage Hospital**22** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a** ☐ The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period
- b** ☒ The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period
- c** ☐ The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period
- d** ☐ The hospital facility used a prospective Medicare or Medicaid method

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

If "Yes," explain in Section C.

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

If "Yes," explain in Section C.

	Yes	No
<b>23</b>		<b>X</b>
<b>24</b>		<b>X</b>

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.

Grace Cottage Hospital:

Part V, Section B, Line 5: As required by Vermont statute and Treasury Regulation 501(r), Grace Cottage Hospital conducts a Community Health Needs Assessment (CHNA) every three years. Our most recent CHNA was done collaboratively in 2018 with Brattleboro Memorial Hospital (BMH) and the Brattleboro Retreat. These three healthcare organizations focused on involving as many stakeholders and community members as possible in the data collection process, which took place from October 2017 to May 2018. Secondary data was collected from multiple sources including: Centers for Disease Control and Prevention, U.S. Department of Health & Human Services, Vermont Department of Health, Vermont Department of Labor, Vermont Department of Transportation, Vermont Foodbank, and Vermont Town and County Data Pages. The secondary data was benchmarked against state and national trends, where possible. Primary data was obtained through a consumer survey and a secondary survey of representatives of medically underserved populations. The consumer survey was distributed in both paper copy as well as online. In total, 1,257 surveys were collected for Windham County. The secondary survey was held to collect qualitative data on at-risk populations. The following medically underserved populations were represented in the focus group:

- Elderly/Senior Population
- HIV+ Individuals
- Homeless Population
- LGBTQ (Lesbian, Gay, Bisexual, Transgender and/or Questioning) Individuals
- Racial and Ethnic Minority Populations

**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.

The three hospitals set up a steering committee made up of individuals from the State of Vermont Department of Health, Brattleboro Memorial Hospital, Grace Cottage Hospital, and The Brattleboro Retreat.

Additionally, the participating organizations engaged a wide range of stakeholders through the surveys, including health care providers, human service organizations, and other nonprofit organizations.

Grace Cottage identified the following as High Priority Significant Health Needs in our service area: Diabetes/Obesity/Weight Management, Mental Health Issues (Stress, Anxiety, Depression), Substance Abuse.

The 2018 Community Health Needs Assessment was adopted by the Grace Cottage Board of Trustees on September 21, 2018 and the Implementation Plan was approved by the Board on January 18, 2019. An updated Implementation Plan for FY18 is available for public viewing at <https://gracecottage.org/about-us/our-hospital/community-health-needs-assessment/>.

Grace Cottage Hospital:

Part V, Section B, Line 6a: The 2018 Community Health Needs Assessment was conducted with Brattleboro Memorial Hospital and The Brattleboro Retreat.

Grace Cottage Hospital:

Part V, Section B, Line 11: Please see attached 2018 CHNA Implementation

**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.

Plan for information on how the Hospital is addressing the significant needs identified in its most recently conducted CHNA.

While a significant health need in our service area, Grace Cottage Hospital is not addressing dental issues as we do not provide dental services. The additional Level 2 Priorities identified in the 2018 CHNA -- Healthy Aging, Smoking/Tobacco Use, and Heart Disease -- are addressed with all patients on an on-going and personal basis.

Grace Cottage Hospital:

Part V, Section B, Line 13b: Generally, Grace Cottage Hospital uses the Federal Poverty Guidelines to determine eligibility for financial assistance. However, applications may be reviewed on a case by case basis and at times financial assistance granted even if a patient is above the prescribed FPG level or qualifies only for a lesser reduction in fees if there is a prevailing circumstance that justifies additional financial support.

Grace Cottage Hospital:

Part V, Section B, Line 20e: Grace Cottage Hospital (GCH) located in rural, mountainous Townshend, VT provides services to patients, whether a community member, second homeowner, or vacationer, through our Critical Access Hospital, Rural Health Clinic, and Outpatient Rehabilitation. Taking pride in the community we serve, we make every attempt possible to notify patients of The Reduced Fee Program and Formal Payment Plan options

**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.

at GCH that will allow patients to receive care without undue hardship.

The following are some of the steps currently in place, to notify patients of the available options:

- All registration areas of the Critical Access Hospital, Rural Health Clinic, and Outpatient Rehabilitation Services have visible signs on display notifying patients of our Reduced Fee Program.

- All registration staff upon verification of no insurance, limited insurance coverage with high patient responsibility portions, or communication from patient indicating difficulty with paying bill, will offer a Reduced Fee Application, Policy, and business card for our Resource Advocate, identifying the many services she provides to patients free of charge and her contact information. Staff will also offer to schedule an appointment for the patient with Resource Advocate for assistance in completing the Reduced Fee Application, troubleshooting issues with insurance, and/or applying for insurance coverage whether it is primary or secondary.

- Patients receive at least 5 billing statements over the course of 120 day time frame (patients in a formal payment plan or whom have a billing issue arise may increase the number of statements to be received or increase the number of days to complete the 5 billing statement cycle). Every statement has a message that notifies them of the Reduced Fee Program and steps to take to get started.

- Once a patient balance is past due (>30 days from date of first patient billing) Patient Accounts Specialists contact patients via phone in an attempt to alert patient to past due balance, offer a formal payment plan if balance unable to be paid in full. If/when patient indicates difficulty in paying their bill, Patient Accounts Specialists will notify

**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.

patient of the Reduced Fee Program and offer to mail the application and policy to them. Patient Accounts Specialists note patients account with a briefing of the phone call. If a patient balance is aged >120 days from the date of the first billing statement and a potential to be sent to a third party collections agency the account is reviewed, if there is a note from patient accounts indicating a Reduced Fee application and policy have been mailed to the patient within the last 45 days a hold will be placed on transferring the balance to the third party collections agency. After 45-60 days if no Reduced Fee application or communication from the patient the balance will be transferred to the third party collections agency at that time.

- All Reduced Fee applications are processed with required documentation to determine eligibility in accordance with our Sliding Fee Scale based on Federal Poverty Guidelines. If missing required documents, a written request is sent to the patient and application held while awaiting documents. All processed applications are filed, written notice of eligibility is mailed to the patient, eligibility is noted on patient's account and adjustments are made manually after insurance processing and prior to a billing statement being mailed to the patient, and all applications are documented on a yearly spreadsheet showing household members, date of application (eligibility begin date), expiration date, whether they are eligible, percentage they are eligible for, and comments for case by case applications that identifies parameters for this approval/denial i.e.: only one date of service.

Schedule H, Part V, Section B, Line 7a, 7b and 10a:

**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.

The Hospital's 2018 CHNA, 2018 CHNA Implementation Plan, and 2015 CHNA

Implementation Plans are available on its website at:

<https://gracecottage.org/about-us/our-hospital/community-health-needs-assessment/>

The Hospital's 2018 CHNA is available at:

<https://3ohond29fxl43b8tjw115y91-wpengine.netdna-ssl.com/wp-content/uploads/2018-BMH-CHNA-report-FINAL.doc.pdf>

Schedule H, Part V, Section B, Line 16a-16c:

The Hospital's Financial Assistance Policy is available on its website at:

<https://gracecottage.org/wp-content/uploads/2020/02/16.0050-REDUCED-FEE-FREE-CARE-POLICY-rev-2-2020.pdf>

The Hospital's Financial Assistance Application is available on its website at:

<https://gracecottage.org/wp-content/uploads/2019/08/16.0050-REDUCED-FEE-FREE-CARE-APPLICATION.pdf>

The Hospital's Plain Language Summary is available on its website at:

<http://gracecottage.org/patients-visitors/billing-and-insurance/free-or-reduced-fee-care/>



**Part VI Supplemental Information**

Provide the following information.

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

Part I, Line 3c:

N/A

Part I, Line 6a:

N/A

Part I, Line 7:

The amounts reported for Charity Care and Means-Tested Government Programs were calculated using a cost-to-charge ratio derived from Worksheet 2, Ratio of Patient Care Cost-to-Charges.

Part I, Line 7g:

N/A

Part I, Line 7, Column (f):

The Bad Debt expense included on Form 990, Part IX, Line 25(A), but subtracted for purposes of calculating the percentage in this column is \$ 571,623.



**Part VI** Supplemental Information (Continuation)

## Part II, Community Building Activities:

See previous and subsequent narrative responses.

## Part III, Line 2:

The cost of the bad debt expense reported on line 2 was calculated by applying the ratio of patient care cost-to-charges (calculated on Worksheet 2) to the total bad debt expense. The amount of bad debt expense for accounts written off as bad debt is the account balance after all charity care discounts, contractual allowances, and insurance/patient payments have been applied. Any cash collected on accounts previously written off is included as an offset to bad debt expense.

## Part III, Line 3:

The amount of bad debt expense (at cost) attributable to patients eligible under our charity care policy reported on line 3 was estimated based on a review of Reduced Fee/Free Care Applications. The number of approved completed applications versus the number of incomplete applications was compared and a ratio applied to the Charity Care balance to estimate this number. It is felt that this estimate should actually be much higher because, though we work hard to educate our patients regarding the charity care policy, including having a Resource Advocate to help patients complete them if they require assistance, many of the applications we distribute to patients are not returned. Knowing our patient population as we do, we believe it is primarily attributable to patients not wanting to share the income information.

## Part III, Line 4:

**Part VI** Supplemental Information (Continuation)

Please see Footnote 1 on Page 8 of the attached financial statements for the footnote that addresses bad debt.

Part III, Line 8:

Medicare allowable costs reported in the Medicare Cost Report are reported in accordance with CMS Guidelines using the cost-to-charge ratio methodology.

Part III, Line 9b:

Grace Cottage Hospital does not pursue collections actions against patients for amounts qualified for financial assistance. If a patient is unable to pay a balance in full after reduced fees and financial assistance have been applied, the patient is required to setup an acceptable payment plan per the collections policy. Any patient making acceptable monthly payments on their balance will not be at risk for further collections actions and/or forfeiture of their reduced fee care or financial assistance. However, any balance remaining after that discount that goes unpaid as agreed upon will follow the collections actions outlined in the Hospital's collection policy. Failure to resolve the balance in full or any missed payments will result in forfeiture of reduced fees and/or financial assistance, and the patient's account will be placed with a collections agency for further action. Additionally, the patient will not be eligible for reduced fees or financial assistance until a substantial effort is put forth to rectify the outstanding balance.

Part VI, Line 2:

Grace Cottage Hospital is such a small hospital in a rural, relatively

Schedule H (Form 990)

**Part VI** Supplemental Information (Continuation)

sparsely populated area that our community leaders, patients, and members of the public are quick to inform our administrators and our medical staff about how Grace Cottage serves the healthcare needs of the public. Grace Cottage's small size ensures that we can be responsive to community requests made via our website, e-mails to members of our staff, or informal face-to-face meetings with people in the communities we serve.

Part VI, Line 3:

Although we are Vermont's smallest Critical Access Hospital, Grace Cottage Hospital believes that quality health care should be available to all; and that we all have a responsibility to help others in need regardless of their ability to pay. Posters and brochures detailing the availability of help with billing, public programs, and charity care are displayed in high traffic areas throughout the Hospital, rural health clinic and pharmacy, as well as listed on the Hospital's website. The staff reaches out to patients in a variety of ways to ensure that they are aware that help is available. During fiscal year 2019, the Hospital continued to employ a Patient Resource Advocate to help uninsured and underinsured patients locate and procure services for which they may qualify. The Patient Resource Advocate's services are free of charge for community members (those 65 and older were also encouraged to contact Senior Solutions, formerly Southeastern Vermont Council on Aging). The Hospital's Patient Resource Advocate helps many people with a wide variety of resource issues, helping to fill out necessary forms and making connections for patients with other federal, state and local resources. This employee is an expert in filling out reduced fee applications, finding sources for reduced-cost or free prescription medications, and locating other avenues of support.

**Part VI** Supplemental Information (Continuation)

## Part VI, Line 4:

Grace Cottage Hospital plays a vital role in healthcare for this rural, mountainous community. Its federal designation as a critical access hospital recognizes its importance in providing health care to an otherwise medically underserved community. The Hospital's emergency department is especially vital to members of the community, who would otherwise have to travel many miles on winding, mountainous highways to reach emergency medical care at another hospital. Grace Cottage Hospital is located in Windham County, in southeastern Vermont. According to the U.S. Census Bureau, Windham County has an estimated total of 43,714 residents. Grace Cottage Hospital's patient base is approximately 26,000 residents, mostly from 21 surrounding towns. The median household income of Windham County, Vermont, is \$50,917 (U.S. Census Bureau "Quick Facts," updated 2016). Income statistics for the total population served by Grace Cottage Hospital are not available because Grace Cottage only requires income information from patients requesting reduced fees or free care.

## Part VI, Line 5:

Grace Cottage Hospital is a Critical Access Hospital located in rural, mountainous Townshend, Vermont. The Hospital is served by a Board of Trustees consisting of local citizens active in community businesses and organizations. Only one of the twelve trustees, a physician, is a hospital employee. All trustees reside or work in the Hospital's service area and bring a wealth of community input to the Hospital's strategic planning process. The Hospital extends medical staff privileges to all qualified physicians in the community.

