

# CHAR500

NYS Annual Filing for Charitable Organizations  
www.CharitiesNYS.com

Send with fee and attachments to:  
NYS Office of the Attorney General  
Charities Bureau Registration Section  
120 Broadway  
New York, NY 10271

2013

Open to Public  
Inspection

## 1. General Information

For Fiscal Year Beginning (mm/dd/yyyy) 01/01/2013 and Ending (mm/dd/yyyy) 12/31/2013

Check if Applicable: <input type="checkbox"/> Address Change <input type="checkbox"/> Name Change <input type="checkbox"/> Initial Filing <input type="checkbox"/> Final Filing <input type="checkbox"/> Amended Filing <input type="checkbox"/> Reg ID Pending	Name of Organization: <b>BERTRAND CHAFFEE HOSPITAL</b>	Employer Identification Number (EIN): <b>16-0743921</b>
	Mailing Address: <b>224 EAST MAIN STREET</b>	NY Registration Number: <b>10-93-42</b>
	City / State / ZIP: <b>SPRINGVILLE, NY 14141</b>	Telephone: <b>716 592-2871</b>
	Website: <b>BERTRANDCHAFFEE.COM</b>	Email:

Check your organization's  
registration category:

☒ 7A only ☐ EPTL only ☐ DUAL (7A & EPTL) ☐ EXEMPT

Find your registration category in the  
Charities Registry at [www.CharitiesNYS.com](http://www.CharitiesNYS.com)

## 2. Certification

See instructions for certification requirements. Improper certification is a violation of law that may be subject to penalties.

We certify under penalties of perjury that we reviewed this report, including all attachments, and to the best of our knowledge and belief, they are true, correct and complete in accordance with the laws of the State of New York applicable to this report.

President or Authorized Officer:

Nils Gunneresen  
NILS GUNNERSEN

CEO

11/17/14  
Date

Signature

Title

Date

Chief Financial Officer or Treasurer:

Teresa Donohue  
TERESA DONOHUE

DIRECTOR OF  
FINANCE

11/17/14  
Date

Signature

Title

Date

## 3. Annual Reporting Exemption

Check the exemption(s) that apply to your filing. If your organization is claiming an exemption under the category (7A and EPTL only filers) or both categories (DUAL filers) that apply to your registration, complete only parts 1, 2, and 3, and submit the certified Char500. No fee, schedules, or additional attachments are required. If you cannot claim an exemption or are a DUAL filer that claims only one exemption, you must file applicable schedules and attachments and pay applicable fees.

☐ 3a. 7A filing exemption: Total contributions from NY State including residents, foundations, government agencies, etc, did not exceed \$25,000 and the organization did not engage a professional fund raiser (PFR) or fund raising counsel (FRC) to solicit contributions during the fiscal year. Or the organization qualifies for another 7A exemption (see instructions).

☐ 3b. EPTL filing exemption: Gross receipts did not exceed \$25,000 and the market value of assets did not exceed \$25,000 at any time during the fiscal year.

## 4. Schedules and Attachments

See the following page  
for a checklist of  
schedules and  
attachments to  
complete your filing.

☐ Yes

☒ No

4a. Did your organization use a professional fund raiser, fund raising counsel or commercial co-venturer for fund raising activity in NY State? If yes, complete Schedule 4a.

☒ Yes

☐ No

4b. Did the organization receive government grants? If yes, complete Schedule 4b.

## 5. Fee

See the checklist on the next page to calculate your fee(s). Indicate fee(s) you are submitting here:	7A filing fee: \$ <u>25.</u>	EPTL filing fee: \$ _____	Total fee: \$ <u>25.</u>	Make a single-check or money order payable to: <b>"Department of Law"</b>
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**CHAR500**

## Annual Filing Checklist

Simply submit the certified CHAR500 with no fee, schedule, or additional attachments IF:

- Your organization is registered as 7A only and you marked the 7A filing exemption in Part 3.
- Your organization is registered as EPTL only and marked the EPTL filing exemption in Part 3.
- Your organization is registered as DUAL and you marked both the 7A and EPTL filing exemption in Part 3.

**Checklist of Schedules and Attachments**

Check the schedules you must submit with your CHAR500 as described in Part 4:

- ☐ If you answered "yes" in Part 4a, submit Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsel (FRC), Commercial Co-Venturers (CCV)
- ☒ If you answered "yes" in Part 4b, submit Schedule 4b: Government Grants

Check the financial attachments you must submit with your CHAR500:

- ☒ IRS Form 990, 990-EZ, or 990-PF, and 990-T if applicable
- ☒ All additional IRS Form 990 Schedules including Schedule B (Schedule of Contributors).
- ☐ IRS Form 990-T if applicable

If you are a 7A only or DUAL filer, submit the applicable independent Certified Public Accountant's Review or Audit Report:

- ☐ Review Report if you received total revenue and support greater than \$250,000 and up to \$500,000.
- ☒ Audit Report if you received total revenue and support greater than \$500,000
- ☐ No Review Report or Audit Report is required because total revenue and support is less than \$250,000

Note: The Audit and Review requirements are set to change in 2017 and 2021 in accordance with the Non Profit Revitalization Act of 2013.

For more details, visit [www.CharitiesNYS.com](http://www.CharitiesNYS.com).**Calculate Your Fee**

For 7A and DUAL filers, calculate the 7A fee:

- ☐ \$0, if you marked the 7A exemption in Part 3a
- ☒ \$25, if you did not mark the 7A exemption in Part 3a

For EPTL and DUAL filers, calculate the EPTL fee:

- ☐ \$0, if you marked the EPTL exemption in Part 3b
- ☐ \$25, if the NET WORTH is less than \$50,000
- ☐ \$50, if the NET WORTH is \$50,000 or more but less than \$250,000
- ☐ \$100, if the NET WORTH is \$250,000 or more but less than \$1,000,000
- ☐ \$250, if the NET WORTH is \$1,000,000 or more but less than \$10,000,000
- ☐ \$750, if the NET WORTH is \$10,000,000 or more but less than \$50,000,000
- ☐ \$1500, if the NET WORTH is \$50,000,000 or more

Is my organization a 7A, EPTL or DUAL filer?

- 7A filers are registered to solicit contributions in New York under Article 7-A of the Executive Law ("7A")
- EPTL filers are registered under the Estates, Powers & Trusts Law ("EPTL") because they hold assets and/or conduct activities for charitable purposes in NY.
- DUAL filers are registered under both 7A and EPTL.

Check your registration category and learn more about NY law at [www.CharitiesNYS.com](http://www.CharitiesNYS.com)Where do I find my organization's NET WORTH?

NET WORTH for fee purposes is calculated on:

- IRS Form 990 Part I, line 22
- IRS Form 990 EZ Part I, line 21
- IRS Form 990 PF, calculate the difference between Total Assets at Fair Market Value (Part II, line 16(c)) and Total Liabilities (Part II, line 23(b)).

**Send Your Filing**

Send your CHAR500, all schedules and attachments, and total fee to:

NYS Office of the Attorney General  
Charities Bureau Registration Section  
120 Broadway  
New York, NY 10271

# CHAR500

Schedule 4b: Government Grants  
www.CharitiesNYS.com

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If you checked the box in question 4b in Part 4 on the CHAR500 Annual Filing for Charitable Organizations, complete this schedule and list EACH government grant. Use additional pages if necessary. Include this schedule with your certified CHAR500 NYS Annual Filing for Charitable Organizations.

## 1. Organization Information

Name of Organization:	NY Registration Number:
<b>BERTRAND CHAFFEE HOSPITAL</b>	<b>10-93-42</b>

## 2. Government Grants

Name of Government Agency	Amount of Grant
1. FEDERAL GRANT HRI BIO TERRORISM DEPT	1. 53,000.
2.	2.
3.	3.
4.	4.
5.	5.
6.	6.
7.	7.
8.	8.
9.	9.
10.	10.
11.	11.
12.	12.
13.	13.
14.	14.
15.	15.
Total Government Grants:	Total: 53,000.

AUDITED  
COMBINED FINANCIAL STATEMENTS

**BERTRAND CHAFFEE HOSPITAL  
AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.**

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DECEMBER 31, 2013

**BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bertrand Chaffee Hospital and  
Jennie B. Richmond Chaffee Nursing Home Company, Inc.  
Springville, New York

### Report on the Financial Statements

We have audited the accompanying combined financial statements of Bertrand Chaffee Hospital and Jennie B. Richmond Chaffee Nursing Home Company, Inc. which comprise the combined balance sheets as of December 31, 2013 and 2012, and the related combined statements of operations and changes in net assets and cash flows for the years then ended and the related notes to the combined financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

### Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Bertrand Chaffee Hospital and Jennie B. Richmond Chaffee Nursing Home Company, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
July 17, 2014

**BERTRAND CHAFFEE HOSPITAL AND  
JENNIE B. RICHMOND CHAFFEE NURSING HOME COMPANY, INC.**

**COMBINED BALANCE SHEETS  
December 31,**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,623,810	\$ 2,279,943
Patient/resident accounts receivable, net of an allowance for doubtful accounts of approximately \$2,326,000 (\$2,113,000 - 2012)	2,552,215	2,218,496
Other receivables	8,004	11,271
Supplies on hand	203,592	197,987
Prepaid expenses	146,546	159,342
Other current assets	14,426	18,100
Current portion of assets whose use is limited	47,491	92,272
Total current assets	5,596,084	4,977,411
Resident funds	6,231	5,409
Assets whose use is limited	161,102	182,927
Property, plant and equipment, net	5,032,554	5,363,606
<b>Total assets</b>	<b>\$ 10,795,971</b>	<b>\$ 10,529,353</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 920,577	\$ 1,167,359
Accrued expenses	1,064,942	1,034,838
Current portion of long-term debt and capital lease obligations	253,863	346,298
Current portion of estimated amounts due to third party payors, net	151,567	153,727
Total current liabilities	2,390,949	2,702,222
Estimated amounts due to third party payors, net	690,541	560,556
Resident funds	6,231	5,409
Asset retirement obligation	95,531	91,857
Long term debt and capital lease obligations	871,605	1,066,588
<b>Total liabilities</b>	<b>4,054,857</b>	<b>4,426,632</b>
<b>Net assets:</b>		
Unrestricted	6,165,318	5,470,321
Temporarily restricted	39,530	39,530
Permanently restricted	536,266	592,870
<b>Total net assets</b>	<b>6,741,114</b>	<b>6,102,721</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,795,971</b>	<b>\$ 10,529,353</b>

See accompanying notes.