**Part VI** Supplemental Information (Continuation)

Grace Cottage Hospital applies any surplus funds towards improving its ability to provide quality patient care and being an integral part of assuring the health and well-being of the communities we serve. For example, in view of the fact that Mental Health was identified as a High Priority Significant Need in our Community Health Needs Assessment, Grace Cottage continues to employ both a full-time psychiatric nurse practitioner and a full-time licensed clinical social worker. Both professionals are embedded in the family health practice, where they are key players in the healthcare team.

Despite its small size, Grace Cottage Hospital is committed to giving back to the community to the greatest extent possible. Thanks to the Vermont Blueprint for Health, Grace Cottage's Community Health Team has been able to provide free consultations, open to everyone in the community served by Grace Cottage. Members of the Community Health Team, including a care coordinator and an outreach coordinator (both registered nurses), two health coaches, a diabetes educator (also a registered nurse), and a behavioral health specialist work with patients one-on-one, conduct support groups, and also attend area senior lunches and provide screenings at area organizations (such as Neighborhood Connections).

In addition, the Community Health Team interacts with another Vermont Blueprint for Health program, SASH (Support and Services at Home), and provides, in collaboration with SASH, ongoing support groups and workshops.

Grace Cottage Hospital is a very active partner in numerous community collaborations and programs, including (but not limited to):

- West River Valley Thrives: supporting and promoting healthy lifestyle

**Part VI** Supplemental Information (Continuation)

choices, with an emphasis on the prevention of alcohol, tobacco, and other drug use by young people.

- Townshend Community Hope and Action: promoting a healthy, connected community through area events.

- West River Valley Food Group/Vermont Food Bank: organizing the procurement and distribution of food to those in need. A Veggie Van Go truck from the Vermont Food Bank comes to Grace Cottage once a month for free food distribution of fresh produce and other healthy food items. No proof of eligibility is required. On average, 50-60 individuals take the free food home to their families.

- Windham County Consortium on Substance Use (COSU) is a multi-agency collaboration which focuses efforts and education/awareness within communities to address the devastating impacts of heroin, fentanyl and other substances on Windham County. Highlights include: collaborative prevention, harm reduction, treatment and recovery efforts. These efforts are bolstered by a three-year, \$1 million federal Health Resources & Services Administration (HRSA) grant as well as a VT Department of Health Community Action grant through the Centers for Disease Control & Prevention, both awarded to COSU and its fiscal agent, Health Care & Rehabilitation Services of Southeastern Vermont, Inc. (HCRS), starting on September 1st, 2019.

- Community Wellness: In 2019, there were a total of 3,739 wellness program visits. Wellness activities included strong bones exercise classes, Tai Chi for fall prevention, living alone support group, Alzheimer's Caregiver support group, mental illness family support group, men's support groups, and yoga.

In addition, area non-profit organizations providing health-related and

**Part VI** Supplemental Information (Continuation)

emergency preparedness-related services to the community are provided with meeting and training space at the Hospital. In response to the last Community Health Needs Assessment, the Hospital has worked collaboratively with local schools and organizations to promote healthy, fun activities and provides opportunities that make the most of staying as healthy as possible. Heavily promoted activities include a 5K in the spring, a 19.6-mile bike ride in the summer, and a Poker Walk in the fall, among others.

Grace Cottage Hospital plays a pivotal role in Emergency/Disaster Preparedness in this rural, mountainous area of Windham County, Vermont. The Hospital works collaboratively with:

- the local town volunteer fire and first responder rescue departments;
- the regional ambulance service, Rescue Inc.;
- Windham County Regional Commission - the Local Emergency Planning Committee covering the towns that Grace Cottage serves;
- the local Citizens Emergency Response Team (CERT);
- the local Radio Amateur Civil Emergency Service (RACES) - West River Radio Club meets and stores equipment at Grace Cottage Hospital;
- Vermont Association of Hospitals and Health Systems;
- Vermont Department of Health.

Grace Cottage Hospital staff participate in onsite training for disaster preparedness as well as offsite training with other hospitals.

Part VI, Line 6:

N/A

**Part VI** Supplemental Information (Continuation)

Part VI, Line 7, List of States Receiving Community Benefit Report:

VT



**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

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

▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2018**

Open to Public  
Inspection

Name of the organization

Carlos G. Otis Health Care Center

Employer identification number

03-0177161

**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.

☐ First-class or charter travel

☐ Housing allowance or residence for personal use

☐ Travel for companions

☐ Payments for business use of personal residence

☐ Tax indemnification and gross-up payments

☐ Health or social club dues or initiation fees

☐ Discretionary spending account

☐ Personal services (such as maid, chauffeur, chef)

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

**1b**

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

**2**

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

☐ Compensation committee

☐ Written employment contract

☐ Independent compensation consultant

☒ Compensation survey or study

☐ Form 990 of other organizations

☒ Approval by the board or compensation committee

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

**a** Receive a severance payment or change-of-control payment? .....

**4a**

**X**

**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? .....

**4b**

**X**

**c** Participate in, or receive payment from, an equity-based compensation arrangement? .....

**4c**

**X**

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.**

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

**a** The organization? .....

**5a**

**X**

**b** Any related organization? .....

**5b**

**X**

If "Yes" on line 5a or 5b, describe in Part III.

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

**a** The organization? .....

**6a**

**X**

**b** Any related organization? .....

**6b**

**X**

If "Yes" on line 6a or 6b, describe in Part III.

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

**7**

**X**

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

**8**

**X**

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

**9**

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

Schedule J (Form 990) 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) Timothy P. Shafer, M.D. Trustee/Family Physician	(i)	268,843.	1,827.	2,856.	7,358.	19,947.	300,831.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) Douglas DiVello CEO	(i)	232,986.	27,500.	15,439.	0.	37,404.	313,329.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) Stephen A. Brown CFO	(i)	206,250.	0.	19,345.	6,865.	19,439.	251,899.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) Maurice Geurts, M.D. Physician	(i)	343,057.	0.	2,096.	8,250.	31,082.	384,485.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) Kenneth Rudd, M.D. Physician	(i)	286,425.	0.	1,646.	8,250.	28,492.	324,813.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) Kimona Alin, M.D. Physician	(i)	258,271.	0.	1,796.	6,201.	31,082.	297,350.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) Moss Linder, D.O. Physician	(i)	248,357.	8,390.	2,361.	4,937.	31,082.	295,127.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) Ewa Arnold, M.D. Physician	(i)	203,163.	14,227.	11,796.	6,858.	31,082.	267,126.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) Roger Allbee CEO(end 2/2018)/Trustee (end 1/2014)	(i)	36,050.	0.	0.	0.	0.	36,050.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
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	(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 7:**

Physician contracts provide the opportunity to receive additional payments for productivity above minimum thresholds. For the period reported, five physicians listed in Part VII were under such a contract: Dr. Ewa Arnold, Dr. Jesper Brickley, Dr. Maurice Geurts, Dr. Moss Linder, and Dr. Timothy Shafer. Of these, three received an incentive compensation payment: Dr. Ewa Arnold \$14,227; Dr. Moss Linder \$8,390; and Dr. Timothy Shafer \$1,827.

The CEO's contract provides an opportunity to earn annual incentive compensation of up to a maximum of 15% of annual base salary upon attainment of mutually agreed upon goals. This incentive compensation opportunity may be modified from time to time, at the discretion of the Board of Directors. For the period reported, Douglas DiVello received a payment of \$27,500.

**Schedule J, Part II:**

Roger Allbee, former CEO of Otis Health Care Center, was a part-time employee. In February 2018, Mr. Allbee left the organization. He received total reportable compensation for calendar year 2018 of

**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.

\$36,050. This compensation was solely for his services as the CEO. He was a trustee until January 2014 and his calendar year 2018 CEO compensation exceeded the \$10,000 threshold for reporting payments to former directors during the filing period.

**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](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2018**

Open to Public  
Inspection

Name of the organization

Carlos G. Otis Health Care Center

Employer identification number  
03-0177161

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

A draft of the Form 990 is initially reviewed in detail by Carlos G. Otis Health Care Center's key finance employees. Thereafter, the final draft is provided to the full Board for review prior to filing with the IRS.

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

A copy of the conflict of interest policy is distributed annually to the Board of Trustees and each Trustee signs to confirm that they have thoroughly read, understand, and agree to comply with the conflict of interest policy.

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

CEO's Compensation: The CEO's compensation and benefits are reviewed, adjusted and voted on by the full Board annually. The Board used external market compensation data to determine the CEO's initial compensation when hired and annually uses such data to compare OHCC's CEO compensation with that of other hospital executives in the Northeast region. The CEO is excused from Board discussion and voting on issues surrounding CEO compensation and benefits.

Compensation of other hospital employees: The CEO reviews the salaries of employees annually and determines compensation based on performance and salary ranges, using regional salary range data for comparison.

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

Upon request, Carlos G. Otis Health Care Center, Inc. makes its governing

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

Schedule O (Form 990 or 990-EZ) (2018)

Name of the organization

Carlos G. Otis Health Care Center

Employer identification number

03-0177161

documents, conflict of interest policy, and financial statements available to the public.

## Form 990, Part VII, Section A:

The compensation reported for Dr. Timothy Shafer was for his services as a full-time physician. He was not compensated for his services as members of OHCC's Board of Trustees.

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

Change in Beneficial Interest in Net Assets of GCF 446,897.

## Form 990, Part XI, Line 2c:

The Finance and Audit Committee oversees the audit process for the Carlos G. Otis Health Care Center, Inc. and Grace Cottage Foundation, Inc. The audit process for the financial statements did not change from the prior year. Independent accountants performed the audit for both fiscal years.

## 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](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

# 2018

**Open to Public Inspection**

Name of the organization

Carlos G. Otis Health Care Center

**Employer identification number**  
03-0177161

**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

**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.

[illegible]

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

Schedule R (Form 990) 2018

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

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

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

[illegible]



**Part V Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note:** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
<b>1</b> During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
<b>a</b> Receipt of <b>(i)</b> interest, <b>(ii)</b> annuities, <b>(iii)</b> royalties, or <b>(iv)</b> rent from a controlled entity .....		X
<b>b</b> Gift, grant, or capital contribution to related organization(s) .....		X
<b>c</b> Gift, grant, or capital contribution from related organization(s) .....	X	
<b>d</b> Loans or loan guarantees to or for related organization(s) .....		X
<b>e</b> Loans or loan guarantees by related organization(s) .....	X	
<b>f</b> Dividends from related organization(s) .....		X
<b>g</b> Sale of assets to related organization(s) .....		X
<b>h</b> Purchase of assets from related organization(s) .....		X
<b>i</b> Exchange of assets with related organization(s) .....		X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) .....		X
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) .....		X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) .....		X
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) .....	X	
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) .....	X	
<b>o</b> Sharing of paid employees with related organization(s) .....	X	
<b>p</b> Reimbursement paid to related organization(s) for expenses .....		X
<b>q</b> Reimbursement paid by related organization(s) for expenses .....	X	
<b>r</b> Other transfer of cash or property to related organization(s) .....		X
<b>s</b> Other transfer of cash or property from related organization(s) .....		X
<b>2</b> 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.		

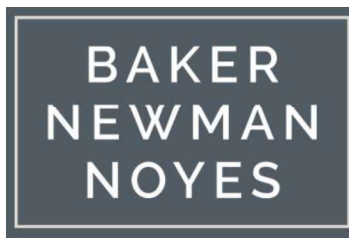
(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Grace Cottage Foundation, Inc.	Q	293,723.	Actual per books
(2) Grace Cottage Foundation, Inc.	C	977,268.	Actual per books
(3) Grace Cottage Foundation, Inc.	E	5,864,314.	Actual per books
(4)			
(5)			
(6)			

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

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

[illegible]

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



**Carlos G. Otis Health Care Center, Inc.  
and Subsidiary**

**Audited Consolidated Financial Statements  
and Other Financial Information**

*Years Ended September 30, 2019 and 2018  
With Independent Auditors' Report*

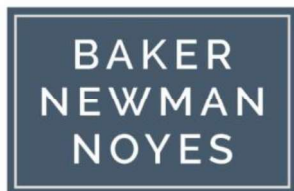
# **CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY**

## **Audited Consolidated Financial Statements and Other Financial Information**

**September 30, 2019 and 2018**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Carlos G. Otis Health Care Center, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Carlos G. Otis Health Care Center, Inc. and Subsidiary, which comprise the consolidated balance sheets as of September 30, 2019 and 2018, the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees  
Carlos G. Otis Health Care Center, Inc. and Subsidiary

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Carlos G. Otis Health Care Center, Inc. and Subsidiary as of September 30, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Emphasis of Matter*

As discussed in Note 1 to the consolidated financial statements, in 2019, Carlos G. Otis Health Care Center, Inc. and Subsidiary adopted the provisions of Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements for Not-for-Profit Entities* and applied the guidance retrospectively for all periods presented. Our opinion is not modified with respect to this matter.