**BERTRAND CHAFFEE HOSPITAL AND  
JENNIE B. RICHMOND CHAFFEE NURSING HOME COMPANY, INC.**

**COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS  
For the Years Ended December 31,**

	<u>2013</u>	<u>2012</u>
<b>Unrestricted operating revenue, gains, and other support:</b>		
Net patient/resident service revenue	\$ 18,600,467	\$ 19,311,537
Provision for bad debts	(368,952)	(453,607)
Net patient/resident service revenue less provision for bad debts	18,231,515	18,857,930
Contribution revenue	54,973	12,033
Other operating revenue	2,020,276	511,931
Net assets released from restrictions used in operations	56,604	-
<b>Total unrestricted operating revenues, gains, and other support</b>	<u>20,363,368</u>	<u>19,381,894</u>
<b>Operating expenses:</b>		
Salaries and wages	10,104,558	9,553,963
Employee benefits and payroll taxes	2,559,422	2,161,592
Supplies and materials	2,452,679	2,177,558
Other direct expenses	2,089,156	1,975,948
Professional fees	1,621,890	1,672,350
Depreciation and accretion	815,610	798,678
Interest expense	25,730	37,452
<b>Total operating expenses</b>	<u>19,669,045</u>	<u>18,377,541</u>
<b>Income from operations</b>	694,323	1,004,353
<b>Other income:</b>		
Investment income	674	902
<b>Excess of unrestricted operating revenues, gains, and other support over expenses</b>	<u>694,997</u>	<u>1,005,255</u>
<b>Increase in unrestricted net assets</b>	694,997	1,005,255
<b>Permanently restricted net assets</b>		
Net assets released from restrictions used in operations	(56,604)	-
<b>Decrease in permanently restricted net assets</b>	<u>(56,604)</u>	<u>-</u>
<b>Increase in net assets</b>	638,393	1,005,255
<b>Net assets - beginning of year</b>	<u>6,102,721</u>	<u>5,097,466</u>
<b>Net assets - end of year</b>	<u><u>\$ 6,741,114</u></u>	<u><u>\$ 6,102,721</u></u>

See accompanying notes.



**BERTRAND CHAFFEE HOSPITAL AND  
JENNIE B. RICHMOND CHAFFEE NURSING HOME COMPANY, INC.**

**COMBINED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31,**

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 638,393	\$ 1,005,255
Adjustments to reconcile increase in net assets to cash and cash equivalents provided by operating activities:		
Depreciation and accretion	815,610	798,678
Increase in allowance for doubtful accounts	213,000	450,000
(Increase) decrease in assets:		
Patient/resident accounts receivable	(546,719)	(690,087)
Supplies on hand	(5,605)	(3,762)
Prepaid expenses	12,796	3,246
Other receivables	3,267	(8,274)
Increase (decrease) in liabilities:		
Accounts payable	(246,782)	149,678
Accrued expenses	30,104	(98,249)
Estimated amounts due to third-party payors, net	127,825	(280,775)
<b>Net cash and cash equivalents provided by operating activities</b>	<u>1,041,889</u>	<u>1,325,710</u>
<b>Cash flows from investing activities:</b>		
Decrease in assets limited as to use	66,606	24,412
Purchases of property, plant and equipment	(477,210)	(761,384)
<b>Net cash and cash equivalents used by investing activities</b>	<u>(410,604)</u>	<u>(736,972)</u>
<b>Cash flows from financing activities:</b>		
Repayment of indebtedness	(287,418)	(227,146)
<b>Net cash and cash equivalents used by financing activities</b>	<u>(287,418)</u>	<u>(227,146)</u>
<b>Net increase in cash and cash equivalents</b>	343,867	361,592
Cash and cash equivalents - beginning of year	2,279,943	1,918,351
Cash and cash equivalents - end of year	<u>\$ 2,623,810</u>	<u>\$ 2,279,943</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ 25,730</u>	<u>\$ 37,452</u>

See accompanying notes.

BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:** Bertrand Chaffee Hospital (the Hospital) is a voluntary not-for-profit hospital located in Springville, New York. The Hospital operates 24 acute care beds, (22 medical surgical and 2 intensive care), and provides inpatient, outpatient and emergency services for residents in and around its surrounding area. Jennie B. Richmond Chaffee Nursing Home Company, Inc. (the Home) operates a not-for-profit 80-bed nursing facility also in Springville, New York. The Hospital and Home are institutional members of Catholic Medical Partners (CMP). This membership enables the Hospital and Home to participate in the provision of seamless, high quality, and coordinated patient care as part of the CMP Accountable Care Organization. The accompanying combined financial statements include the results of operations of both entities for the years ended December 31, 2013 and 2012.

**Principles of Combination:** The accompanying combined financial statements include the accounts of Bertrand Chaffee Hospital and Jennie B. Richmond Chaffee Nursing Home Company, Inc. (hereinafter collectively referred to as the Organization) both of which are not-for-profit corporations and share a common Board of Directors. Intercompany balances and transactions have been eliminated in the combined financial statements.

**Use of Estimates:** The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates and the difference in estimates from actual results could be significant. Significant estimates made by the Organization include, but are not limited to, reserves for bad debts, reserves for third party payor adjustments and contractual allowances and the provision for estimated receivables and payables for final settlements with those payors.

**Display of Net Assets by Class:** The accompanying combined financial statements have been prepared in conformity with the disclosure and display requirements of accounting principles generally accepted in the United States of America (US GAAP). US GAAP requires that resources be classified for reporting purposes into three net asset categories (temporarily restricted, permanently restricted and unrestricted) according to the existence or absence of donor-imposed restrictions.

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose and amounted to \$39,530 (\$39,530 - 2012). Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. Permanent assets consist of four endowments that amounted to \$536,266 (\$592,870 - 2012). Any interest or investment earnings derived from the endowments are recorded as temporarily restricted and may be used for operations when appropriated by the Organization.

**Cash and Cash Equivalents:** The Organization considers all highly liquid investments with a maturity of three months or less, and short term investments (certificates of deposit), excluding amounts limited as to use, to be cash equivalents.

**Investments and Investment Income:** Investments in equity securities with readily determinable fair values and all investments in debt securities are presented in the combined financial statements at fair value. The cost of specific securities sold is used to compute realized gains and losses on sales. Investment income or loss (including interest and dividends) is included in the excess of revenues over expenses. Unrealized gains and losses (if any) on investments are excluded from income from operations and included in excess of unrestricted revenues and other support over expenses due to their trading nature.

**Fair Value:** As defined in US GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value applies to all assets and liabilities that are being measured and reported on a fair value basis. US GAAP establishes a framework for measuring fair value and disclosures about fair value measurements. This enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. US GAAP requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

**BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

**Accounts Receivable:** The Organization carries its patient and resident accounts receivable at anticipated amounts due from private pay patients and third party payors. Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Organization analyzes their 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, if necessary, for receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill). The Organization records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Organization's allowance for doubtful accounts increased from 31.0% of gross accounts receivable at December 31, 2012 to 33.1% of gross accounts receivable at December 31, 2013. In addition, the Organization's bad debt write-offs decreased approximately \$85,000 from approximately \$454,000 for fiscal year end 2012 to approximately \$369,000 for fiscal year end 2013. The Organization has not changed its charity care or uninsured discount policies during fiscal year for 2013. The Organization does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors.

**Supplies on Hand:** Supplies on hand consists principally of food, drugs and medical supplies and are valued at the lower of cost (first-in, first-out) or market.

**Assets Whose Use is Limited:** Assets whose use is limited include assets set aside for debt service as required by trustee or indenture agreements, assets held in perpetuity pursuant to donor restrictions and assets set aside by the Board of Directors for specific future purposes.

**Property, Plant and Equipment:** Property, plant and equipment is carried at cost less accumulated depreciation, and adjusted for impairment to fair value, if any. The Organization provides for depreciation on the straight-line method over the estimated useful lives of the assets. Equipment under capital lease obligations is amortized over the lease term of the asset or its estimated useful life. Such amortization is included in depreciation expense in the accompanying combined financial statements. Depreciation and lease amortization expense for the years ended December 31, 2013 amounted to approximately \$ 809,000 (\$779,000 - 2012).

**Impairment of Long-Lived Assets:** Under the provisions of US GAAP the Organization evaluates its long-lived assets for financial impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. If such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. No impairment loss was recognized by the Organization during the years ended 2013 and 2012.

**Resident Funds:** The Home acts as custodian for resident personal funds.

BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Excess of Unrestricted Revenues, Gains, and Other Support over Expenses:** The combined statement of operations and changes in net assets includes excess of unrestricted operating revenue, gains and other support over expenses. Changes in unrestricted net assets which are excluded from the excess of revenues and other support over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

**Concentrations of Credit Risk:** The Organization grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of net receivables from patients and third-party payors was approximately as follows as of December 31:

	<u>2013</u>	<u>2012</u>
Medicare	19%	22%
Medicaid	12	10
Other third-party payors	55	57
Private pay	<u>14</u>	<u>11</u>
	<u>100%</u>	<u>100%</u>

In addition, financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash accounts in financial institutions. Although the cash accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institutions. Management reviews the financial viability of these institutions on a periodic basis.

**Contributions:** Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same year as received are reflected as unrestricted contributions in the accompanying combined financial statements.

**Income Taxes:** The Hospital and Home are not-for-profit corporations as described in Section 501(c) (3) of the Internal Revenue Code (the Code), and accordingly, are exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital and Home account for uncertain tax positions in accordance with US GAAP, which requires the recognition and measurement of uncertain tax positions that the Hospital and Home have taken or expects to take in the Hospital or Home's tax returns. Accordingly, no provision for income taxes has been reflected in the accompanying combined financial statements. The Hospital and Home are no longer subject to federal and NYS income tax examination for years prior to 2010.

**Charity Care:** The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Hospital's policy is to not pursue collection of amounts determined to qualify as charity care; therefore these amounts are not reported in net operating revenues or in provisions for doubtful accounts. The estimated cost of providing uncompensated care to patients was approximately \$84,000 for the year ended December 31, 2013 (\$58,000 - 2012), as measured utilizing a calculated ratio of costs to charges.

**Reclassifications:** Certain 2012 amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on income from operations, net assets or the change in net assets.

**BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Event:** These financial statements have not been updated for subsequent events occurring after July 17, 2014 which is the date these financial statements were available to be issued.

**NOTE 2. NET PATIENT SERVICE REVENUE**

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

- **Medicare** – Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.
- **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology using a base year for operating costs and actual costs for capital. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports. Outpatient services are paid based upon a fee schedule and amounts are determined by New York State.
- **Commercial** - The Organization has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.
- **Workers' Compensation and No-Fault** - Reimbursement rates for Workers' Compensation and No-Fault patients and paid at prospectively determined rates per discharge, as determined by the New York Health Care Reform Act (NYHCRA). These rates vary according to a patient classification system defined by NYHCRA that is based on clinical, diagnostic and other factors.