Baku Newman & Noyes LLC

Manchester, New Hampshire  
March 16, 2020

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS**

September 30, 2019 and 2018

**ASSETS**

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 199,022	\$ 23,386
Accounts receivable, less allowance for doubtful accounts of \$548,036 in 2019 and \$652,388 in 2018	1,917,986	2,083,725
Estimated third-party payor settlements receivable	415,630	—
Meaningful use receivable	17,000	34,000
Other receivables	—	32
Inventories	1,847,467	1,715,794
Prepaid expenses	<u>221,271</u>	<u>209,789</u>
Total current assets	4,618,376	4,066,726
Property and equipment, net	3,182,910	3,364,427
Assets whose use is limited or restricted:		
Restricted cash and cash equivalents	595,940	424,557
Investments	5,968,440	5,725,976
Contributions receivable from charitable remainder trusts	33,726	34,016
Beneficial interest in perpetual trust	1,706,934	1,717,123
Deposits with trustee	<u>56,618</u>	<u>63,437</u>
Total assets whose use is limited or restricted	<u>8,361,658</u>	<u>7,965,109</u>
Total assets	<u>\$16,162,944</u>	<u>\$15,396,262</u>



LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
Current liabilities:		
Line of credit	\$ 1,946,913	\$ 1,078,501
Accounts payable	1,413,604	1,063,191
Accrued compensated absences	499,473	677,097
Accrued expenses	1,259,052	1,023,207
Estimated third-party payor settlements payable	—	321,147
Current portion of charitable gift annuities liability	9,351	18,244
Current portion of long-term debt and capital lease obligations	<u>356,490</u>	<u>352,757</u>
Total current liabilities	5,484,883	4,534,144
Charitable gift annuities liability, less current portion	33,498	62,593
Long-term debt and capital lease obligations, less current portion	<u>817,981</u>	<u>1,012,282</u>
Total liabilities	6,336,362	5,609,019
Net assets:		
Without donor restrictions	6,405,496	6,558,441
With donor restrictions	<u>3,421,086</u>	<u>3,228,802</u>
Total net assets	<u>9,826,582</u>	<u>9,787,243</u>
Total liabilities and net assets	<u>\$16,162,944</u>	<u>\$15,396,262</u>

See accompanying notes.

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF OPERATIONS  
AND CHANGES IN NET ASSETS**

Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue without donor restrictions and other support:		
Patient service revenue (net of contractual allowances and discounts)	\$19,200,794	\$18,730,838
Provision for bad debts	<u>(571,623)</u>	<u>(556,089)</u>
Net patient service revenue less provision for bad debts	18,629,171	18,174,749
Other revenue	3,969,758	4,129,962
Meaningful use revenue	—	42,500
Net assets released from restrictions for operations	<u>526,951</u>	<u>430,497</u>
Total revenue without donor restrictions and other support	23,125,880	22,777,708
Expenses:		
Salaries and benefits	16,338,008	15,664,670
Supplies and other	6,491,814	6,299,907
State provider taxes	631,409	620,394
Depreciation and amortization	644,180	612,930
Interest	<u>155,800</u>	<u>135,586</u>
Total expenses	<u>24,261,211</u>	<u>23,333,487</u>
Loss from operations	(1,135,331)	(555,779)
Nonoperating gains (losses):		
Investment return, net	384,053	372,203
Contributions and program support	334,251	524,600
Other nonoperating gains (losses)	<u>16,814</u>	<u>(19,581)</u>
Nonoperating gains, net	<u>735,118</u>	<u>877,222</u>
(Deficiency) excess of revenue, gains and other support over expenses	(400,213)	321,443

Continued next page.

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF OPERATIONS  
AND CHANGES IN NET ASSETS (CONTINUED)**

Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
(Deficiency) excess of revenue, gains and other support over expenses	\$ (400,213)	\$ 321,443
Net assets released from restrictions for capital purchases	<u>247,268</u>	<u>459,840</u>
Change in net assets without donor restrictions	(152,945)	781,283
Net assets with donor restrictions:		
Contributions	976,982	774,254
Net assets released from restrictions for operations	(526,951)	(430,497)
Net assets released from restrictions for capital purchases	(247,268)	(459,840)
Net change in charitable remainder trusts	(290)	(1,052)
Change in beneficial interest in perpetual trust	<u>(10,189)</u>	<u>26,145</u>
Change in net assets with donor restrictions	<u>192,284</u>	<u>(90,990)</u>
Change in net assets	39,339	690,293
Net assets, beginning of year	<u>9,787,243</u>	<u>9,096,950</u>
Net assets, end of year	<u>\$ 9,826,582</u>	<u>\$ 9,787,243</u>

See accompanying notes.

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY**

**CONSOLIDATED 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	\$ 39,339	\$ 690,293
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	644,180	612,930
Provision for bad debts	571,623	556,089
Net realized and unrealized changes in the fair value of investments	(286,706)	(279,170)
Debt issuance cost amortization	4,021	4,021
Loss on disposal of property and equipment	17,283	11,764
Change in charitable remainder trusts	290	1,052
Change in beneficial interest in perpetual trust	10,189	(26,145)
Restricted contributions	(976,982)	(774,254)
Changes in operating assets and liabilities:		
Accounts receivable	(405,884)	(622,018)
Estimated third-party payor settlements	(736,777)	470,597
Other receivables	17,000	177
Meaningful use receivable	32	51,000
Inventories	(131,673)	(250,501)
Prepaid expenses	(11,482)	(574)
Accounts payable	350,413	(240,648)
Accrued compensated absences	(177,624)	126,279
Accrued expenses	<u>235,845</u>	<u>(85,459)</u>
Net cash (used) provided by operating activities	(836,913)	245,433
Cash flows from investing activities:		
Purchases of property and equipment	(323,573)	(593,970)
Proceeds from sale and maturities of investments	2,868,432	1,672,459
Purchases of investments	(2,824,190)	(1,845,137)
Change in restricted cash	(171,383)	291,103
Deposits with trustee	<u>6,819</u>	<u>(6,271)</u>
Net cash used by investing activities	(443,895)	(481,816)
Cash flows from financing activities:		
Net proceeds from (payments) on line of credit	868,412	(238,797)
Payments on long-term debt and capital lease obligations	(350,962)	(338,741)
Restricted contributions	976,982	774,254
Change in charitable gift annuities	<u>(37,988)</u>	<u>(4,445)</u>
Net cash provided by financing activities	<u>1,456,444</u>	<u>192,271</u>
Net change in cash and cash equivalents	175,636	(44,112)
Cash and cash equivalents at beginning of year	<u>23,386</u>	<u>67,498</u>
Cash and cash equivalents at end of year	\$ <u>199,022</u>	\$ <u>23,386</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ <u>151,779</u>	\$ <u>131,565</u>
Noncash investing and financing activities:		
Equipment financed by capital lease obligations	\$ <u>156,373</u>	\$ <u>—</u>

See accompanying notes.

# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 1. **Description of Organization and Summary of Significant Accounting Policies**

#### **Organization**

Carlos G. Otis Health Care Center, Inc. (OHCC) is a not-for-profit organization located in Townshend, Vermont consisting of Grace Cottage Hospital (a Critical Access Hospital), Messenger Valley Pharmacy, and Grace Cottage Family Health (a Rural Health Clinic). The accompanying consolidated financial statements include the accounts of all these entities.

OHCC is the sole corporate member of Grace Cottage Foundation (the Foundation), a not-for-profit corporation, established to solicit contributions from the general public solely for the funding of health care services by OHCC.

The accounting policies that affect the more significant elements of the consolidated financial statements are summarized below:

#### **Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of OHCC and its subsidiary organization, the Foundation (together the Organization). All significant intercompany accounts and transactions have been eliminated in consolidation.

#### **Basis of Accounting**

The accompanying consolidated financial statements have been prepared on an accrual basis of accounting.

#### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Net Assets With Donor Restrictions**

Gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations as either net assets released from restrictions for operations (for noncapital-related items) or net assets released from restrictions for capital purchases (for capital-related items). Some net assets with donor restrictions have been restricted by donors to be maintained by the Organization in perpetuity.

# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

#### Cash and Cash Equivalents

Cash and cash equivalents include all demand deposit accounts, investments with original maturities of three months or less when purchased and money market funds, excluding assets whose use is limited or restricted. Restricted cash and cash equivalents are limited as to use for long-term purposes by donor-imposed restrictions.

#### Accounts Receivable and the Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Organization 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 provision 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 Organization 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, the Organization records a significant 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.

#### Inventories

Inventories of supplies and pharmaceuticals are carried at the lower of cost (determined by the first-in, first-out method) or net realizable value.

#### Deposits With Trustee

Deposits with trustee under revenue bond agreements are recorded at fair value and are comprised of short-term investments and United States government obligations.

#### Investments and Investment Income

Investments are measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, and interest and dividends) is included in the (deficiency) excess of revenue, gains and other support over expenses as the Organization has elected to reflect changes in the fair value of investments and assets whose use is limited, including both increases and decreases in value whether realized or unrealized, in nonoperating gains or losses unless the income or loss is restricted by donor or law, in which case it is reported as an increase or decrease in net assets with donor restrictions.

# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

#### Endowment, Investment and Spending Policies

In accordance with the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund; (b) the purpose of the organization and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the organization.

The goal of the investments is to support the Organization's future capital expenditures and other major program needs, and to generally increase the financial strength of the Organization. In addition to occasional capital expenditures, board designated funds are invested in a prudent manner with regard to preserving principal while providing reasonable returns.

The goal of the endowment funds is to provide a source of financial support to the Organization's patient care activities. The Organization appropriates the earnings from the endowment funds to offset the costs of patient care activities according to the intent of the donor. The endowment funds are invested in a prudent manner with regard to preserving principal while providing reasonable returns.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objective within prudent risk constraints.

The Organization has adopted a formal spending policy on its endowment fund of 4% per fiscal year of the average fair value of the endowment fund for the trailing twelve quarters.

#### Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets held by trustees under indenture agreements, quasi-endowment funds, designated assets set aside by the Board of Trustees over which the Board retains control and may, at its discretion, subsequently use for other purposes, and donor-restricted investments, including certain cash and cash equivalents.

#### Property and Equipment

Property and equipment is stated at cost or, if donated, at fair value at the date of donation, less accumulated depreciation. The Organization's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the life of the related assets. When assets are retired or disposed of, the assets and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the accompanying consolidated statements of operations.

Depreciation is computed using the straight-line method in a manner intended to amortize the cost of the assets over their estimated useful lives.

# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

#### Deferred Financing Costs

Costs incurred in obtaining long-term financing are being amortized to interest expense using the straight-line method, which approximates the effective interest method, over the repayment period of the related debt obligation. Debt issuance costs are presented as a reduction of long-term debt.

#### Compensated Absences

The Organization provides and accrues for paid time off for vacation, holiday and sick leave under an earned time system. Hours earned, but not used, are capped and vested with the employee.

#### Performance Indicator

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenues and expenses. Peripheral transactions are reported as nonoperating gains or losses.

The consolidated statements of operations include (deficiency) excess of revenue, gains and other support over expenses. Changes in net assets without donor restrictions which are excluded from (deficiency) excess of revenue, gains and other support over expenses, consistent with industry practice, include net assets released from restrictions for capital purchases.

#### 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. Changes in these estimates are reflected in the accompanying consolidated financial statements in the year in which they occur. During 2019 and 2018, net patient service revenue in the accompanying statements of operations (decreased) increased approximately \$(17,000) and \$46,000, respectively, due to changes in prior year estimates. Services rendered to individuals from whom payment is expected and ultimately not received is written off and included as part of the provision for bad debts.

The Organization 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. On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Activities directly associated with services related to acute and ancillary care services are considered to be operating activities and are included as patient service revenue. Revenue which is not related to patient medical care and which is normal to the day-to-day operations of the Organization is included in other revenue.



# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

#### Retirement Plan

The Organization has a defined contribution 401(k) plan covering substantially all of its employees. Employees who have completed one year of service, in which they were employed at least 1,000 hours, and have attained age 21 are eligible to participate in the plan. The plan provides for an automatic deferral provision. The Organization may make discretionary matching contributions that are allocated to all employees eligible to participate in the plan, in proportion to their eligible earnings compared to the eligible earnings of the other employees who will also share in the contributions. The Organization's matching contributions to the plan, charged to operations, were approximately \$249,000 and \$251,000 for the years ended September 30, 2019 and 2018, respectively.

#### Charity Care

OHCC provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because OHCC does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. OHCC determines the costs associated with providing charity care by calculating a ratio of expenses to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. See Note 4.

#### Income Taxes

OHCC and the Foundation are tax-exempt corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and had been classified as an organization that is not a private foundation under Section 509(a)(3). Management evaluated the Organization's tax positions and concluded the Organization has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements.

#### Functional Expense Allocation

The costs of providing program services and other activities have been summarized on a functional basis in Note 15. Accordingly, costs have been allocated among program services and supporting services benefitted.

#### Advertising Expense

Advertising costs are expensed as incurred and totaled approximately \$85,000 and \$70,000 in 2019 and 2018, respectively.

# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

#### Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)* (ASU 2016-14). The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 is effective for the Organization for the year ended September 30, 2019. The Organization has adjusted the presentation of these consolidated financial statements and related footnotes accordingly. The ASU has been applied retrospectively to all periods presented. The adoption of ASU 2016-14 had no impact to changes in net assets or total net assets in 2019 or 2018.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods and services. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. ASU 2014-09 is effective for the Organization on October 1, 2019. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. The Organization is evaluating the impact that ASU 2014-09 will have on its revenue recognition policies, but does not expect the new pronouncement will have a material impact on its consolidated financial statements.

In January 2016, the FASB issues ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01). The amendments in ASU 2016-01 address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 is effective for the Organization for the year ended September 30, 2020. The Organization is evaluating the impact that ASU 2016-01 will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires that lease arrangements longer than twelve months result in an entity recognizing an asset and liability. The pronouncement is effective for the Organization on October 1, 2021. Early adoption is permitted and the guidance may be adopted retrospectively. Management is currently evaluating the impact this guidance will have on the Organization's consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Organization beginning on October 1, 2019. ASU 2016-18 must be applied using a retrospective transition method. The Organization is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements. Although management's analysis is not complete, the adoption of ASU 2016-18 is not expected to have a material effect on the consolidated financial statements.

# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). Due to diversity in practice, ASU 2018-08 clarifies the definition of an exchange transaction as well as the criteria for evaluating whether contributions are unconditional or conditional. ASU 2018-08 is effective for the Organization on October 1, 2019. The Organization is currently evaluating the impact that ASU 2018-08 will have on its consolidated financial statements. Although management's analysis is not complete, the adoption of ASU 2014-09 is not expected to have a material effect on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* ASU 2018-13. The amendments in this ASU modify the disclosure requirements for fair value measurements for Level 3 assets and liabilities, and eliminate the requirement to disclose transfers between Levels 1 and 2 of the fair value hierarchy, among other modifications. ASU 2018-13 is effective for the Organization on October 1, 2020, with early adoption permitted. The Organization is currently evaluating the impact that ASU 2018-13 will have on its consolidated financial statements.

#### Reclassifications

Certain 2018 amounts have been reclassified to permit comparison with the 2019 consolidated financial statements presentation format.

#### Subsequent Events

Management of the Organization evaluated events occurring between the end of its fiscal year and March 16, 2020, the date the consolidated financial statements were available to be issued.

### 2. Accounts Receivable

Accounts receivable are stated net of estimated contractual allowances and allowances for doubtful accounts. Accounts receivable consists of the following at September 30:

	<u>2019</u>	<u>2018</u>
Patient accounts receivable	\$3,202,679	\$3,447,130
Estimated contractual allowances	(736,657)	(711,017)
Estimated allowance for doubtful accounts	<u>(548,036)</u>	<u>(652,388)</u>
Net patient accounts receivable	<u>\$1,917,986</u>	<u>\$2,083,725</u>

The Organization's allowance for doubtful accounts for self-pay patients was 83% and 89% of self-pay accounts receivable at September 30, 2019 and 2018, respectively. The Organization's bad debt writeoffs (net of recoveries) decreased \$18,438 from \$689,101 for fiscal year 2018 to \$670,663 for fiscal year 2019. The decrease in bad debt writeoffs was primarily related to collection trends.

# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 3. Estimated Third-Party Settlements

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

#### Medicare

OHCC was granted critical access hospital (CAH) designation on December 1, 2000. Under CAH, OHCC is primarily reimbursed allowable costs for its inpatient and outpatient services provided to Medicare patients.

OHCC is reimbursed for cost reimbursable items at tentative rates, with final settlement determined after submission of annual cost reports by OHCC and audits thereof by the Medicare fiscal intermediary. OHCC's Medicare cost reports have been settled by the Medicare Administrative Contractor (MAC) through September 30, 2016.

#### Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retroactive adjustment. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a fee schedule methodology. OHCC's Medicaid cost reports have been settled by the fiscal intermediary through September 30, 2017.

The State of Vermont imposes a health care provider tax (State provider taxes) based on the net patient service revenues of the Organization. The amount of tax incurred by the Organization for fiscal 2019 and 2018 was \$631,409 and \$620,394, respectively.

#### Blue Cross

Inpatient and outpatient services rendered to Blue Cross subscribers are reimbursed at submitted charges less a discount withholding or through a per diem or fee schedule. The amounts paid to OHCC are not subject to any retroactive adjustments. Revenue from Blue Cross accounted for approximately 11% and 12% of OHCC's gross patient service revenues for the years ended September 30, 2019 and 2018, respectively.

#### Physicians Clinics

Physicians clinics represent primary care and other specialty physician services provided to patients at OHCC. The clinics are reimbursed either on a cost reimbursement or fee schedule basis.

# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 3. Estimated Third-Party Settlements (Continued)

#### Other

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

Revenues from the Medicare and Medicaid programs accounted for approximately 69% and 68% of OHCC's gross patient service revenues for the years ended September 30, 2019 and 2018, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. OHCC believes that it is in compliance with all applicable laws and regulations, and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs.

### 4. Charity Care

OHCC 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. Funds received from gifts and grants to subsidize uncompensated care were approximately \$55,000 and \$49,000 in 2019 and 2018, respectively. 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 (Note 1)	<u>\$221,000</u>	<u>\$159,000</u>
Estimated costs incurred to provide charity care	<u>\$150,000</u>	<u>\$108,000</u>
Equivalent percentage of charity care services to all services	<u>0.7%</u>	<u>0.6%</u>

### 5. Concentration of Credit Risk

Financial instruments which subject the Organization to credit risk consist of cash equivalents, accounts and other receivables and certain investments. The risk with respect to cash equivalents is minimized by the Organization's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk at September 30, 2019. The Organization's investments consist of diversified securities and, while subject to market risk, do not represent any significant concentrations in any sectors.

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2019 and 2018

**5. Concentration of Credit Risk (Continued)**

OHCC grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross patient accounts receivable at September 30, 2019 and 2018 was as follows:

	<u>2019</u>	<u>2018</u>
Medicare	44%	40%
Medicaid	9	7
Blue Cross	6	8
Other third-party payors	20	24
Patients	<u>21</u>	<u>21</u>
	<u>100%</u>	<u>100%</u>

**6. Assets Whose Use is Limited or Restricted**

Investments included in assets whose use is limited or restricted at September 30, 2019 and 2018 consist of the following:

	<u>Cost</u> <u>2019</u>	<u>Fair</u> <u>Value</u> <u>2019</u>	<u>Cost</u> <u>2018</u>	<u>Fair</u> <u>Value</u> <u>2018</u>
Cash and cash equivalents	\$ 176,730	\$ 176,730	\$ 130,777	\$ 130,777
Brokered certificates of deposit	164,445	165,187	323,985	321,625
Mutual funds	1,585,203	1,728,334	1,530,872	1,678,950
Government and municipal bonds	785,804	804,847	424,491	416,000
Corporate bonds	797,913	826,809	929,004	883,892
Common stock	<u>1,558,422</u>	<u>2,266,533</u>	<u>1,583,748</u>	<u>2,294,732</u>
	<u>\$5,068,517</u>	<u>\$5,968,440</u>	<u>\$4,922,877</u>	<u>\$5,725,976</u>

Investment income, net realized gains and the net unrealized gains on assets whose use is limited or restricted, cash and cash equivalents, and other investments are as follows at September 30:

	<u>2019</u>	<u>2018</u>
Without donor restrictions:		
Investment income	\$ 97,347	\$ 93,033
Net realized gains on sales of securities	189,882	253,247
Net unrealized gains on investments	<u>96,824</u>	<u>25,923</u>
	<u>\$384,053</u>	<u>\$372,203</u>

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2019 and 2018

**6. Assets Whose Use is Limited or Restricted (Continued)**

The endowment includes both endowment funds restricted in perpetuity from expenditure by donors (accounted for in net assets with donor restrictions) and other funds for which the governing board or state regulations require that such funds be treated in a manner similar to endowments. These other funds are accounted for in net assets without donor restrictions. Gains on donor established endowments are, absent donor stipulations, included in net assets with donor restrictions until appropriated for expenditure by the governing board.

The endowment funds, including quasi endowments restricted by the Board, as of September 30, 2019 and 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>2019</b>			
Board-designated endowment funds	\$2,738,245	\$ —	\$2,738,245
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	—	1,041,966	1,041,966
Accumulated investment gains	<u>349,679</u>	<u>—</u>	<u>349,679</u>
	<u>\$3,087,924</u>	<u>\$1,041,966</u>	<u>\$4,129,890</u>
<b>2018</b>			
Board-designated endowment funds	\$2,745,416	\$ —	\$2,745,416
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	—	1,034,355	1,034,355
Accumulated investment gains	<u>301,904</u>	<u>—</u>	<u>301,904</u>
	<u>\$3,047,320</u>	<u>\$1,034,355</u>	<u>\$4,081,675</u>

The changes in the Organization's endowment funds for the years ended September 30, 2019 and 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment funds, September 30, 2017	\$2,849,478	\$1,028,338
Contributions	—	6,017
Investment return, net	<u>197,842</u>	<u>—</u>
Endowment funds, September 30, 2018	3,047,320	1,034,355
Contributions	—	7,611
Investment return, net	225,528	—
Amounts released under spending policy	<u>(184,924)</u>	<u>—</u>
Endowment funds, September 30, 2019	<u>\$3,087,924</u>	<u>\$1,041,966</u>

# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 6. Assets Whose Use is Limited or Restricted (Continued)

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At September 30, 2019 and 2018, the Organization had no underwater endowments.

The Organization is the beneficiary of two remainder trusts. The charitable remainder trusts provide for certain distributions to designated beneficiaries over the trusts' term. At the end of the term, the income and the remaining assets are available for the Organization's use without donor restrictions. Assets held in charitable remainder trusts totaled \$33,726 and \$34,016 as of September 30, 2019 and 2018, respectively. The Organization's interest in charitable remainder trusts is recognized as an asset based on the fair value of the underlying assets.

The Organization is the beneficiary of a perpetual trust fund, which is administered by Bank of America. The terms of the perpetual trust require that income or a percentage of income be paid to the Organization in perpetuity. The Organization's interest in the perpetual trust is recognized as an asset based on the fair value of the underlying assets, which approximates the net present value of the future income stream, and totaled \$1,706,934 and \$1,717,123 as of September 30, 2019 and 2018, respectively. Changes in the carrying value of this asset are included in net assets with donor restrictions.

Fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.



**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2019 and 2018

**6. Assets Whose Use is Limited or Restricted (Continued)**

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the fair value guidance. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following presents the balances of assets whose use is limited or restricted measured at fair value on a recurring basis at September 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2019</u>				
Cash and cash equivalents	\$ 829,841	\$ —	\$ —	\$ 829,841
Brokered certificates of deposit	—	165,187	—	165,187
Mutual funds:				
Fixed income	482,742	—	—	482,742
Equity	1,205,699	—	—	1,205,699
Real assets	73,066	—	—	73,066
Government and municipal bonds	—	804,847	—	804,847
Corporate bonds	—	826,809	—	826,809
Common stock:				
Materials	79,902	—	—	79,902
Real estate	52,714	—	—	52,714
Industrials	196,451	—	—	196,451
Consumer discretionary	251,781	—	—	251,781
Consumer staples	188,857	—	—	188,857
Energy	158,515	—	—	158,515
Financial institutions	354,487	—	—	354,487
Healthcare	335,348	—	—	335,348
Utilities	127,493	—	—	127,493
Information technology	80,130	—	—	80,130
Telecommunication services	440,855	—	—	440,855
Beneficial interest in trust	—	—	1,706,934	1,706,934
	<u>\$4,857,881</u>	<u>\$1,796,843</u>	<u>\$1,706,934</u>	<u>\$8,361,658</u>

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2019 and 2018

**6. Assets Whose Use is Limited or Restricted (Continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2018</u>				
Cash and cash equivalents	\$ 619,063	\$ —	\$ —	\$ 619,063
Brokered certificates of deposit	—	321,625	—	321,625
Mutual funds:				
Fixed income	540,782	—	—	540,782
Equity	1,104,784	—	—	1,104,784
Real assets	67,108	—	—	67,108
Government and municipal bonds	—	416,000	—	416,000
Corporate bonds	—	883,892	—	883,892
Common stock:				
Materials	48,230	—	—	48,230
Real estate	42,511	—	—	42,511
Industrials	274,794	—	—	274,794
Consumer discretionary	209,349	—	—	209,349
Consumer staples	165,880	—	—	165,880
Energy	227,879	—	—	227,879
Financial institutions	356,698	—	—	356,698
Healthcare	343,824	—	—	343,824
Utilities	76,973	—	—	76,973
Information technology	516,559	—	—	516,559
Telecommunication services	32,035	—	—	32,035
Beneficial interest in trust	<u>—</u>	<u>—</u>	<u>1,717,123</u>	<u>1,717,123</u>
	<u>\$4,626,469</u>	<u>\$1,621,517</u>	<u>\$1,717,123</u>	<u>\$7,965,109</u>

Cash and cash equivalents, mutual funds and common stock are based upon quoted prices in active markets for identical assets and are reflected as Level 1.