Additionally, the Home provides long term care services for which they are reimbursed on a per diem rate by third party payors. The Medicaid program is governed by the New York State Department of Health (DOH). Effective January 1, 2012, DOH revised its reimbursement formula for the Medicaid rates paid to skilled nursing facilities. Skilled nursing facilities payments are based upon a statewide pricing model. Skilled nursing facilities are placed into one of two peer groups which are used to compute the operating component of the Medicaid rate. This new statewide pricing methodology is being phased in over five years at varying percentages. Full implementation will be effective January 1, 2017. The Home has accrued the estimated impact from this change in Medicaid reimbursement.

The Hospital is eligible to receive funds from several pools established under NYHCRA. Amounts received or to be received from the pools have been included as increases to net patient service revenue. Differences between amounts recorded and final distributions from the pools will be included as adjustments to net patient service revenue in the year that such distributions are received.

The Organization believes that it is in compliance, in all material respects, 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 governmental review and interpretations. Non compliance with such laws and regulations could result in repayments of amounts improperly reimbursed, interest, substantial monetary fines, civil and criminal penalties, and exclusion from the Medicare and Medicaid programs.

**BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**NOTE 2. NET PATIENT SERVICE REVENUE (CONTINUED)**

Revenue from Medicare and Medicaid programs accounted for approximately, 17% and 13%, respectively of the Organization's net patient service revenue for the year ended December 31, 2013 (14% and 17% - 2012). Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. The Organization has recorded estimates related to these possible changes. These are recorded in estimated amounts due to third party payors.

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. For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). Based upon 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. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized for the year ended December 31, 2013 from these major payor sources, is as follows:

		<b>2013</b>			
		<b>Medicaid</b>	<b>Medicare</b>	<b>Other Third Party Payors</b>	<b>Self Pay</b>
					<b>Total All Payors</b>
Patient service revenue (net of contractual allowances and discounts)		<u>\$ 2,399,444</u>	<u>\$ 3,080,804</u>	<u>\$ 10,907,059</u>	<u>\$ 2,213,160</u>
					<u>\$ 18,600,467</u>
		<b>2012</b>			
		<b>Medicaid</b>	<b>Medicare</b>	<b>Other Third Party Payors</b>	<b>Self Pay</b>
					<b>Total All Payors</b>
Patient service revenue (net of contractual allowances and discounts)		<u>\$ 3,235,118</u>	<u>\$ 2,679,781</u>	<u>\$ 10,486,178</u>	<u>\$ 2,910,460</u>
					<u>\$ 19,311,537</u>

**NOTE 3. ASSETS WHOSE USE IS LIMITED**

The Organization has received funds that are permanently restricted by the donor and require the principal to be maintained in perpetuity. Earnings on the non-endowment investments are allowed to be used in operations. The earnings derived from the endowments are rendered as temporarily restricted and may be used for operations when appropriated by the Organization.

**BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**NOTE 3. ASSETS WHOSE USE IS LIMITED (CONTINUED)**

The composition of assets limited as to use, which are stated at fair value on a recurring basis as Level 1 within the hierarchy, is as follows at December 31:

	<u>2013</u>	<u>2012</u>
Held by Trustee under Indenture Agreement		
Mortgage and operating escrow funds:		
Cash and cash equivalents	\$ 155,910	\$ 177,506
U.S. Government obligations	5,192	5,421
	<u>161,102</u>	<u>182,927</u>
Donor restricted to include the Bertrand Chaffee Fund:		
Cash and cash equivalents	<u>47,491</u>	<u>92,272</u>
Total assets whose use is limited	<u>\$ 208,593</u>	<u>\$ 275,199</u>
Current portion of assets whose use is limited	<u>\$ 47,491</u>	<u>\$ 92,272</u>
Long-term portion of assets whose use is limited	<u>\$ 161,102</u>	<u>\$ 182,927</u>

The Organization's investment portfolio is classified as a trading portfolio. As a result of this classification unrealized net gains or losses are recorded as a component of other income and expense on the statement of operations and changes in net assets.

Investment income on investments is summarized as follows as of December 31:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 637	\$ 782
Realized gains	<u>37</u>	<u>120</u>
	<u>\$ 674</u>	<u>\$ 902</u>

Prior to 2005, the Organization utilized approximately \$177,000 of permanently restricted resources to pay certain debt obligations. In 2006, the New York State Surrogate Court determined that this expenditure was inappropriate and thus ordered to the Organization to repay the funds, at zero percent interest, prior to 2018. The repayment of funds by the Organization would be recorded as additions to the assets in the trust maintained for other permanently restricted resources at the time payment is made. As of December 31, 2013 and 2012, the Organization has not made any payments on this obligation. Additionally, in 2010, as part of the Organization's reorganization from bankruptcy, approval was granted by the Bankruptcy Court for the Organization to borrow up to \$750,000 of funds from the Bertrand Chaffee Fund to pay general unsecured claims. A final payment of approximately \$57,000 to pay an outstanding unsecured claim was made during 2013.

**NOTE 4. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Land	\$ 40,980	\$ 40,980
Building and building improvements	11,239,782	11,084,533
Equipment	12,293,210	11,434,035
Equipment under capital leases	695,529	695,529
Construction-in-progress	<u>17,774</u>	<u>554,987</u>
	<u>24,287,275</u>	<u>23,810,064</u>
Less: Accumulated depreciation	<u>19,254,721</u>	<u>18,446,458</u>
	<u>\$ 5,032,554</u>	<u>\$ 5,363,606</u>

Accumulated amortization on capital leases for the year ended December 31, 2013 amounted to approximately \$ 381,000 (\$300,000 - 2012).

**BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS**

The following is a description of long-term debt and capital lease obligations at December 31:

	<u>2013</u>	<u>2012</u>
Note payable to the Pension Benefit Guaranty Corporation (PBGC), interest free, payable in monthly amounts ranging from \$5,000 to \$10,000 through October 2023, related to settlement of defined benefit plan.	\$ 800,000	\$ 860,000
Mortgage notes payable to the New York State Housing Finance Agency (HFA), with varying installments of principal and interest (4.78% effective rate) due through October 2016, secured by property and equipment of the Home.	93,036	198,036
Note payable to the Internal Revenue Service without interest, payable in monthly amounts of \$4,488, beginning in September 2012 through September 2015. Secured by the Organization's real property.	89,765	143,624
Capital lease obligation with a payment of \$2,369 including interest at 12.031% through December 2016 secured by related equipment.	71,392	89,994
Capital lease obligation with a payment of \$2,400 including interest at 8.86% through October 2015 secured by related equipment.	51,628	73,235
Capital lease obligation with a payment of \$2,153 including interest at 7.00% through July 2014 secured by related equipment.	19,647	43,010
Note payable to Bertrand Chaffee Hospital Foundation, Inc. payable in semi-annual installments of \$4,987 plus interest at 3.75% through May 2013. This note was paid in full during 2013.	-	4,987
	<u>1,125,468</u>	<u>1,412,886</u>
Less: current portion	<u>253,863</u>	<u>346,298</u>
	<u>\$ 871,605</u>	<u>\$ 1,066,588</u>

Future maturities on long-term debt and capital lease obligations for the five years and thereafter subsequent to 2014 are as follows:

2015	\$ 156,779
2016	94,826
2017	60,000
2018	60,000
2019 and thereafter	<u>500,000</u>
	<u>\$ 871,605</u>



**BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**NOTE 6. PENSION PLAN**

The Organization's employees participated in a defined benefit pension plan (the "Plan") covering substantially all full time employees. In November 2008, the Plan was terminated by an agreement between the PBGC and the Plan's administrator. The agreement terminated the Plan as of February 26, 2008 and the PBGC was appointed trustee of the Plan. As part of the Plan termination a Settlement Agreement was entered into with the PBGC. The Organization agreed to pay the PBGC \$1,700,000 over four years. The Settlement Agreement was approved by the Bankruptcy Court and the Creditors Committee. During 2013 the settlement agreement with the PBGC was amended to include monthly payments ranging from \$5,000 to \$10,000 through October 2023, with the option of prepayment. If the Organization defaults on the PBGC Settlement Agreement, then it is reasonably possible that these liabilities, as well as others, may be assessed by the PBGC. Further, upon default, the PBGC could take further actions which could have a material adverse effect on the Organization.

The Organization also contributes to the 1199 SEIU Regional Pension Fund (EIN: 16-1112391), which is a multiemployer defined pension plan, under the collective bargaining agreement, which expires June 2015, that covers certain union-represented employees. The risks of participating in a multiemployer plan differ from those of single employer plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan then the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Organization chooses to stop participating in the multiemployer plan, then it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The most recent Pension Protection Act (PPA) zone status available for the plan's year end at December 31, 2011 was green. The zone status is based on information received by the Organization from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are less than 65% funded, plans in the yellow zone are between 65-80% funded, and plans in the green zone are more than 80% funded.

Under the 1199 pension plan, the Organization will contribute to the SEIU pension fund on behalf of all bargaining unit employees at the rate of fifty-five to sixty-five cents per hour based on employee compensation, for each calendar quarter in which the employee has been paid for at least two hundred fifty (250) hours.

The Organization contributed approximately \$121,000 for the year ended December 31, 2013 (\$138,000 - 2012). According to the Plan's most recent Form 5500, for the year plan year ending December 31, 2012 the Organization contributed less than 5% of the total contributions to the Plan.

**403 (b) Plan:** The Organization also offers a 403(b) defined contribution retirement plan to its eligible employees. Employees elect to contribute to the plan through salary and wage deferrals up to the maximum amounts established by the Internal Revenue Service (currently established at 100% of annual salary and wages up to \$17,500 or \$23,000 if over age 50). The Organization contributes to the plan as an Employer Non-elective Contribution an amount equal to 3% of the employee compensation for a plan year. Under the plan, the Organization contributes an amount equal to 25% of the employee elective contributions for the plan year up to 4%. The Organization contributed approximately \$290,000 to the Plan during the year ended December 31, 2013 (\$297,000 - 2012).

**NOTE 7. GUARANTEE**

The Organization entered into agreements with service providers which pays compensation as well as potential guaranteed payments to the service providers through future periods. The potential income guarantee to be paid to the service providers is to cover the difference between stated revenue thresholds. As of December 31, 2013, the Organization has recorded liabilities for anticipated future payments to these service providers of approximately \$160,000 (\$160,000 - 2012).

**BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**NOTE 8. MEDICAL MALPRACTICE**

The Organization is insured for medical malpractice risks through a claims-made professional liability insurance policy. Policy limits for the professional and general liability policy are \$1,000,000 individually and \$3,000,000 aggregate per policy period. Should the annual claims-made policy not be renewed or replaced with equivalent insurance, claims based on incidents during its term, but reported subsequently, will be uninsured. The claims made policy was renewed in 2013. There are several open malpractice claims as of December 31, 2013 and 2012, which the insurer advises fall within the limits of the Organization's malpractice coverages, individually and collectively.

**NOTE 9. TRANSACTIONS WITH AFFILIATED FOUNDATION**

The Organization is affiliated with the Bertrand Chafee Hospital Foundation, Inc. (the "Foundation"). The Foundation is a separate legal entity whose mission is to support the activities of the Organization as well as other local organizations.

The Organization considered US GAAP in determining whether or not an interest in the net assets of the Foundation should be recorded in the financial statements of the Organization. Management of the Organization concluded that there is insufficient control exercised by the Organization over the Foundation to support recording a beneficial interest in the net assets of the Foundation. Specifically, management considered in its conclusion the by-laws of the Foundation, the composition of its board, the Foundation's history of granting gifts to the Organization as well as other unrelated organizations, and the existence of donor restricted assets, if any, held by the Foundation. Therefore, the Organization has not recorded any interest in the net assets of the Foundation on the Organization's balance sheet as of December 31, 2013 and 2012.

Periodically, the Foundation makes contributions to the Organization, as determined by the Foundations board of directors and/or by direction of donors. In 2013, the Foundation made temporarily restricted contributions of approximately \$ 42,000 (\$1,500 – 2012), which are reflected as unrestricted contribution revenue, since they were used in the period received, in the accompanying combined statement of operations and changes in net assets.

**NOTE 10. ENDOWMENTS**

The Organization has interpreted New York State Prudent Management of Institutional Funds Act Law (NYPMIFA) as requiring the preservation of the historical dollar value of the corpus of the permanent restricted endowment funds absent of donor stipulations to the contrary. The net appreciation of the permanently restricted net assets is considered temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with standard of prudence prescribed by NYPMIFA. If the fair value of investment assets falls below the level of the donor NYPMIFA requires the Home to retain the fund in perpetual duration. There were no such deficiencies as of December 31, 2013 and 2012. To ensure the preservation of the corpus of the permanently restricted endowment funds, the total fair value of all commingled investment assets are classified first to the level of the permanently restricted endowment funds corpus, an endowment fund deficiency receivable from the unrestricted net assets would be recognized until the deficiency is recovered.

The Organization has established long term investment objectives to 1) create a stream of investment returns which appropriately considers the present and future cash needs of the Organization and; 2) to maintain the purchasing power of the portfolio. The restricted net asset spending policy is to adhere to donor restrictions.

**BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**NOTE 10. ENDOWMENTS (CONTINUED)**

Changes in Endowment Net Assets for the year ended December 31:

	<u>2013</u>	<u>2012</u>
Investments, at beginning of year	\$ 64,336	\$ 64,210
Use of proceeds – see Note 3	(56,604)	-
Dividends and interest	<u>29</u>	<u>126</u>
Total net (decrease) increase on investments	<u>(56,575)</u>	<u>126</u>
Investments, at end of year	<u>\$ 7,761</u>	<u>\$ 64,336</u>

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to future government review and interpretations as well as regulatory actions unknown or unasserted at this time. Recently, industry wide government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. The Organization believes it is in compliance with all such laws and regulations.

**Medicare and Medicaid Electronic Health Record Incentive Program:** Under certain provisions of the American Recovery and Reinvestment Act of 2009 (ARRA), federal incentive payments are available to hospitals, physicians and certain other professionals (Providers) when they adopt, implement or upgrade (AIU) certified electronic health record (EHR) technology or become "meaningful users," as defined under ARRA, of EHR technology in ways that demonstrate improved quality, safety and effectiveness of care. Providers can become eligible for annual Medicare incentive payments by demonstrating meaningful use of EHR technology in each period over four periods. Medicaid providers can receive their initial incentive payment by satisfying AIU criteria, but must demonstrate meaningful use of EHR technology in subsequent years in order to qualify for additional payments. Hospitals may be eligible for both Medicare and Medicaid EHR incentive payments; however, physicians and other professionals may be eligible for either Medicare or Medicaid incentive payments, but not both. Hospitals that are meaningful users under the Medicare EHR incentive payment program are deemed meaningful users under the Medicaid EHR incentive payment program and do not need to meet additional criteria imposed by a state. Medicaid EHR incentive payments to Providers are 100% federally funded and administered by the states. The Centers for Medicare and Medicaid Services (CMS) established calendar year 2011 as the first year states could offer EHR incentive payments. Before a state may offer EHR incentive payments, the state must submit and CMS must approve the state's incentive plan.

The Organization recognizes Medicaid EHR incentive payments in its consolidated Statements of Operations for the first payment year when: (1) CMS approves a state's EHR incentive plan; and (2) our hospital or employed physician acquires certified EHR technology (i.e., when AIU criteria are met). Medicaid EHR incentive payments for subsequent payment years are recognized in the period during which the specified meaningful use criteria are met.

The Organization recognizes Medicare EHR incentive payments when: (1) the specified meaningful use criteria are met; and (2) contingencies in estimating the amount of the incentive payments to be received are resolved.

During the years ended December 31, 2013 and 2012, the Organization satisfied the CMS AIU and/or meaningful use criteria. As a result, the Organization recognized approximately \$1,400,000 of Medicare and Medicaid EHR incentive payments as other operating revenue in its consolidated Statement of Operations for year ended December 31, 2013 (\$0 – 2012).

BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE  
NURSING HOME COMPANY, INC.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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NOTE 12. FUNCTIONAL EXPENSES

The Organization provides acute care services to patients within their geographic location. Expenses related to providing these services are as follows at December 31:

	<u>2013</u>	<u>2012</u>
Health care services	\$ 15,201,618	\$ 14,783,627
General and administrative	<u>4,467,427</u>	<u>3,593,914</u>
	<u>\$ 19,669,045</u>	<u>\$ 18,377,541</u>



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors  
Bertrand Chaffee Hospital and  
Jennie B. Richmond Chaffee Nursing Home Company, Inc.  
Springville, New York

We have audited the combined financial statements of Bertrand Chaffee Hospital and Jennie B. Richmond Chaffee Nursing Home Company, Inc. as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon which contains an unmodified opinion on those financial statements. See page 1. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole.

The combining and combined information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combining and combined financial statements as a whole.

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
July 17, 2014

BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE NURSING HOME COMPANY, INC.

COMBINING BALANCE SHEET

December 31, 2013

(with comparative totals as of December 31, 2012)

ASSETS	Bertrand Chaffee Hospital	Jennie B. Richmond Chaffee Nursing Home Company, Inc.	Eliminations	Combined 2013	2012
<b>Current assets:</b>					
Cash and cash equivalents	\$ 1,863,128	\$ 760,682	\$ -	\$ 2,623,810	\$ 2,279,943
Patient/resident accounts receivable, net of allowance for uncollectibles of approximately \$2,326,000 ( \$2,113,000 - 2012)	1,582,971	969,244	-	2,552,215	2,218,496
Other receivables	1,589	6,415	-	8,004	11,271
Supplies on hand	203,592	-	-	203,592	197,987
Prepaid expenses	117,443	29,103	-	146,546	159,342
Other current assets	14,426	-	-	14,426	18,100
Current portion of assets whose use is limited	47,491	-	-	47,491	92,272
Total current assets	3,830,640	1,765,444	-	5,596,084	4,977,411
Resident funds	-	6,231	-	6,231	5,409
Assets whose use is limited	-	161,102	-	161,102	182,927
<b>Property, plant and equipment:</b>					
Land	24,980	16,000	-	40,980	40,980
Building and improvements	8,703,735	2,536,047	-	11,239,782	11,084,533
Equipment	10,786,893	1,506,317	-	12,293,210	11,434,035
Leased equipment	695,529	-	-	695,529	695,529
Construction in -progress	17,774	-	-	17,774	554,987
	20,228,911	4,058,364	-	24,287,275	23,810,064
Less: Accumulated depreciation	15,661,070	3,593,651	-	19,254,721	18,446,458
	4,567,841	464,713	-	5,032,554	5,363,606
Due from related parties	-	397,631	(397,631)	-	-
<b>Total assets</b>	<b>\$ 8,398,481</b>	<b>\$ 2,795,121</b>	<b>\$ (397,631)</b>	<b>\$ 10,795,971</b>	<b>\$ 10,529,353</b>

LIABILITIES AND NET ASSETS	Bertrand Chaffee Hospital	Jennie B. Richmond Chaffee Nursing Home Company, Inc.	Eliminations	Combined	
				2013	2012
<b>Current liabilities:</b>					
Accounts payable	\$ 813,273	\$ 107,304	-	\$ 920,577	\$ 1,167,359
Accrued expenses	848,664	216,278	-	1,064,942	1,034,838
Current portion of long-term debt and capital lease obligations	118,863	135,000	-	253,863	346,298
Current portion of estimated amounts due to third party payors, net	149,993	1,574	-	151,567	153,727
Total current liabilities	1,930,793	460,156	-	2,390,949	2,702,222
Estimated amounts due to third party payors, net	205,000	485,541	-	690,541	560,556
Resident funds	-	6,231	-	6,231	5,409
Due to related parties	397,631	-	(397,631)	-	-
Asset retirement obligation	95,531	-	-	95,531	91,857
Long-term debt and capital lease obligations	853,569	18,036	-	871,605	1,066,588
<b>Total liabilities</b>	<b>3,482,524</b>	<b>969,964</b>	<b>(397,631)</b>	<b>4,054,857</b>	<b>4,426,632</b>
<b>Net assets</b>					
Unrestricted	4,340,161	1,825,157	-	6,165,318	5,470,321
Temporarily restricted	39,530	-	-	39,530	39,530
Permanently restricted	536,266	-	-	536,266	592,870
Total net assets	4,915,957	1,825,157	-	6,741,114	6,102,721
<b>Total liabilities and net assets</b>	<b>\$ 8,398,481</b>	<b>\$ 2,795,121</b>	<b>\$ (397,631)</b>	<b>\$ 10,795,971</b>	<b>\$ 10,529,353</b>

BERTRAND CHAFFEE HOSPITAL AND JENNIE B. RICHMOND CHAFFEE NURSING HOME COMPANY, INC.