Brokered certificates of deposit and municipal and corporate bonds were determined based upon market information from less active markets, including broker or dealer quotations, external pricing providers, or alternative pricing sources with reasonable levels of transparency, and have been included in Level 2.

The Organization's Level 3 investments consist of a beneficial interest in trust. The Organization's legal interest is in its pro rata portion of the trust and not the trust's underlying assets. The Organization's interest is valued based upon its pro rata ownership of the total trust. As the actual assets are not readily available to the Organization, the asset is considered to be Level 3.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets and statements of operations.

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2019 and 2018

**6. Assets Whose Use is Limited or Restricted (Continued)**

The following table presents the change in Level 3 instruments for the year ended September 30:

	<u>Beneficial Interest in Trust</u>	
	<u>2019</u>	<u>2018</u>
Balance, beginning of period	\$ 1,717,123	\$ 1,690,978
Net change in beneficial interest in perpetual trust	<u>(10,189)</u>	<u>26,145</u>
Balance, end of period	<u>\$ 1,706,934</u>	<u>\$ 1,717,123</u>

Other financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, estimated third-party payor settlements and lines of credit. The fair value of these financial instruments approximates their relative book values as these financial instruments have short-term maturities. The charitable gift annuities liability is reported at estimated fair value based on the life expectancy of the beneficiaries and the present value of expected cash flows using a discount rate at the time of the gift. The fair value of the Organization's long-term obligations is estimated using discounted cash flow analyses, based on the Organization's current incremental borrowing rates for similar types of borrowing arrangements. There was no significant difference in the carrying value and fair value of long-term obligations at September 30, 2019 and 2018.

**7. Property and Equipment**

Property and equipment consists of the following at September 30:

	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 254,806	\$ 254,806
Building and building improvements	7,661,880	7,609,650
Fixed equipment	719,112	757,126
Major movable equipment	3,200,829	4,404,747
Minor equipment	648,119	648,119
Vehicles	37,926	84,765
Other equipment	3,157,215	3,135,932
Construction in progress	<u>66,726</u>	<u>50,785</u>
	15,746,613	16,945,930
Less accumulated depreciation	<u>(12,563,703)</u>	<u>(13,581,503)</u>
	<u>\$ 3,182,910</u>	<u>\$ 3,364,427</u>

Depreciation expense for the years ended September 30, 2019 and 2018 amounted to \$644,180 and \$612,930, respectively.

# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 8. Charitable Gift Annuities

The Organization administers various charitable gift annuities. Under these charitable gift annuity agreements, the donor contributes assets to the Organization in exchange for distributions of a fixed amount to the donor or other designated beneficiaries for their remaining lives. The assets contributed are recorded at fair value on the date the agreement is recognized and are available for the Organization's use for various purposes as determined by the donor. On a quarterly basis, the Organization makes distributions to the designated beneficiaries, the liability for which is calculated based on actuarial assumptions. The Organization's liability of \$42,849 and \$80,837 at September 30, 2019 and 2018, respectively, is based on the present value of the estimated future payments, and calculated using a discount rate ranging from 1.20% to 7.40% and applicable mortality rates.

### 9. Line of Credit

The Organization has a revolving line of credit with a bank with maximum borrowings as of September 30, 2019 of \$2,000,000. The outstanding balance of the line of credit was \$1,946,913 and \$1,078,501 at September 30, 2019 and 2018, respectively. Interest on the line of credit is assessed at the prime rate with a minimum of 4.0% (5.00% as of September 30, 2019), and this line is secured by investments. The line of credit had a maturity date of March 28, 2020. Subsequent to year end, the maturity date was extended to March 27, 2021 and the maximum borrowing amount was reduced from \$2,000,000 to \$1,500,000. In conjunction with the reduction in the line of credit, the Organization entered into a \$1,000,000 commercial term loan with the same bank. The proceeds of the commercial loan were used to paydown a portion of the line of credit, as well as the then outstanding balance of the note payable to bank described in note 10 below. The term loan calls for principal and interest payments of \$18,788 through January 27, 2025. The interest rate is variable with a minimum of 4.0%.

### 10. Long-Term Obligations

Long-term obligations consist of the following at September 30:

	<u>2019</u>	<u>2018</u>
Vermont Educational and Health Buildings Financing Agency (VEHBFA) Hospital Revenue Bonds Series 1997-1, variable interest rate (1.83% as of September 30, 2019) with principal maturing in varying annual amounts ranging from \$155,000 in 2020 to \$190,000 in 2022; secured by property and business assets of OHCC and the letter of credit as described below	\$ 515,000	\$ 660,000
Note payable to a bank, variable interest with a minimum interest rate of 4.0% (5.00% as of September 30, 2019); due in monthly installments totaling \$11,304 through May 2020; secured by substantially all business assets	101,117	218,968
Note payable to United States Department of Agriculture (USDA), with interest fixed at 3.125%; due in monthly installments of \$2,283 through February 2036; secured by substantially all business assets	351,350	367,482
Capital lease obligations	<u>219,387</u>	<u>134,993</u>
	1,186,854	1,381,443
Less current portion	(356,490)	(352,757)
Less unamortized debt issuance costs	<u>(12,383)</u>	<u>(16,404)</u>
	<u>\$ 817,981</u>	<u>\$ 1,012,282</u>

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2019 and 2018

**10. Long-Term Obligations (Continued)**

Under the terms of the revenue bond indenture, OHCC is required to maintain certain deposits with a trustee. Such deposits totaled \$56,618 and \$63,437 at September 30, 2019 and 2018, respectively. The revenue bond indenture also places limits on the incurrence of additional borrowings, and requires that OHCC satisfy certain measures of financial performance as long as the bonds are outstanding. OHCC was in compliance with financial covenants for the years ended September 30, 2019 and 2018.

As of September 30, 2019 and 2018, OHCC has a standby letter of credit for \$522,619 and \$669,764, respectively, which expires on June 20, 2020. The letter of credit was subsequently extended to June 20, 2021. The letter of credit is part of the bond agreements and is available to make principal and interest payments on the respective bonds.

The Organization leases equipment under leases which have been capitalized and are included in property and equipment. The assets recorded under the capital leases have a net book value of \$219,969 and \$132,048 at September 30, 2019 and 2018, respectively, with accumulated amortization of \$239,569 and \$171,117, respectively. Annual amortization has been included in depreciation expense. The capital lease obligations have been recorded as a long-term obligation. Future minimum lease payments under the capital lease obligations at September 30, 2019 are as follows:

Total remaining payments	\$251,520
Less amounts representing interest	(32,133)
Less current portion of capital lease obligations	<u>(83,729)</u>
Long-term obligations under capital leases	<u>\$135,658</u>

Maturities for long-term obligations in subsequent fiscal years are as follows:

2020	\$ 356,490
2021	238,441
2022	239,512
2023	52,058
2024	37,348
Thereafter	<u>263,005</u>
	<u>\$1,186,854</u>

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2019 and 2018

**11. Net Assets With Donor Restrictions**

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

	<u>2019</u>	<u>2018</u>
Purpose restrictions:		
Capital acquisition and improvement at OHCC	\$ 362,176	\$ 363,361
Provider recruitment	<u>88,784</u>	<u>79,947</u>
	450,960	443,308
Time restrictions:		
Contributions receivable from charitable remainder trusts	33,726	34,016
Grant (see note 13)	<u>187,500</u>	<u>—</u>
	221,226	34,016
Perpetual in nature:		
Investments to be held in perpetuity, the income from which is expendable to support operations	1,041,966	1,034,355
Beneficial interest in perpetual trust	<u>1,706,934</u>	<u>1,717,123</u>
	<u>2,748,900</u>	<u>2,751,478</u>
	<u>\$3,421,086</u>	<u>\$3,228,802</u>

**12. Net Patient Service Revenue**

An estimated breakdown of patient service revenue, net of contractual allowances, discounts and provision for bad debts recognized in 2019 and 2018 from these major payor sources, is as follows:

	<u>Gross Patient Service Revenues</u>	<u>Contractual Allowances and Discounts</u>	<u>Charity Care</u>	<u>Provision for Bad Debts</u>	<u>Net Patient Services Revenues Less Provision for Bad Debts</u>
<b><u>2019</u></b>					
Third-party insurance (includes coinsurance and deductibles)	\$ 5,484,373	\$ (1,694,793)	\$ (22,165)	\$(138,351)	\$ 3,629,064
Blue Cross	3,161,675	(1,397,033)	(10,743)	(101,223)	1,652,676
Medicaid	3,973,740	(2,662,705)	(6,178)	(3,813)	1,301,044
Medicare	16,627,220	(4,527,855)	(56,706)	(107,042)	11,935,617
Self-pay	<u>457,494</u>	<u>—</u>	<u>(125,530)</u>	<u>(221,194)</u>	<u>110,770</u>
	<u>\$29,704,502</u>	<u>\$(10,282,386)</u>	<u>\$(221,322)</u>	<u>\$(571,623)</u>	<u>\$18,629,171</u>

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2019 and 2018

**12. Net Patient Service Revenue (Continued)**

	Gross Patient Service Revenues	Contractual Allowances and Discounts	Charity Care	Provision for Bad Debts	Net Patient Services Revenues Less Provision for Bad Debts
<b><u>2018</u></b>					
Third-party insurance (includes coinsurance and deductibles)	\$ 4,846,146	\$ (1,450,485)	\$ (9,945)	\$(141,117)	\$ 3,244,599
Blue Cross	3,490,942	(1,475,110)	(14,220)	(153,136)	1,848,476
Medicaid	3,933,414	(2,600,759)	(6,740)	(31,042)	1,294,873
Medicare	15,421,271	(3,978,336)	(83,338)	(83,848)	11,275,749
Self-pay	<u>702,281</u>	<u>—</u>	<u>(44,283)</u>	<u>(146,946)</u>	<u>511,052</u>
	<u>\$28,394,054</u>	<u>\$ (9,504,690)</u>	<u>\$(158,526)</u>	<u>\$(556,089)</u>	<u>\$18,174,749</u>

**13. Commitments and Contingencies**

Malpractice Insurance

The Organization insures its medical malpractice risks on a claims made basis. The Organization's claims made policy provides specific coverage for potential claims reported by the Organization during the policy term.

At September 30, 2019, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage. Additionally, there were no known unasserted claims or incidents which might require loss accrual for amounts in excess of insurance coverage. The Organization intends to renew coverage on a claims made basis and anticipates that such coverage will be available.

Litigation

The Organization is involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Organization's financial position, results of operations or cash flows.

Self-Insurance Program

The Organization self-insures a portion of its employee health benefits and estimates and accrues amounts to meet its expected obligations under the program. The plan is administered by an insurance company which will assist in determining the current funding requirements of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time. The Organization provides services to employees covered by the plan. Stop loss insurance coverage is in effect which mitigates the Organization's exposure to loss on an individual and aggregate basis. Estimated unpaid claims, and those claims incurred but not reported at September 30, 2019 and 2018, have been recorded as a liability of approximately \$229,000 and \$117,000, respectively, and are reflected within accrued expenses in the accompanying consolidated balance sheets.

# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 13. Commitments and Contingencies (Continued)

#### Grant Awards

During fiscal year 2016, the Organization was awarded a grant totaling \$1,310,000 to be paid over four years. The grant payments are subject to certain satisfactory compliance with pre-funding conditions and reporting requirements, as defined within the grant agreement. The grant award is to support the Organization's community health teams and provider recruitment program. During 2019, the Organization received and expended \$340,000 and \$251,216, respectively, related to this grant. During 2018, the Organization received and expended \$340,000 and \$260,053, respectively, related to this grant. No other amounts related to this grant are reflected within the accompanying consolidated financial statements given the contingencies related to the grant payments.

During fiscal year 2019, the Organization was awarded an additional grant totaling \$1,000,000 to be paid over four years. The grant payments are subject to certain satisfactory compliance with prefunding conditions and reporting requirements, as defined within the grant agreement. The grant award is to support general operations of the Organization. During 2019, the Organization received and expended \$250,000 and \$62,500, respectively, related to the grant. No other amounts related to this grant are reflected within the accompanying consolidated financial statements given the contingencies related to the grant payments.

### 14. Volunteer Services (Unaudited)

In 2019 and 2018, total volunteer service hours received by OHCC were approximately 5,000 and 5,700, respectively. The volunteers provide nonspecialized services to OHCC, none of which have been recognized as revenue or expense in the consolidated statements of operations.