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2013

(with comparative totals for the year ended December 31, 2012)

	Bertrand Chaffee Hospital	Jennie B. Richmond Chaffee Nursing Home Company, Inc.	Combined	
			2013	2012
Unrestricted operating revenues, gains, and other support:				
Net patient/resident service revenue	\$ 13,030,963	\$ 5,569,504	\$ 18,600,467	\$ 19,311,537
Provision for bad debts	(331,807)	(37,145)	(368,952)	(453,607)
Net patient/resident service revenue less provision for bad debts	12,699,156	5,532,359	18,231,515	18,857,930
Contribution revenue	53,623	1,350	54,973	12,033
Other operating revenue	2,007,569	12,707	2,020,276	511,931
Net assets released from restrictions used in operations	56,604	-	56,604	-
Total unrestricted operating revenues, gains, and other support	14,816,952	5,546,416	20,363,368	19,381,894
Operating expenses:				
Salaries and wages	7,607,064	2,497,494	10,104,558	9,553,963
Employment benefits and payroll taxes	1,932,982	626,440	2,559,422	2,161,592
Shared services	(1,301,436)	1,301,436	-	-
Supplies and materials	2,096,225	356,454	2,452,679	2,177,558
Other direct expenses	1,479,511	609,645	2,089,156	1,975,948
Professional fees	1,515,626	106,264	1,621,890	1,672,350
Depreciation and accretion	711,048	104,562	815,610	798,678
Interest expense	17,433	8,297	25,730	37,452
Total operating expenses	14,058,453	5,610,592	19,669,045	18,377,541
Income from operations	758,499	(64,176)	694,323	1,004,353
Other income:				
Investment income	640	34	674	903
Excess from unrestricted operating revenues, gains, and other support over expenses	759,139	(64,142)	694,997	1,005,256
Increase (decrease) in unrestricted net assets	759,139	(64,142)	694,997	1,005,256
Permanently restricted net assets				
Net assets released from restrictions used in operations	(56,604)	-	(56,604)	-
Decrease in permanently restricted net assets	(56,604)	-	(56,604)	-
Increase (decrease) in net assets	702,535	(64,142)	638,393	1,005,256
Net assets - beginning of year	4,213,423	1,889,298	6,102,721	5,097,465
Net assets - end of year	\$ 4,915,958	\$ 1,825,156	\$ 6,741,114	\$ 6,102,721



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

OMB No. 1545-0047

**2013**Open to Public  
Inspection**A** For the 2013 calendar year, or tax year beginning

and ending

**B** Check if applicable:

- ☐ Address change  
☐ Name change  
☐ Initial return  
☐ Terminated  
☐ Amended return  
☐ Application pending

**C** Name of organization**BERTRAND CHAFFEE HOSPITAL**

Doing Business As

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

**224 EAST MAIN STREET**

City or town, state or province, country, and ZIP or foreign postal code

**SPRINGVILLE, NY 14141****F** Name and address of principal officer: **NILS GUNNERSEN****SAME AS C ABOVE****D** Employer identification number**16-0743921****E** Telephone number**716-592-2871****G** Gross receipts \$ **14,760,988.****H(a)** Is this a group returnfor subordinates? ..... ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. (see instructions)

**H(c)** Group exemption number ▶**I** Tax-exempt status: ☒ 501(c)(3) ☐ 501(c)( ) (insert no.) ☐ 4947(a)(1) or ☐ 527**J** Website: ▶ **BERTRANDCHAFFEE.COM****K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶**L** Year of formation: **1946****M** State of legal domicile: **NY****Part I Summary**

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <b>BERTRAND CHAFFEE HOSPITAL PROVIDES ACUTE CARE SERVICES TO THE RESIDENTS OF SPRINGVILLE AND THE</b>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	13
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	13
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	279
	6	Total number of volunteers (estimate if necessary)	6	20
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
	b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	7,066.	53,623.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	12,823,822.	12,752,156.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	784.	640.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	463,586.	1,954,569.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	13,295,258.	14,760,988.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	9,042,604.	9,540,046.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶	0.	0.
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	3,949,829.	4,518,407.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	12,992,433.	14,058,453.
Net Assets or Fund Balances	19	Revenue less expenses. Subtract line 18 from line 12	302,825.	702,535.
	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	7,807,110.	8,398,481.
	22	Net assets or fund balances. Subtract line 21 from line 20	3,593,688.	3,482,524.

**Part II Signature Block**

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

Sign Here ▶ **TERESA DONOHUE, DIRECTOR OF FINANCE** Date **11/17/14**  
Type or print name and title

Paid Preparer Use Only ▶ Print/Type preparer's name **THOMAS DALTON** Preparer's signature **Thomas M. Dalton CPA** Date **11/14/14** Check if self-employed ☐ PTIN **P00645802**  
Firm's name ▶ **FREED MAXICK CPAS, P.C.** Firm's EIN ▶ **45-4051133**  
Firm's address ▶ **424 MAIN STREET, SUITE 800** Phone no. **716-847-2651**  
**BUFFALO, NY 14202-3508**

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:

**BERTRAND CHAFFEE HOSPITAL PROVIDES ACUTE CARE SERVICES TO THE  
RESIDENTS OF SPRINGVILLE AND THE SURROUNDING REGION TO ENHANCE THE  
HEALTH STATUS OF RESIDENTS AND RESPOND TO COMMUNITY HEALTH CARE NEEDS.**

**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 \$ **12,000,749.** including grants of \$ ) (Revenue \$ **14,656,786.**)  
**DELIVER HIGH QUALITY ACUTE HOSPITAL CARE SERVICES TO THOSE IN NEED AND  
TO SERVE AS AN EDUCATIONAL RESOURCE PROMOTING WELLNESS AND POSTIVE  
HEALTH WITHIN THE ENTIRE COMMUNITY ALONG WITH ALL OTHER MEDICAL  
SUPPLIERS.**

**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 **12,000,749.**

**Part IV Checklist of Required Schedules**

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

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

	Yes	No
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> .....		X
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> .....		X
<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? <i>If "Yes," complete Schedule J</i> .....	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> .....		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? .....		
<b>c</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>d</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) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<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? <i>If so, complete Schedule L, Part II</i> .....		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? <i>If "Yes," complete Schedule L, Part III</i> .....		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>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>c</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? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> .....		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> .....		X
<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? <i>If "Yes," complete Schedule R, Part I</i> .....		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> .....	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? .....		X
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....		X
<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? <i>If "Yes," complete Schedule R, Part VI</i> .....		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 ComplianceCheck if Schedule O contains a response or note to any line in this Part V ☐

		Yes	No
1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a 10		
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b 0		
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	X	
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 279		
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	X	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		X
b If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O	3b		
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		X
b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		X
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		X
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c		
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a		X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		X
b If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		X
d If "Yes," indicate the number of Forms 8282 filed during the year	7d		
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		X
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		X
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
<b>8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
a Did the organization make any taxable distributions under section 4966?	9a		
b Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
<b>10 Section 501(c)(7) organizations.</b> Enter:			
a Initiation fees and capital contributions included on Part VIII, line 12	10a		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b		
<b>11 Section 501(c)(12) organizations.</b> Enter:			
a Gross income from members or shareholders	11a		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b		
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12a		
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
a Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	13a		
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b		
c Enter the amount of reserves on hand	13c		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year?	14a		X
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b		

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

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

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

	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year ..... <b>1a</b> 13 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 ..... <b>1b</b> 13		
<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? .....		<input checked="" type="checkbox"/>
<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? .....		<input checked="" type="checkbox"/>
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? .....		<input checked="" type="checkbox"/>
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets? .....		<input checked="" type="checkbox"/>
<b>6</b> Did the organization have members or stockholders? .....		<input checked="" type="checkbox"/>
<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? .....		<input checked="" type="checkbox"/>
<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? .....		<input checked="" type="checkbox"/>
<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? .....	<input checked="" type="checkbox"/>	
<b>b</b> Each committee with authority to act on behalf of the governing body? .....	<input checked="" type="checkbox"/>	
<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 .....		<input checked="" type="checkbox"/>

**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? .....		<input checked="" type="checkbox"/>
<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? .....		
<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? .....	<input checked="" type="checkbox"/>	
<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 .....	<input checked="" type="checkbox"/>	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? .....	<input checked="" type="checkbox"/>	
<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 .....	<input checked="" type="checkbox"/>	
<b>13</b> Did the organization have a written whistleblower policy? .....	<input checked="" type="checkbox"/>	
<b>14</b> Did the organization have a written document retention and destruction policy? .....	<input checked="" type="checkbox"/>	
<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 .....	<input checked="" type="checkbox"/>	
<b>b</b> Other officers or key employees of the organization .....	<input checked="" type="checkbox"/>	
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? .....		<input checked="" type="checkbox"/>
<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? .....		

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed **►NY**

**18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☐ Own website    ☒ Another's website    ☒ 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, physical address, and telephone number of the person who possesses the books and records of the organization: ►  
**TERESA DONOHUE - 716-592-2871**  
**224 EAST MAIN STREET, SPRINGVILLE, NY 14141**

**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) MICHAEL BOZA BOARD TREASURER	3.00	X		X				0.	0.	0.
(2) GARY EPPOLITO BOARD SECRETARY	2.00	X		X				0.	0.	0.
(3) STAN HANDZLIK DIRECTOR	2.00	X						0.	0.	0.
(4) ROBBIN HANSEN BOARD VICE PRESIDENT	2.00	X		X				0.	0.	0.
(5) TIMOTHY HORNER BOARD PRESIDENT	6.00	X		X				0.	0.	0.
(6) CLAUDIA MILLER DIRECTOR	2.00	X						0.	0.	0.
(7) KAREN STANFORD DIRECTOR	2.00	X						0.	0.	0.
(8) PETER SWALES DIRECTOR	2.00	X						0.	0.	0.
(9) MARK ALIANELLO DIRECTOR	2.00	X						0.	0.	0.
(10) ROBERT ROGGIE DIRECTOR	2.00	X						0.	0.	0.
(11) ANNE COOPER DIRECTOR	2.00	X						0.	0.	0.
(12) WILLIAM WNUK DIRECTOR	2.00	X						0.	0.	0.
(13) JOHANNA HEALY DIRECTOR	2.00	X						0.	0.	0.
(14) TERESA DONOHUE DIRECTOR OF FINANCE	30.00 10.00			X				78,581.	0.	3,694.
(15) NILS GUNNERSEN CEO	30.00 10.00			X				236,299.	0.	0.
(16) MICHAEL BARNETT DIRECTOR OF PHARMACY	40.00					X		108,462.	0.	5,271.
(17) LISETTE A. DEON PRIMARY CARE PHYSICIAN	40.00					X		156,567.	0.	12,602.