### 15. Functional Expenses

OHCC provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the year ended September 30, 2019:

	<u>Healthcare</u>	<u>General and Administrative</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries and benefits	\$14,467,418	\$1,627,307	\$243,283	\$16,338,008
Supplies and other	5,934,638	482,603	74,573	6,491,814
State provider taxes	631,409	—	—	631,409
Depreciation and amortization	644,180	—	—	644,180
Interest	<u>126,442</u>	<u>29,358</u>	<u>—</u>	<u>155,800</u>
	<u>\$21,804,087</u>	<u>\$2,139,268</u>	<u>\$317,856</u>	<u>\$24,261,211</u>

For the year ended September 30, 2018, OHCC provided \$21,013,516 in health services expenses, \$1,996,644 in general and administrative expenses and \$323,327 in fundraising expenses.



# CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

### 15. Functional Expenses (Continued)

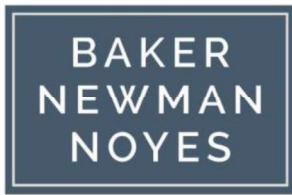
The consolidated financial statements report certain expense categories that are attributable to more than one healthcare service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, such as, depreciation and amortization, and interest, are allocated to a function based on square footage. Supporting activities that are not directly identifiable with one or more healthcare programs are classified as general and administrative. Specifically identifiable costs are assigned to the function which they are identified to.

### 16. Financial Assets and Liquidity Resources

As of September 30, 2019, 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, consisted of the following:

Cash and cash equivalents	\$ 199,022
Accounts receivable	<u>1,917,986</u>
	<u>\$2,117,008</u>

To manage liquidity, the Organization maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. Cash and cash equivalents include bank deposits, money market funds, and other similar vehicles that generate a return on cash and provide daily liquidity to the Organization. In addition, the Organization has board-designated assets without donor restrictions that can be utilized at the discretion of management to help fund both operational needs and/or capital projects. As of September 30, 2019, the balance in board-designated assets was approximately \$3 million.



**INDEPENDENT AUDITORS' REPORT  
ON OTHER FINANCIAL INFORMATION**

Board of Trustees  
Carlos G. Otis Health Care Center, Inc. and Subsidiary

We have audited the consolidated financial statements of Carlos G. Otis Health Care Center, Inc. and Subsidiary as of and for the years ended September 30, 2019 and 2018, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Baker Newman & Noyes LLC*

Manchester, New Hampshire  
March 16, 2020

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY**

**CONSOLIDATING BALANCE SHEETS**

September 30, 2019 and 2018

**ASSETS**

	Carlos G. Otis Health Care Center, Inc.		Grace Cottage Foundation		Eliminations		Consolidated	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current assets:								
Cash and cash equivalents	\$ 199,022	\$ 23,386	\$ —	\$ —	\$ —	\$ —	\$ 199,022	\$ 23,386
Accounts receivable, net	1,917,986	2,083,725	—	—	—	—	1,917,986	2,083,725
Estimated third-party settlement receivable	415,630	—	—	—	—	—	415,630	—
Meaningful use receivable	17,000	34,000	—	—	—	—	17,000	34,000
Other receivables	—	32	6,146	604	(6,146)	(604)	—	32
Inventories	1,847,467	1,715,794	—	—	—	—	1,847,467	1,715,794
Prepaid expenses	<u>221,271</u>	<u>209,789</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>221,271</u>	<u>209,789</u>
Total current assets	4,618,376	4,066,726	6,146	604	(6,146)	(604)	4,618,376	4,066,726
Property and equipment, net	3,182,910	3,364,427	—	—	—	—	3,182,910	3,364,427
Assets whose use is limited or restricted:								
Restricted cash and cash equivalents	—	—	595,940	424,557	—	—	595,940	424,557
Investments	—	—	5,968,440	5,725,976	—	—	5,968,440	5,725,976
Contributions receivable from charitable remainder trusts	—	—	33,726	34,016	—	—	33,726	34,016
Beneficial interest in perpetual trust	—	—	1,706,934	1,717,123	—	—	1,706,934	1,717,123
Deposits with trustee	56,618	63,437	—	—	—	—	56,618	63,437
Beneficial interest in net assets of Grace Cottage Foundation	<u>8,268,337</u>	<u>7,821,439</u>	<u>—</u>	<u>—</u>	<u>(8,268,337)</u>	<u>(7,821,439)</u>	<u>—</u>	<u>—</u>
Total assets whose use is limited or restricted	<u>8,324,955</u>	<u>7,884,876</u>	<u>8,305,040</u>	<u>7,901,672</u>	<u>(8,268,337)</u>	<u>(7,821,439)</u>	<u>8,361,658</u>	<u>7,965,109</u>
Total assets	<u>\$16,126,241</u>	<u>\$15,316,029</u>	<u>\$ 8,311,186</u>	<u>\$ 7,902,276</u>	<u>\$(8,274,483)</u>	<u>\$(7,822,043)</u>	<u>\$16,162,944</u>	<u>\$15,396,262</u>

LIABILITIES AND NET ASSETS

	Carlos G. Otis Health Care Center, Inc.		Grace Cottage Foundation		Eliminations		Consolidated	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current liabilities:								
Line of credit	\$ 1,946,913	\$ 1,078,501	\$ —	\$ —	\$ —	\$ —	\$ 1,946,913	\$ 1,078,501
Accounts payable	1,419,750	1,063,795	—	—	(6,146)	(604)	1,413,604	1,063,191
Accrued compensated absences	499,473	677,097	—	—	—	—	499,473	677,097
Accrued expenses	1,259,052	1,023,207	—	—	—	—	1,259,052	1,023,207
Estimated third-party payor settlements payable	—	321,147	—	—	—	—	—	321,147
Current portion of charitable gift annuities liability	—	—	9,351	18,244	—	—	9,351	18,244
Current portion of long-term debt and capital lease obligations	<u>356,490</u>	<u>352,757</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>356,490</u>	<u>352,757</u>
Total current liabilities	5,481,678	4,516,504	9,351	18,244	(6,146)	(604)	5,484,883	4,534,144
Charitable gift annuities liability, less current portion	—	—	33,498	62,593	—	—	33,498	62,593
Long-term debt and capital lease obligations, less current portion	<u>817,981</u>	<u>1,012,282</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>817,981</u>	<u>1,012,282</u>
Total liabilities	6,299,659	5,528,786	42,849	80,837	(6,146)	(604)	6,336,362	5,609,019
Net assets:								
Without donor restrictions	6,405,496	6,558,441	4,847,251	4,592,637	(4,847,251)	(4,592,637)	6,405,496	6,558,441
With donor restrictions	<u>3,421,086</u>	<u>3,228,802</u>	<u>3,421,086</u>	<u>3,228,802</u>	<u>(3,421,086)</u>	<u>(3,228,802)</u>	<u>3,421,086</u>	<u>3,228,802</u>
Total net assets	<u>9,826,582</u>	<u>9,787,243</u>	<u>8,268,337</u>	<u>7,821,439</u>	<u>(8,268,337)</u>	<u>(7,821,439)</u>	<u>9,826,582</u>	<u>9,787,243</u>
Total liabilities and net assets	<u>\$16,126,241</u>	<u>\$15,316,029</u>	<u>\$ 8,311,186</u>	<u>\$ 7,902,276</u>	<u>\$(8,274,483)</u>	<u>\$(7,822,043)</u>	<u>\$16,162,944</u>	<u>\$15,396,262</u>

**CARLOS G. OTIS HEALTH CARE CENTER, INC. AND SUBSIDIARY**

**CONSOLIDATING STATEMENTS OF OPERATIONS**

Years Ended September 30, 2019 and 2018

	Carlos G. Otis Health Care Center, Inc.		Grace Cottage Foundation		Eliminations		Consolidated	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue without donor restrictions and other support:								
Net patient service revenue, less provision for bad debts	\$18,629,171	\$18,174,749	\$ —	\$ —	\$ —	\$ —	\$18,629,171	\$18,174,749
Other revenue	4,211,630	4,363,870	51,851	55,061	(293,723)	(288,969)	3,969,758	4,129,962
Meaningful use revenue	—	42,500	—	—	—	—	—	42,500
Net assets released from restrictions for operations	—	—	526,951	430,497	—	—	526,951	430,497
Total revenue without donor restrictions and other support	22,840,801	22,581,119	578,802	485,558	(293,723)	(288,969)	23,125,880	22,777,708
Expenses:								
Salaries and benefits	16,338,008	15,664,670	—	—	—	—	16,338,008	15,664,670
Supplies and other	6,442,142	6,248,276	49,672	51,631	—	—	6,491,814	6,299,907
State provider taxes	631,409	620,394	—	—	—	—	631,409	620,394
Transfers to parent	—	—	977,268	1,208,206	(977,268)	(1,208,206)	—	—
Depreciation and amortization	644,180	612,930	—	—	—	—	644,180	612,930
Interest	155,800	135,586	—	—	—	—	155,800	135,586
Total expenses	24,211,539	23,281,856	1,026,940	1,259,837	(977,268)	(1,208,206)	24,261,211	23,333,487
Loss from operations	(1,370,738)	(700,737)	(448,138)	(774,279)	683,545	919,237	(1,135,331)	(555,779)
Nonoperating gains (losses):								
Investment return, net	666	76	383,387	372,127	—	—	384,053	372,203
Contributions and program support	977,268	1,208,206	334,251	524,600	(977,268)	(1,208,206)	334,251	524,600
Other nonoperating (losses) gains	(14,755)	(5,782)	31,569	(13,799)	—	—	16,814	(19,581)
Nonoperating gains, net	963,179	1,202,500	749,207	882,928	(977,268)	(1,208,206)	735,118	877,222
(Deficiency) excess of revenue, gains and other support over expenses	(407,559)	501,763	301,069	108,649	(293,723)	(288,969)	(400,213)	321,443
Increase in net assets without donor restrictions of Foundation	254,614	279,520	—	—	(254,614)	(279,520)	—	—
Net transfers to affiliate	—	—	(293,723)	(288,969)	293,723	288,969	—	—
Net assets released from restrictions for capital purchases	—	—	247,268	459,840	—	—	247,268	459,840
(Decrease) increase in net assets without donor restrictions	\$ (152,945)	\$ 781,283	\$ 254,614	\$ 279,520	\$ (254,614)	\$ (279,520)	\$ (152,945)	\$ 781,283

**CARLOS G. OTIS HEALTH CARE CENTER, INC.**  
**(Parent Company Only)**

**SCHEDULE OF OPERATING INCOME (LOSS)**

Year Ended September 30, 2019

	Grace Cottage Hospital	Messenger Valley Pharmacy	Grace Cottage Family Health	Corporate	Total
Revenue:					
Gross patient service revenue	\$ 25,048,045	\$ —	\$ 4,656,457	\$ —	\$ 29,704,502
Contractual allowances	(9,296,177)	(51,445)	(934,765)	—	(10,282,387)
Charity care	(189,300)	(1,138)	(30,883)	—	(221,321)
Provision for bad debts	(498,139)	(5,869)	(67,615)	—	(571,623)
Net patient service revenue less provision for bad debts	15,064,429	(58,452)	3,623,194	—	18,629,171
Other revenue	<u>1,352,496</u>	<u>2,572,722</u>	<u>249,642</u>	<u>36,770</u>	<u>4,211,630</u>
Total revenues without donor restrictions and other support	16,416,925	2,514,270	3,872,836	36,770	22,840,801
Expenses:					
Salaries and benefits	11,798,660	593,754	3,945,594	—	16,338,008
Supplies and other and state provider taxes	4,634,101	2,210,216	220,644	8,590	7,073,551
Depreciation and amortization	611,816	31,998	366	—	644,180
Interest	<u>—</u>	<u>—</u>	<u>—</u>	<u>155,800</u>	<u>155,800</u>
Total expenses	<u>17,044,577</u>	<u>2,835,968</u>	<u>4,166,604</u>	<u>164,390</u>	<u>24,211,539</u>
Loss from operations	<u>\$ (627,652)</u>	<u>\$ (321,698)</u>	<u>\$ (293,768)</u>	<u>\$ (127,620)</u>	<u>\$ (1,370,738)</u>

**CARLOS G. OTIS HEALTH CARE CENTER, INC.**  
**(Parent Company Only)**

**SCHEDULE OF OPERATING INCOME (LOSS) (CONTINUED)**

Year Ended September 30, 2018

	Grace Cottage Hospital	Messenger Valley Pharmacy	Grace Cottage Family Health	Corporate	Total
Revenue:					
Gross patient service revenue	\$ 23,969,815	\$ —	\$ 4,424,239	\$ —	\$ 28,394,054
Contractual allowances	(8,765,831)	(52,019)	(686,840)	—	(9,504,690)
Charity care	(126,149)	(214)	(32,163)	—	(158,526)
Provision for bad debts	(493,713)	(7,146)	(55,230)	—	(556,089)
Net patient service revenue less provision for bad debts	14,584,122	(59,379)	3,650,006	—	18,174,749
Other revenue	1,320,951	2,778,769	222,949	41,201	4,363,870
Meaningful use revenue	<u>42,500</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>42,500</u>
Total revenues without donor restrictions and other support	15,947,573	2,719,390	3,872,955	41,201	22,581,119
Expenses:					
Salaries and benefits	11,361,574	647,429	3,655,667	—	15,664,670
Supplies and other and state provider taxes	4,545,397	2,057,606	237,739	27,928	6,868,670
Depreciation and amortization	580,294	32,147	489	—	612,930
Interest	<u>—</u>	<u>—</u>	<u>—</u>	<u>135,586</u>	<u>135,586</u>
Total expenses	<u>16,487,265</u>	<u>2,737,182</u>	<u>3,893,895</u>	<u>163,514</u>	<u>23,281,856</u>
Loss from operations	<u>\$ (539,692)</u>	<u>\$ (17,792)</u>	<u>\$ (20,940)</u>	<u>\$ (122,313)</u>	<u>\$ (700,737)</u>

2018  
COMMUNITY HEALTH  
NEEDS ASSESSMENT  
IMPLEMENTATION PLAN



 **GraceCottage**  
FAMILY HEALTH  
& HOSPITAL

Townshend, Vermont



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## **Introduction**

This Grace Cottage Implementation Plan is based on the 2018 Community Health Needs Assessment (CHNA) report, which presents the findings of a comprehensive assessment of healthcare needs for residents of Windham County and the Grace Cottage Family Health & Hospital service area. That report identified significant health needs (SHNs) in our community and outlined priorities that the Grace Cottage medical providers and leadership team have chosen based on an analysis of these findings.

This Grace Cottage Family Health & Hospital Implementation Plan outlines goals, actions and resources that will be employed to address these priority needs.

Grace Cottage first began conducting assessments of the healthcare needs of the community in 2004. Grace Cottage's 2018 CHNA and its 2019 Implementation Plan both comply with IRS Regulations promulgated under the Patient Protection and Affordable Care Act. By law, the CHNA and the accompanying Implementation Plan are required to be conducted every three years. As in 2012 and in 2015, Grace Cottage's 2018 CHNA was developed in partnership with the two other Windham County hospitals, Brattleboro Memorial Hospital and the Brattleboro Retreat. The Vermont Department of Health – Brattleboro Office actively assisted in this project.

While the population health data and resident survey results included in Grace Cottage's 2018 CHNA were prepared in collaboration with the institutions listed above, each of the three hospitals has established its own priorities and implementation strategies.

Grace Cottage Family Health & Hospital's 2018 CHNA was approved by the Grace Cottage Board of Trustees at its September 21, 2018, meeting.

This associated Grace Cottage Family Health & Hospital CHNA Implementation Plan was approved by the Board of Trustees at its January 18, 2019, meeting.

Both the CHNA and the Implementation Plan are available to the public on the Grace Cottage website: [www.gracecottage.org](http://www.gracecottage.org)

### **A thank you to our partners**

We would like to thank Brattleboro Memorial Hospital and the Brattleboro Retreat for working together with us in conducting the Community Health Needs Assessment survey and reporting on its findings.

We would also like to thank all of the community partners who provided input into the 2018 Community Health Needs Assessment. In particular, we thank the Vermont Department of Health—Brattleboro District for its generous sharing of statistical data, insight, and support in preparing this report.

## Executive Summary

On August 8, 2018, the Grace Cottage Leadership Team met with the Grace Cottage Medical Executive Committee to review and discuss the findings of the 2018 Community Health Needs Assessment. Together, the group identified the following significant community health needs within the Grace Cottage service area.

### Significant Community Health Needs

#### **Health Issues & Conditions:**

- Diabetes/Obesity/Weight Management
- Mental Health (Stress, Anxiety, Depression)
- Substance Abuse
- Healthy Aging
- Dental Health
- Smoking/Tobacco Use
- Heart Disease (Hypertension, High Cholesterol)

#### **Barriers to Achieving Good Health:**

- Financial Constraints
- Lack of Education/Knowledge
- Transportation Limitations

From this broader list, Grace Cottage's Leadership and Medical Executive Committee selected a smaller number of needs to be the focus on implementation for the next three years, in order to maximize the hospital's ability to meaningfully impact these significant and complex health needs within a reasonable time frame. Grace Cottage has identified the following priorities for the 2018 Implementation Plan:

#### **Level 1 Priorities:**

**Diabetes/Obesity/Weight Management**

**Mental Health Issues (Stress, Anxiety, Depression)**

**Substance Abuse**

For each priority, the Implementation Plan describes Grace Cottage's objectives, goals, and strategies for addressing the community need. These goals and strategies are supported by Grace Cottage's Board of Trustees, its administrative team, its medical providers, and its employees.

This Implementation Plan responds to requirements in the Patient Protection and Affordable Care Act and corresponding IRS regulations. However, it is important to note that this plan is not exhaustive of everything we do at Grace Cottage Family Health & Hospital to enhance the health of our community. Grace Cottage Hospital will continue, as it always has, to look for ways to meet the health needs of the community now and in the future.

Helping people in need is woven into the fabric and culture of this rural mountainous region. A fundamental value of Grace Cottage Hospital has always been that of serving the needs of the community.

## **Assessing Community Health Needs**

In order to establish the Significant Health Needs facing Grace Cottage Family Health & Hospital service area, Grace Cottage conducted a collaborative Community Health Needs Assessment (CHNA) in partnership with Brattleboro Memorial Hospital, the Brattleboro Retreat, and a representative of the Vermont Department of Health. The CHNA Steering Committee met from October 2017 through August 2018.

### **Information Sources**

Extensive research was conducted to collect demographic, geographic, economic, and population health data for Windham County, using a variety of sources, especially the Vermont Department of Health's online databank. Leaders of local social service agencies were contacted for information. During the month of March, a survey was conducted among Windham County residents. Grace Cottage medical providers also were surveyed.

### **Outreach Efforts to Ensure CHNA Broadly Represents the Community's Interests**

The 2018 CHNA Steering Committee made significant effort to assure that the needs and concerns of all segments of the Windham County population were heard.

The CHNA report provides details regarding the outreach efforts made to assure that residents of all towns, and individuals of all demographic profiles had the opportunity to take the Community Health Needs survey in written form or online.

Additionally, in the appendix of the CHNA report, information is provided from representatives of eleven social service agencies and non-profit groups who were asked to identify the needs of the people in the community they serve, their barriers to achieving good health and well-being, and the resources available in the community to address their needs and barriers.

All of these sources have helped to inform the priorities chosen for this Implementation Plan.

## Prioritizing Community Health Needs

At its August 8 meeting, the Grace Cottage Leadership Team and the Grace Cottage Medical Executive Committee reviewed the findings presented in the CHNA report and then prioritized the health conditions that Grace Cottage will address in its CHNA Implementation Plan based upon criteria established by leadership.

Criteria used to prioritize the identified significant health needs (SHNs) included:

- The importance placed by the community on the need
- The severity or urgency of the SHN
- Alignment with Grace Cottage's strengths and pre-existing established priorities
- The ability of Grace Cottage to impact the SHN within a reasonable timeframe
- The feasibility and effectiveness of possible intervention
- The ability to measure outcomes
- The availability of other resources to address the SHN
- The financial resources and human resources required
- Health disparities associated with the need (e.g. by race/ethnicity, gender)
- Whether addressing this SHN will have a positive impact on other identified SHNs

Using consumer survey input, focus group feedback, and population health indicators, the Grace Cottage Leadership Team and the Grace Cottage Medical Executive Committee identified the following significant community health conditions, health behaviors, and barriers to achieving good health within the Grace Cottage Hospital service area, prioritizing them as follows:

<b>Level 1 Priorities:</b>
<b>Diabetes/Obesity/Weight Management</b>
<b>Mental Health Issues (Stress, Anxiety, Depression)</b>
<b>Substance Use</b>
<b>Level 2 Priorities:</b>
<b>Healthy Aging</b>
<b>Dental Health</b>
<b>Level 3 Priorities:</b>
<b>Smoking/Tobacco Use</b>
<b>Heart Disease (Hypertension, High Cholesterol)</b>

## Three Year Implementation Plan

In the months that followed, this strategic Implementation Plan was developed to address the Level 1 Priorities noted above. We will report on the progress of our efforts on these Level 1 Priorities on an annual basis. As required by law, the Implementation Plan and an annual update will be posted on our website.

We have not prepared formal strategies for tackling the Level 2 and 3 Priorities noted above. At Grace Cottage, efforts to promote healthy aging is constant and diverse. Dental issues, while vitally important, are not among the services provided by Grace Cottage, so our role in addressing these issues will necessarily be a secondary one. Healthy aging and dental health will be addressed in the care of individual patients and information about and connections to resources that can address these issues will be provided.

The Level 3 Smoking/Tobacco Use priority has been included in the plan for addressing Substance Use. On an on-going basis we will continue our efforts to reduce smoking and tobacco rates in our community by encouraging patients who use tobacco products to quit and by offering free health coaching and cessation counselling.

Heart disease, hypertension, and high cholesterol are often co-morbidities associated with obesity and diabetes, so these health needs will be addressed as needed with patients being treated for obesity and diabetes.

We will address all community health needs, and every individual's unique health needs, within the context of our mission and clinical strengths and will do our best to achieve significant positive results.

# Diabetes/Obesity/Weight Management

## **Problem Statement:**

Grace Cottage Family Health & Hospital sees patients who reside throughout Windham County, Vermont, and beyond, and increasingly, obesity is a medical issue for these patients. The rate of obesity is on the rise among Windham County adults (ages 20+), from 17% in 2000 to 27% in 2015.<sup>1</sup> In addition, one in eight Windham County youths grades 9-12 are obese. Respondents in a county-wide survey conducted in conjunction with this health needs assessment ranked obesity/being overweight among their top 10 health concerns facing the respondent and/or a family member.

Obesity is a complex and multi-faceted issue, greatly increasing a person's risk for other serious and chronic illnesses, including heart diseases, high cholesterol, and diabetes. Often, obesity is the result of physical inactivity and poor nutrition.

Approximately 9% of Windham County residents have diabetes, a condition that makes one's blood sugar difficult to manage, and that over time can cause or contribute to a variety of debilitating and deadly diseases. According to the Vermont Department of Health, obesity is a one of the leading causes of preventable death.<sup>2</sup>

Clearly, reducing the rates of obesity, diabetes, and other related diseases is an important goal. Over the next three years, this will be a major focus at Grace Cottage. Services already exist to help counter the effects of these conditions, including free diabetes education services, weight management counseling and support groups, and low-cost exercise classes. In addition, primary care clinical interventions are offered for diabetic and pre-diabetic patients. All of these will continue. In addition, Grace Cottage has established the following objectives, goals, and new actions for the next three years.

## **Goals:**

- According to the Vermont Department of Health's *Behavioral Risk Factor Surveillance System (BRFSS) 2017 Report*, the incidence of pre-diabetes (A1C 5.7 to 6.4% or a fasting glucose of 100 to 125) among Vermont adults has increased steadily in recent years, sometimes as much as 1% per year. That percentage has declined only once from 2007-2017. Our goal is to effect a steady decline of that percentage among our adult patients over the next three years.
- Among our adult patients with Type 2 diabetes (A1C of 6.5% or higher or a fasting glucose of 126 or higher), our goal is to increase the percentage who are receiving formal diabetes education and support services.
- For pediatric patients in grades six to twelve, our goal is to increase outreach regarding the risks of Type 2 diabetes and how it can be prevented.

## **Objectives:**

- Identify Grace Cottage patients with a diagnosis of Type 2 diabetes (A1C of 6.5% or higher or a fasting glucose of 126 or higher) or pre-diabetes (A1C of 5.7 to 6.4% or a fasting glucose of 100 to 125).
- Identify which of these patients are actively in treatment for their conditions and which are not.
- Increase the percentage of patients with Type 2 diabetes or a pre-diabetes diagnosis who receive follow-up clinical support and are offered a referral to diabetes education services.

## **Actions/Resources:**

- Grace Cottage patients will receive a BMI measurement during annual physicals.
- Patients with a Type 2 diabetes diagnosis (blood sugar measurement as noted above) will be prompted to get an A1C blood test every year. The A1C test reflects the average blood sugar level for

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<sup>1</sup> [http://www.healthvermont.gov/sites/default/files/documents/pdf/HS\\_1305\\_Data\\_Pages\\_081816.pdf](http://www.healthvermont.gov/sites/default/files/documents/pdf/HS_1305_Data_Pages_081816.pdf)

<sup>2</sup> Ibid

the past two to three months, and shows how well a patient is managing his or her diabetes. An elevated A1C means the disease is not well managed and the patient has an increased risk for complications.