## 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			
<b>1b Sub-total .....</b>								<b>579,909.</b>	<b>0.</b>	<b>21,567.</b>
<b>c Total from continuation sheets to Part VII, Section A .....</b>								<b>0.</b>	<b>0.</b>	<b>0.</b>
<b>d Total (add lines 1b and 1c) .....</b>								<b>579,909.</b>	<b>0.</b>	<b>21,567.</b>

3

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

## Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
KEYSTONE HOSPITALIST SERVICES OF NEW YORK, 521 EAST AVENUE, LOCKPORT, NY 14094	HOSPITALIST SERVICES	165,000.
LABORATORY CORPORATION OF AMERICA HOLDINGS, 887 OLD COUNTRY ROAD STE C,	LABORATORY SERVICES	110,229.
FREED MAXICK CPAS, PC 424 MAIN STREET STE 800, BUFFALO, NY 14202	ACCOUNTING SERVICES	100,416.
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 ▶ 3		



**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>	1 a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	53,623.			
	g	Noncash contributions included in lines 1a-1f: \$					
	h	<b>Total.</b> Add lines 1a-1f		53,623.			
<b>Program Service Revenue</b>				<b>Business Code</b>			
	2 a	NET PATIENT SERVICE REVENUE	621110	12,699,156.	12,699,156.		
	b	NYS BIO TERRORISM GRANT	621110	53,000.	53,000.		
	c						
	d						
	e						
	f	All other program service revenue					
	g	<b>Total.</b> Add lines 2a-2f		12,752,156.			
<b>Other Revenue</b>	3	Investment income (including dividends, interest, and other similar amounts)		640.			640.
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6 a	Gross rents	(i) Real (ii) Personal				
	b	Less: rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)		49,939.		49,939.	
	7 a	Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
	b	Less: cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss)					
	8 a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a				
	b	Less: direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9 a	Gross income from gaming activities. See Part IV, line 19	a				
	b	Less: direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10 a	Gross sales of inventory, less returns and allowances	a				
	b	Less: cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
<b>Miscellaneous Revenue</b>				<b>Business Code</b>			
11 a	MEANINGFUL USE FUNDS	621110	1,453,340.	1,453,340.			
b	MISCELLANEOUS REVENUE	621110	266,428.	266,428.			
c	MEALS ON WHEELS	621110	115,534.	115,534.			
d	All other revenue	621110	69,328.	69,328.			
e	<b>Total.</b> Add lines 11a-11d		1,904,630.				
12	<b>Total revenue.</b> See instructions.		14,760,988.	14,656,786.	0.	50,579.	

**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 ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	7,607,064.	6,682,181.	924,883.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	231,474.	203,331.	28,143.	
9 Other employee benefits	1,128,352.	991,165.	137,187.	
10 Payroll taxes	573,156.	503,470.	69,686.	
11 Fees for services (non-employees):				
a Management				
b Legal	773.		773.	
c Accounting	83,312.		83,312.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	917,512.	626,168.	291,344.	
12 Advertising and promotion	51,606.	46,445.	5,161.	
13 Office expenses	1,150,983.	1,029,534.	121,449.	
14 Information technology				
15 Royalties				
16 Occupancy	214,881.	193,393.	21,488.	
17 Travel	24,484.		24,484.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	721,133.	649,020.	72,113.	
23 Insurance	151,505.		151,505.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <b>PHYSICIAN FEES</b>	437,299.	437,299.		
b <b>CONTRACTED SERVICES</b>	336,870.	265,041.	71,829.	
c <b>EQUIPMENT REPAIRS &amp; MAI</b>	307,292.	283,095.	24,197.	
d <b>MISCELLANEOUS</b>	102,291.	72,141.	30,150.	
e All other expenses	18,466.	18,466.		
25 Total functional expenses. Add lines 1 through 24e	14,058,453.	12,000,749.	2,057,704.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

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

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash - non-interest-bearing .....	940,633.	1	1,863,128.
	2 Savings and temporary cash investments .....		2	
	3 Pledges and grants receivable, net .....		3	
	4 Accounts receivable, net .....	1,516,596.	4	1,582,971.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L .....		6	
	7 Notes and loans receivable, net .....	0.	7	1,589.
	8 Inventories for sale or use .....	197,987.	8	203,592.
	9 Prepaid expenses and deferred charges .....	128,329.	9	117,443.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	10a 20,228,911.		
	b Less: accumulated depreciation .....	10b 15,661,070.	10c	4,567,841.
	11 Investments - publicly traded securities .....	92,272.	11	47,491.
	12 Investments - other securities. See Part IV, line 11 .....		12	
	13 Investments - program-related. See Part IV, line 11 .....		13	
	14 Intangible assets .....		14	
	15 Other assets. See Part IV, line 11 .....	18,100.	15	14,426.
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	7,807,110.	16	8,398,481.	
<b>Liabilities</b>	17 Accounts payable and accrued expenses .....	1,923,896.	17	1,661,937.
	18 Grants payable .....		18	
	19 Deferred revenue .....		19	
	20 Tax-exempt bond liabilities .....		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D .....		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L .....		22	
	23 Secured mortgages and notes payable to unrelated third parties .....		23	
	24 Unsecured notes and loans payable to unrelated third parties .....	0.	24	972,432.
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D .....	1,669,792.	25	848,155.
	26 <b>Total liabilities.</b> Add lines 17 through 25 .....	3,593,688.	26	3,482,524.
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets .....	3,581,022.	27	4,340,161.
	28 Temporarily restricted net assets .....	39,530.	28	39,530.
	29 Permanently restricted net assets .....	592,870.	29	536,266.
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds .....		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund .....		31	
	32 Retained earnings, endowment, accumulated income, or other funds .....		32	
33 <b>Total net assets or fund balances</b> .....	4,213,422.	33	4,915,957.	
34 <b>Total liabilities and net assets/fund balances</b> .....	7,807,110.	34	8,398,481.	

Form 990 (2013)

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	14,760,988.
2	Total expenses (must equal Part IX, column (A), line 25)	2	14,058,453.
3	Revenue less expenses. Subtract line 2 from line 1	3	702,535.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	4,213,422.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	4,915,957.

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

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant?		X
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:		
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
b Were the organization's financial statements audited by an independent accountant?	X	
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:		
<input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	X	
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.		
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

Form 990 (2013)

Department of the Treasury  
Internal Revenue Service

**Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.**  
**▶ Attach to Form 990 or Form 990-EZ.**

► Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

# 2013

**Open to Public Inspection**

Name of the organization

BERTRAND CHAFFEE HOSPITAL

Employer identification number

16-0743921

<b>Part I</b>	<b>Reason for Public Charity Status</b> (All organizations must complete this part.) See instructions.
---------------	--------------------------------------------------------------------------------------------------------

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

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)

3 ☒ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: \_\_\_\_\_

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)

10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a ☐ Type I      b ☐ Type II      c ☐ Type III - Functionally integrated      d ☐ Type III - Non-functionally integrated

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? .....	11g(i)	
(ii) A family member of a person described in (i) above? .....	11g(ii)	
(iii) A 35% controlled entity of a person described in (i) or (ii) above? .....	11g(iii)	

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

[illegible]**Total**

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

Schedule A (Form 990 or 990-EZ) 2013

**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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
3 The value of services or facilities furnished by a governmental unit to the organization without charge ...						
4 <b>Total.</b> Add lines 1 through 3 .....						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
6 <b>Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4 .....						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources ...						
9 Net income from unrelated business activities, whether or not the business is regularly carried on ...						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
11 <b>Total support.</b> Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions) .....					12	
13 <b>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> .....						

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

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) .....	14	%
15 Public support percentage from 2012 Schedule A, Part II, line 14 .....	15	%
16a <b>33 1/3% support test - 2013.</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 - 2012.</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 .....		
17a <b>10% -facts-and-circumstances test - 2013.</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 IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		
b <b>10% -facts-and-circumstances test - 2012.</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 IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		
18 <b>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 .....		

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....						
3 Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
5 The value of services or facilities furnished by a governmental unit to the organization without charge ...						
6 Total. Add lines 1 through 5 .....						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						
c Add lines 7a and 7b .....						
<b>8 Public support.</b> (Subtract line 7c from line 6)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6 .....						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources ...						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
c Add lines 10a and 10b .....						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here .....						<input type="checkbox"/>

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

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f)) .....	15	%
16 Public support percentage from 2012 Schedule A, Part III, line 15 .....	16	%

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

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f)) .....	17	%
18 Investment income percentage from 2012 Schedule A, Part III, line 17 .....	18	%

19a **33 1/3% support tests - 2013.** 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 - 2012.** 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** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12.

**Part IV** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12.

Also complete this part for any additional information. (See instructions).



**SCHEDULE D**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

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

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

OMB No. 1545-0047

**2013**

Open to Public  
Inspection

Name of the organization

**BERTRAND CHAFFEE HOSPITAL**

Employer identification number

**16-0743921**

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate contributions to (during year) .....		
3 Aggregate 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" to 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 an 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 8/17/06, 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, and enforcing conservation easements during the year ▶ .....

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ .....

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ 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" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 .....	▶ \$ .....
(ii) Assets included in Form 990, Part X .....	▶ \$ .....

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 .....	▶ \$ .....
b Assets included in Form 990, Part X .....	▶ \$ .....

**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

d ☐ Loan or exchange programs

b ☐ Scholarly research

e ☐ Other \_\_\_\_\_

c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets

to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
1c	
1d	
1e	
1f	

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

a Board designated or quasi-endowment ☐ %

b Permanent endowment ☐ %

c Temporarily restricted endowment ☐ %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) unrelated organizations

(ii) related organizations

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

b If "Yes" to 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" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		24,980.		24,980.
b Buildings		8,416,286.	5,505,571.	2,910,715.
c Leasehold improvements				
d Equipment		11,482,422.	9,874,182.	1,608,240.
e Other		305,223.	281,317.	23,906.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				4,567,841.

**Part VII Investments - Other Securities.**

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

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

**Part VIII Investments - Program Related.**

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

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

**Part IX Other Assets.**

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

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

**Part X Other Liabilities.**

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ASSET RETIREMENT OBLIGATIONS	95,531.
(3) DUE TO 3RD PARTIES	354,993.
(4) DUE TO RELATED PARTIES	397,631.
(5) .....	
(6) .....	
(7) .....	
(8) .....	
(9) .....	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	

848,155.

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

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

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

<b>1</b>	Total revenue, gains, and other support per audited financial statements .....	<b>1</b>	
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
<b>a</b>	Net unrealized gains 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>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> .....	<b>2e</b>	
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> .....	<b>3</b>	
<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>	
<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>	

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

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

<b>1</b>	Total expenses and losses per audited financial statements .....	<b>1</b>	
<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>	
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> .....	<b>3</b>	
<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>	
<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>	

**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 X, LINE 2:**

THE BERTRAND CHAFFEE HOSPITAL IS A NOT-FOR-PROFIT CORPORATION  
 AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE (THE CODE),  
 AND ACCORDINGLY, IS EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME  
 PURSUANT TO SECTION 501(A) OF THE CODE. THE HOSPITAL ACCOUNTS FOR  
 UNCERTAIN TAX POSITIONS IN ACCORDANCE WITH US GAAP, WHICH REQUIRES THE  
 RECOGNITION AND MEASUREMENT OF UNCERTAIN TAX POSITIONS THAT THE HOSPITAL  
 HAS TAKEN OR EXPECTS TO TAKE ON THE HOSPITAL'S TAX RETURN. ACCORDINGLY, NO  
 PROVISION FOR INCOME TAXES HAS BEEN REFLECTED IN THE FINANCIAL STATEMENTS.  
 THE HOSPITAL IS NO LONGER SUBJECT TO FEDERAL AND NYS INCOME TAX  
 EXAMINATION FOR YEARS PRIOR TO 2010.

<b>Part XIII</b>	<b>Supplemental Information</b> <i>(continued)</i>
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[illegible]

**SCHEDULE H  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Hospitals**

- Complete if the organization answered "Yes" to Form 990, Part IV, question 20.  
► Attach to Form 990. ► See separate instructions.  
► Information about Schedule H (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**

Open to Public  
Inspection

Name of the organization

**BERTRAND CHAFFEE HOSPITAL**

Employer identification number

**16-0743921**

**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 .....	<b>X</b>	
<b>b</b> If "Yes," was it a written policy? .....	<b>X</b>	
<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: .....	<b>X</b>	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
<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: .....	<b>X</b>	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %		
<b>c</b> If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
<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"? .....	<b>X</b>	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? .....	<b>X</b>	
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? .....		<b>X</b>
<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? .....		
<b>6a</b> Did the organization prepare a community benefit report during the tax year? .....	<b>X</b>	
<b>b</b> If "Yes," did the organization make it available to the public? .....	<b>X</b>	

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

<b>7 Financial Assistance and Certain Other Community Benefits at Cost</b>						
Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>a</b> Financial Assistance at cost (from Worksheet 1) .....			188,696.	127,902.	60,794.	.43%
<b>b</b> Medicaid (from Worksheet 3, column a) .....			1520093.	930,535.	589,558.	4.19%
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) .....						
<b>d</b> Total Financial Assistance and Means-Tested Government Programs .....			1708789.	1058437.	650,352.	4.62%
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) .....			10,804.		10,804.	.08%
<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) .....						
<b>j</b> Total. Other Benefits .....			10,804.		10,804.	.08%
<b>k</b> Total. Add lines 7d and 7j .....			1719593.	1058437.	661,156.	4.70%

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

Section A. Bad Debt Expense		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? .....	1	X
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount .....	2	331,807.
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit .....	3	22,974.
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.		
<b>Section B. Medicare</b>			
5	Enter total revenue received from Medicare (including DSH and IME) .....	5	1,849,659.
6	Enter Medicare allowable costs of care relating to payments on line 5 .....	6	2,017,160.
7	Subtract line 6 from line 5. This is the surplus (or shortfall) .....	7	-167,501.
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		
<b>Section C. Collection Practices</b>			
9a	Did the organization have a written debt collection policy during the tax year? .....	9a	X
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI .....	9b	X

[illegible]

<b>Part V</b>	<b>Facility Information</b>
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## Section A. Hospital Facilities

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

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

Name, address, primary website address, and state license number

[illegible]



**Part V Facility Information** (continued)**Section B. Facility Policies and Practices**

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

Name of hospital facility or facility reporting group BERTRAND CHAFFEE HOSPITALIf reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
<b>1</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 9	<b>1</b> <input checked="" type="checkbox"/>	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
<b>2</b> Indicate the tax year the hospital facility last conducted a CHNA: <u>20 13</u>		
<b>3</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>3</b> <input checked="" type="checkbox"/>	
<b>4</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>4</b>	<input checked="" type="checkbox"/>
<b>5</b> Did the hospital facility make its CHNA report widely available to the public?	<b>5</b> <input checked="" type="checkbox"/>	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>BERTRANDCHAFFEE.COM</u>		
b <input type="checkbox"/> Other website (list url):		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Section C)		
<b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs	<b>7</b> <input checked="" type="checkbox"/>	
<b>8a</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>8a</b>	<input checked="" type="checkbox"/>
<b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	<b>8b</b>	
<b>c</b> If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information (continued) BERTRAND CHAFFEE HOSPITAL**

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? .....	X	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %			
If "No," explain in Section C the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing discounted care? .....	X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>300</u> %			
If "No," explain in Section C the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients? .....	X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a	<input checked="" type="checkbox"/> Income level		
b	<input type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input type="checkbox"/> Other (describe in Section C)		
13	Explained the method for applying for financial assistance? .....	X	
14	Included measures to publicize the policy within the community served by the hospital facility? .....	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	<input type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input type="checkbox"/> The policy was available on request		
g	<input type="checkbox"/> Other (describe in Section C)		
<b>Billing and Collections</b>			
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? .....	X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a	<input checked="" type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....	X	
If "Yes," check all actions in which the hospital facility or a third party engaged:			
a	<input checked="" type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		

**Part V Facility Information** (continued) **BERTRAND CHAFFEE HOSPITAL****18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that

apply): .....

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

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

	Yes	No
<b>19</b>	<b>X</b>	

If "No," indicate why:

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

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)****20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

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

**21** 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? .....

	Yes	No
<b>21</b>		<b>X</b>

If "Yes," explain in Section C.

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

	Yes	No
<b>22</b>		<b>X</b>

If "Yes," explain in Section C.

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

<b>Part V</b>	<b>Facility Information</b> <i>(continued)</i>
---------------	------------------------------------------------

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

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

How many non-hospital health care facilities did the organization operate during the tax year? 0

[illegible]

Schedule H (Form 990) 2013

**Part VI** Supplemental Information

Provide the following information.

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

**PART I, LINE 7:**

TOTAL PATIENT GROSS CHARGES AND NET REIMBURSEMENT DATA WAS OBTAINED FROM THE NEW YORK STATE INSTITUTIONAL COST REPORT ("ICR") WHICH REPORTS ALL REVENUE BY FINANCIAL CLASS. THE COST TO CHARGE RATIO WAS DERIVED FROM USING WORKSHEET 2 OF THE INSTRUCTIONS FOR THIS FORM. TOTAL OPERATING EXPENSES, EXCLUSIVE OF BAD DEBTS, PER THE AUDITED FINANCIAL STATEMENTS WAS OFFSET BY NON-PATIENT CARE REVENUE, MEDICAID PROVIDER TAXES AND COMMUNITY BENEFIT EXPENSE.

**PART III, LINE 2:**

HOSPITAL BAD DEBTS AS REPORTED ON THE HOSPITAL 2013 AUDITED FINANCIAL STATEMENTS.

**PART III, LINE 4:**

PER FINANCIAL STATEMENTS THE COMPANY ACCOUNTS RECEIVABLE IS CARRIED AT NET ANTICIPATED AMOUNTS DUE FROM PRIVATE PAY AND THIRD PARTY PAYORS. THE COMPANY ADJUSTS THE ALLOWANCE FOR DOUBTFUL ACCOUNTS PERIODICALLY BASED UPON PRIOR HISTORY AND CURRENT DEVELOPMENTS. BAD DEBTS

**Part VI** Supplemental Information (Continuation)

AT COST WAS DERIVED USING THE COST TO CHARGE RATIO FROM WORKSHEET 2 OF THE INSTRUCTIONS. THE ESTIMATED AMOUNT OF BAD DEBTS ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE COMPANY'S CHARITY CARE POLICY WAS ESTIMATED TO BE 5%.

## PART III, LINE 8:

THE HOSPITAL BELIEVES THAT THE SHORTFALL IN MEDICARE PAYMENTS ON PATIENTS THAT IT SERVES SHOULD BE TREATED AS A COMMUNITY BENEFIT BECAUSE THE HOSPITAL PROVIDES MEDICAL CARE TO ALL ITS PATIENTS REGARDLESS OF THEIR ABILITY TO PAY AND DOES NOT RESTRICT ACCESS OR THE LEVEL OF SERVICES TO PATIENTS BASED ON THE REIMBURSEMENT IT RECEIVES FOR THOSE SERVICES. THE HOSPITAL HAS THE ABILITY TO NEGOTIATE REIMBURSEMENT RATES WITH COMMERCIAL INSURANCES BUT IS RESTRICTED FROM NEGOTIATING RATES FOR ITS MEDICARE PATIENTS. MEDICARE REIMBURSEMENT IS SET BY CENTERS FOR MEDICARE AND MEDICAID SERVICES AND CANNOT BE NEGOTIATED BY THE HOSPITAL. THE HOSPITAL FEELS ANY SHORTFALL IN REIMBURSEMENT FOR SERVICES IT IS REQUIRED TO PROVIDE TO PATIENTS UNDER A GOVERNMENT SPONSORED PROGRAM WHERE THE RATE IS NOT NEGOTIABLE SHOULD BE INCLUDED AS A COMMUNITY BENEFIT. THE HOSPITAL USED ITS 2013 MEDICARE COST REPORT TO DETERMINE THE SHORTFALL IN MEDICARE PAYMENTS.

## PART III, LINE 9B:

OUR POLICY ALLOWS FOR ACCOUNTS ALREADY IN COLLECTION STATUS TO BECOME ELIGIBLE FOR HILL BURTON OR CHARTY CARE BASED UPON CURRENT INCOME LEVELS.

## PART VI, LINE 5:

BERTRAND CHAFFEE HOSPITAL IS A NOT-FOR-PROFIT ACUTE CARE HOSPITAL LOCATED IN SPRINGVILLE, NEW YORK. THE HOSPITAL PROVIDES

**Part VI** Supplemental Information (Continuation)

INPATIENT, OUTPATIENT AND EMERGENCY SERVICES FOR THE RESIDENTS IN THE SURROUNDING AREA. THE MISSION IS TO ENHANCE THE HEALTH STATUS OF THE RESIDENTS BY RESPONDING TO THE COMMUNITY HEALTHCARE NEEDS. THAT INCLUDES COMPASSION, DEDICATION, AND A COMMITMENT TO QUALITY WHILE MAINTAINING ECONOMIC VIABILITY AND A VISION FOR THE FUTURE.