- For patients with a Type 2 diabetes diagnosis, outreach by a clinic RN will be conducted at a minimum of once a year and an appointment will be scheduled with a primary care provider.
- Patients with a Type 2 diabetes diagnosis will be offered referrals to the Grace Cottage Community Health Team for education and support, including diabetes education and health coaching.
- Patients with a pre-diabetes diagnosis (blood sugar measurement as noted above) will be offered referrals to the Grace Cottage Community Health Team for support, and will be encouraged to lose weight and increase activity level.
- A physician with a clinical interest in obesity and weight management has recently been added to the clinical team.

**Anticipated Impact:**

- Lowering of A1C levels in prediabetic and diabetic patients.
- Improved health and quality of life for prediabetic and diabetic patients.
- Decrease the incidence of Type 2 diabetes among Grace Cottage patients by focusing more attention on pre-diabetic patients.
- Improve the overall health of patients with Type 2 diabetes by controlling the diabetes and monitoring the patients for any co-morbidities.

**Any Planned Collaboration with Other Facilities:**

The Grace Cottage Diabetes Educator collaborates with her counterpart at Brattleboro Memorial Hospital, as do other members of the Grace Cottage Community Health Team.



# Mental Health Issues (Stress, Anxiety, Depression)

## **Problem Statement:**

Clearly, mental health concerns affect a wide range of Windham county residents. Stress, anxiety, depression, and “mental health issues” ranked 2<sup>nd</sup>, 3<sup>rd</sup>, 5<sup>th</sup>, and 11<sup>th</sup> respectively as top health concerns among those who completed a county-wide survey conducted in conjunction with the process of this health needs assessment.

Mental health illnesses are often hidden, but they have a significant impact on health in general.

The Vermont Department of Health has found that approximately 23% of Windham County adults have a depressive disorder, and Windham County’s rate of suicide has been higher than the state’s rate for several years.<sup>3</sup> The percentage of high school-aged teens who have made a suicide plan is also higher in Windham County than the statewide percentage.<sup>4</sup> Stress and anxiety are contributing factors that, when untreated, can lead to suicide.

All mental health issues can lead to chronic disease and decreased quality of life. Mood disorders can affect one’s ability to sleep, eat, work, play, and socialize. Approximately half of all adults diagnosed with a mental health condition are in treatment or counseling.

## **Goals:**

- To reduce the rate of depression among Grace Cottage patients.
- To identify patients who are clinically depressed, especially those who are suicidal, and offer them referrals for appropriate services.
- To improve the quality of life for all patients with mental health challenges.

## **Objective:**

- Identify Grace Cottage patients age 12 and older who have a clinical depression diagnosis.
- Among patients with a diagnosis of clinical depression, identify those who have not been seen for clinical intervention in the previous year.
- For those who have not had follow-up care for their depression, offer referrals to counseling, follow-up clinical appointments, and/or for medical treatment, as appropriate.

## **Actions/Resources:**

- Adult patients and children age 12 and older will be screened annually with the Patient Health Questionnaire 2 (PHQ2) mental health screening test.
- For patients whose PHQ2 test score is positive for mental health issues and depression, a clinical follow-up plan will be developed. This will include an offer of referral for counseling and the administration by a provider of the PHQ9 screening test, to establish the level of severity of depression.
- Clinical intervention and counseling will be offered for patients whose PHQ9 test score suggests the patient is struggling with depression and/or other mental health issues.
- All patients who are suicidal will be stabilized in the hospital’s Emergency Department and will be evaluated by Vermont’s Health Care and Rehabilitative Services (HCRS) for definitive disposition and care.
- Patients who see a Community Health Team member for mental health issues will be given a health quality of life screening tool pre-test called EQ-5D-5L and will be given the same test after three months of CHT services to evaluate improvement.

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<sup>3</sup> <http://www.healthvermont.gov/ia/CHNA/County/atlas.html>

<sup>4</sup> Ibid

**Anticipated Impact:**

- Increased rate of referrals and primary care provider follow-up appointments for patients with a mental health disorder diagnosis.
- Reduction in the rate of depression for Grace Cottage patients.

**Any Planned Collaboration with Other Facilities:**

- Grace Cottage alerts the Health Care and Rehabilitative Services (HCRS) Crisis Team about any patient who is suicidal.
- Grace Cottage providers may refer any seriously depressed, non-suicidal patient for inpatient treatment and/or to an outpatient treatment program, as appropriate.

# Substance Use

## Problem Statement:

There are many reasons why people use alcohol, tobacco and other drugs: to relieve physical or psychological pain, to counter stress, to alter traumatic experiences or feelings of hopelessness, to name a few. As a chronic illness, addiction becomes a physiological and psychological need. Whatever the substance used, addiction contributes to poor physical and mental health.

An estimated 33,000 Vermonters are in need of treatment for an alcohol use disorder, but have not sought help, according to the Vermont Department of Health. Binge drinking is a particular concern. According to recent surveys, 16% of adolescents and 15% of adults in Windham County engaged in binge drinking at least once during the 30 days prior to the survey<sup>5</sup>.

Tobacco products are also causing health problems for Grace Cottage patients. The percentage of adults who smoke has remained relatively unchanged over the past decade. In 2016, 18% of all adult Vermonters smoked. The rate has generally been higher in Windham County during the past decade and a half; during the most recent assessment it was 20%<sup>6</sup>. Teenage cigarette smoking has declined slightly in recent years, but the use of e-cigarettes is increasing rapidly.

Perceptions of risk and community acceptance strongly influence behavior, including substance use. Among high school students, more than 75% think it is wrong or very wrong for someone their age to smoke cigarettes, yet only 50% think it is wrong or very wrong to use marijuana or to drink. More Vermonters drink alcohol and use marijuana compared to the overall U.S. population.

Opioid misuse is a nationwide phenomenon, and likewise, it is a great concern in Windham County, where the rate of fentanyl-related deaths has increased eightfold, from 5% in 2011 to 67% in 2017<sup>7</sup>.

Among the top health concerns cited by respondents in a county-wide survey conducted in conjunction with this health needs assessment, tobacco use ranked 21<sup>st</sup>, alcoholism was 23<sup>rd</sup>, and substance use ranked 27<sup>th</sup> for the respondent him/herself and/or a family member. But when asked about the top issues within the community in general, respondents ranked substance use as their #1 concern. Alcoholism ranked 3<sup>rd</sup>; tobacco use ranked 10<sup>th</sup>.

## Goals:

- Reduce Grace Cottage patients' reliance on tobacco products.
- Reduce Grace Cottage patients' reliance on illegal or other misused substances.

## Objectives:

- Identify Grace Cottage patients who use tobacco products and increase the percentage who participate in tobacco cessation programs and/or one-on-one tobacco cessation counseling.
- Patients who use tobacco products and who wish to use medication assistance to help with cessation will be referred to a primary care provider who can determine and prescribe the appropriate medication.
- Identify Grace Cottage patients who misuse other substances and offer them referrals for treatment.
- Continue to serve as a Spoke site, working with the Brattleboro Retreat (our Hub), to provide Medication Assisted Treatment (MAT) for patients in recovery from an opioid addiction.
- Maintain the credentials and MAT services currently offered at Grace Cottage by two medical providers in the clinic.

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<sup>5</sup> <http://www.healthvermont.gov/ia/BRFSS/Preventative%20Behaviors%20County/atlas.html>

<sup>6</sup> Ibid

<sup>7</sup> <http://www.healthvermont.gov/scorecard-opioids>

**Actions/Resources:**

- Offer referrals to tobacco cessation programs and/or clinical treatment for patients who answer yes when asked about tobacco use.
- Offer referrals to MAT, when appropriate, for patients who answer “yes” when asked about misuse of opioids.
- Offer referrals to addiction support groups for patients who could benefit from these.

**Anticipated Impact:**

- More patients referred to counseling and/or treatment programs, including MAT, for substance use.
- Improved quality of life for those who are managing their addictions.

**Any Planned Collaboration with Other Facilities:**

Grace Cottage collaborates closely with the Brattleboro Retreat, working together to oversee all patients involved in the MAT program for opioids. In addition, patients with active addictions are referred, as appropriate, to the Grace Cottage Community Health Team for tobacco cessation education, to Alcoholics Anonymous, to behavioral counselors, to the Retreat for inpatient services, to HCRS for suicidal tendencies associated with their addictions, and to other support groups and services as appropriate.

## **Other Identified Community Health Needs Not Specifically Addressed by This Implementation Plan and Why (Level 2 & 3):**

Many of the Significant Health Needs (SHNs) identified in the 2018 Grace Cottage Community Health Needs Assessment are issues of long-standing concern to the community and to Grace Cottage. Accordingly, programs are already in place at Grace Cottage and elsewhere to address these SHNs.

Grace Cottage identified several additional priorities of special note. What follows is an explanation of why these are not being treated as Level 1 Priorities.

**Level 2 Priorities:**

- Healthy Aging – All clinical services address this issue as needed with our patients.
- Dental Issues – We help patients gain access to dental health professionals, but we do not provide dental services at Grace Cottage.

**Level 3 Priorities:**

- Smoking/Tobacco Use – addressed in the “Substance Use” priority, above.
- Heart Disease (Hypertension, High Cholesterol) – Hypertensive patients are regularly monitored and treated in the clinical setting and offered referrals to the Community Health Team for education and support. In addition, patients with high cholesterol are screened annually.

# APPENDIX

## About Grace Cottage

Grace Cottage Family Health & Hospital is an independent, non-profit healthcare facility located in Townshend, Vermont. Grace Cottage Family Health is a Federally certified Rural Health Clinic. Its nine practitioners provide primary care, pediatrics and mental health services to more than 7,000 individual patients annually. The Community Health Team at Grace Cottage Family Health includes an RN Care Coordinator, two RN Diabetes Educators, two Health Coaches, a Behavioral Health Specialist, an RN Outreach Coordinator, and a Resource Advocate.

Grace Cottage Hospital is a 19-bed inpatient facility for acute and rehabilitative care. It is equipped with a 24-hour emergency department for critical care treatment, a hospice suite, and rehabilitation, laboratory and diagnostic imaging departments. Patients benefit from our hospitalist program whereby doctors serve in weekly rotations on a full-time basis, overseeing patients' care and communicating with patient and family members on matters such as lab results, changes in medication, discharge needs, and more.

Outpatient rehabilitation, lab, and diagnostic imaging services are open to members of the public with a written doctor's order.

The Grace Cottage Hospital Community Wellness Center offers yoga, Strong Bones, and a variety of other free and low-cost classes and support groups for the public.

In 2017 and again in 2018, Grace Cottage was recognized as a Top 20 Critical Access Hospital in the USA for Patient Satisfaction by the National Rural Health Association.



*Grace Cottage Family Health & Hospital, Townshend, VT*

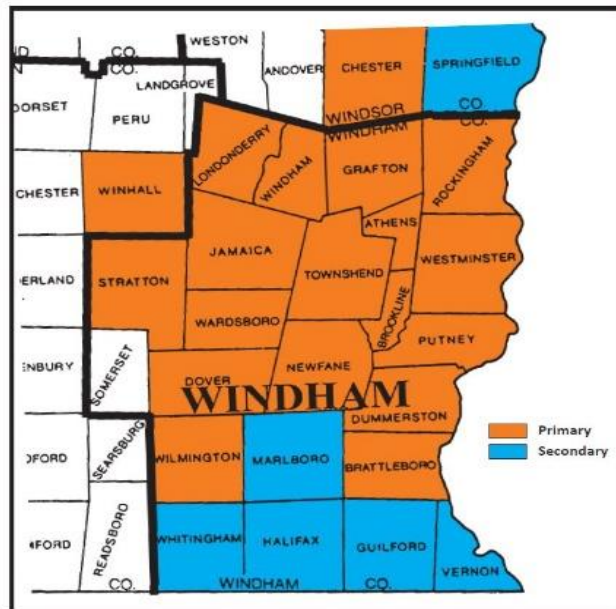
## Grace Cottage Service Area

Grace Cottage Family Health & Hospital is located on Grafton Road (Route 35) in Townshend, Vermont. Townshend is in the center of Windham County, in the southeastern corner of the state, bordered by New Hampshire and Massachusetts.

Grace Cottage identified its Primary and Secondary Service Areas by reviewing the towns of residence of our patients, and by considering the proximity of towns to Townshend. The map at right shows the towns where most of our patients live, highlighted as primary or secondary service areas. The vast majority of our patients are Windham County residents.

The results of our Community Health Needs survey, conducted in conjunction with our Brattleboro-based partners, reflect the needs of the 1,257 people who took the survey; with more than 90% of survey-takers being Windham County residents.

This Implementation Plan is based on primary health needs of Windham County residents, and on the needs identified by Grace Cottage providers among all of the patients they serve.



## Contact Information

For questions or comments regarding the Community Health Needs Assessment, the Implementation Plan, or to request a hard copy, please email [info@gracecottage.org](mailto:info@gracecottage.org) or call (802) 365-9109.

An electronic version of this Implementation Plan is publicly available at [www.gracecottage.org](http://www.gracecottage.org) and print versions are available upon request.



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