## SCHEDULE H, PART VI, LINE 2:

THE HOSPITAL COOPERATES WITH MANY COMMUNITY GROUPS AND AGENCIES TO ASSESS THE NEEDS OF THE COMMUNITY. THE HOSPITAL CONTINUALLY MONITORS LOCAL DATA RELATED TO THE TYPES OF SERVICES COMMUNITY MEMBERS ARE RECEIVING AND WHETHER THESE SERVICES ARE AVAILABLE LOCALLY TO SUFFICIENTLY MEET COMMUNITY NEED.

## SCHEDULE H, PART VI, LINE 3

THE HOSPITAL MAKES AVAILABLE ITS FINANCIAL ASSISTANCE POLICY PROGRAM TO PATIENTS BY PROVIDING IT IN WRITING TO PATIENTS UPON ADMISSION TO THE HOSPITAL.

## SCHEDULE H, PART VI, LINE 6

NOT APPLICABLE

## SCHEDULE H, PART VI, LINE 7:

THE HOSPITAL COMPLETES AND FILES A REPORT WITH THE NEW YORK STATE DEPARTMENT OF HEALTH WHICH INCLUDES COMMUNITY BENEFITS THAT THE HOSPITAL PROVIDES. IN 2013, THE HOSPITAL FILED A FIVE-YEAR PLAN



**Part VI** Supplemental Information (Continuation)

WITH THE DEPARTMENT.

SCHEDULE H, PART V B, LINE 3:

THE HOSPITAL TOOK INTO ACCOUNT INPUT FROM THE COMMUNITY  
THROUGH VARIOUS MEETINGS WITH COUNTY AND DEPARTMENT OF HEALTH  
REPRESENTATIVES DISCUSSING PRIORITIES AND OBJECTIVES FOR EACH NEED AS  
WELL AS STRATEGIES AND COLLABORATION FOR EXECUTION OF THE PLAN TO  
ADDRESS EACH NEED.

SCHEDULE H, PART I, LINE 6A:

THE HOSPITAL PREPARED A COMMUNITY BENEFIT REPORT IN 2013  
THAT IS AVAILABLE ON THE HOSPITAL'S WEBSITE.

**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. ▶ See separate instructions.

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

OMB No. 1545-0047

**2013**

Open to Public  
Inspection

Name of the organization

**BERTRAND CHAFFEE HOSPITAL**

Employer identification number

**16-0743921**

**Part I Questions Regarding Compensation**

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

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

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

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

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

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

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

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

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

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

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

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

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

**a** The organization?

**b** Any related organization?

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

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

**a** The organization?

**b** Any related organization?

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

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

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

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

Yes No

<b>1b</b>		
<b>2</b>		
<b>4a</b>		X
<b>4b</b>		X
<b>4c</b>		X
<b>5a</b>		X
<b>5b</b>		X
<b>6a</b>		X
<b>6b</b>		X
<b>7</b>		X
<b>8</b>		X
<b>9</b>		

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

Schedule J (Form 990) 2013

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) NILS GUNNERSEN CEO	(i)	220,000.	0.	16,299.	0.	0.	236,299.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) LISETTE A. DEON PRIMARY CARE PHYSICIAN	(i)	156,567.	0.	0.	5,833.	6,769.	169,169.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
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	(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.

**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.

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

OMB No. 1545-0047

**2013**

Open to Public  
Inspection

Name of the organization

BERTRAND CHAFFEE HOSPITAL

Employer identification number  
16-0743921

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

SURROUNDING REGION TO ENHANCE THE HEALTH STATUS OF RESIDENTS AND  
RESPOND TO COMMUNITY HEALTH CARE NEEDS.

FORM 990, PART VI, SECTION B, LINE 11:

THE BOARD REVIEWED THE ORGANIZATION FORM 990 PRIOR TO FILING  
AT THE BOARD MEETING.

FORM 990, PART VI, SECTION B, LINE 12C:

CONFLICT OF INTEREST QUESTIONNAIRE FORMS ARE COMPLETED BY  
DIRECTORS AND MANAGERS ANNUALLY. THEY ARE REVIEWED BY THE COMPLIANCE  
OFFICER AND ADDRESSED AS NEEDED.

FORM 990, PART VI, SECTION B, LINE 15:

THE ORGANIZATION FORMED AN INDEPENDENT SEARCH COMMITTEE THAT  
WAS INVOLVED IN NEGOTIATING THE CONTRACT OF THE CURRENT CEO. OTHER OFFICER  
AND KEY EMPLOYEE SALARIES ARE REVIEWED BY THE BOARD OF DIRECTORS AND  
COMPARED TO PEERS IN SURROUNDING AREA TO DETERMINE AN APPROPRIATE PAY  
SCALE.

FORM 990, PART VI, SECTION C, LINE 19:

THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF  
INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON  
REQUEST.

FORM 990, PART XII, LINE 2C: AUDIT OVERSIGHT

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

Schedule O (Form 990 or 990-EZ) (2013)

Name of the organization

BERTRAND CHAFFEE HOSPITAL

Employer identification number

16-0743921

THE AUDIT OVERSIGHT PROCESS HAS NOT CHANGED FROM THE PRIOR  
YEAR.

SCHEDULE R, PART V, LINE 2: TRANSACTIONS WITH RELATED ORGANIZATIONS

THE AMOUNTS REFLECTED IN LINE 2 MAY INCLUDE SHARING OF  
EMPLOYEES (LINE 10), EQUIPMENT AND OTHER ASSETS (LINE 1N) AS WELL AS  
SPECIFIC EXPENSES REIMBURSED (LINE 1Q).

FORM 990, PART IV, LINE 34: RELATED PARTIES

THE BERTRAND CHAFFEE HOSPITAL FOUNDATION, INC. (THE  
FOUNDATION) WAS ORGANIZED TO RECEIVE AND ADMINISTER FUNDS AND BEQUESTS  
TO BENEFIT THE COMMUNITY. WHILE THE FOUNDATION MAY, AT TIMES, MAKE  
DONATIONS TO BERTRAND CHAFFEE HOSPITAL ("BCH") OR JENNIE B. RICHMOND  
CHAFFEE NURSING HOME COMPANY ("JBR"), THERE IS NO OBLIGATION TO DO SO.  
THE FOUNDATION WAS NOT ORGANIZED SOLELY TO BENEFIT EITHER OF THESE  
ENTITIES. THE RELATIONSHIP BETWEEN THE FOUNDATION, BCH AND JBR DOES  
NOT MEET ANY "RELATED PARTY" OR "CONTROL" DEFINITIONS STATED IN THE  
FORM 990 INSTRUCTIONS.

**SCHEDULE R**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990.

▶ See separate instructions.

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

OMB No. 1545-0047

**2013**

Open to Public  
Inspection

Name of the organization

**BERTRAND CHAFFEE HOSPITAL**

Employer identification number

**16-0743921**

**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.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
JENNIE B. RICHMOND CHAFFEE NURSING HOME COMPANY, INC. - 23-7259920, 222 EAST MAIN STREET, SPRINGVILLE, NY 14141	NURSING HOME	NEW YORK	501(C)(3)	LINE 9	N/A		X

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

Schedule R (Form 990) 2013

**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.

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



**Part V** Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?**a** Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity**b** Gift, grant, or capital contribution to related organization(s)**c** Gift, grant, or capital contribution from related organization(s)**d** Loans or loan guarantees to or for related organization(s)**e** Loans or loan guarantees by related organization(s)**f** Dividends from related organization(s)**g** Sale of assets to related organization(s)**h** Purchase of assets from related organization(s)**i** Exchange of assets with related organization(s)**j** Lease of facilities, equipment, or other assets to related organization(s)**k** Lease of facilities, equipment, or other assets from related organization(s)**l** Performance of services or membership or fundraising solicitations for related organization(s)**m** Performance of services or membership or fundraising solicitations by related organization(s)**n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)**o** Sharing of paid employees with related organization(s)**p** Reimbursement paid to related organization(s) for expenses**q** Reimbursement paid by related organization(s) for expenses**r** Other transfer of cash or property to related organization(s)**s** Other transfer of cash or property from related organization(s)

	Yes	No
<b>1a</b>		X
<b>1b</b>		X
<b>1c</b>		X
<b>1d</b>		X
<b>1e</b>		X
<b>1f</b>		X
<b>1g</b>		X
<b>1h</b>		X
<b>1i</b>		X
<b>1j</b>		X
<b>1k</b>		X
<b>1l</b>		X
<b>1m</b>		X
<b>1n</b>	X	
<b>1o</b>	X	
<b>1p</b>		X
<b>1q</b>	X	
<b>1r</b>		X
<b>1s</b>		X

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

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

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]

## Part VII Supplemental Information

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

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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

**Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

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

Enter filer's identifying number, see instructions

Type or print	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
File by the due date for filing your return. See instructions.	BERTRAND CHAFFEE HOSPITAL	16-0743921
	Number, street, and room or suite no. If a P.O. box, see instructions.	Social security number (SSN)
	224 EAST MAIN STREET	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	SPRINGVILLE, NY 14141	

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

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

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

TERESA DONOHUE

- The books are in the care of ☒ **224 EAST MAIN STREET - SPRINGVILLE, NY 14141**  
Telephone No. ☒ **716-592-2871** Fax No. ☐
- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

- 4 I request an additional 3-month extension of time until **NOVEMBER 17, 2014.**
- 5 For calendar year **2013**, or other tax year beginning , and ending .
- 6 If the tax year entered in line 5 is for less than 12 months, check reason: ☐ Initial return ☐ Final return  
☐ Change in accounting period
- 7 State in detail why you need the extension **MORE TIME IS NEEDED TO GATHER ADDITIONAL INFORMATION TO ENSURE A COMPLETE AND ACCURATELY FILED RETURN.**

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

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

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

Signature  Title  Date



Trust earned.

FreedMaxick™

SENT VIA E-MAIL

May 13, 2014

Office of the Attorney General  
Department of Law  
Charities Bureau  
120 Broadway  
New York, NY 10271

Re: Bertrand Chaffee Hospital  
224 East Main Street  
Springville, NY 14141  
Form CHAR500

Dear Sir or Madam:

We are the accountants for the above-mentioned taxpayer and are requesting an extension of time to file Form CHAR500 – "Annual Filing for Charitable Organizations" for 2013 until November 17, 2014 for the tax year ending December 31, 2013. The above-mentioned entity's Federal Identification Number is 16-0743921 and NYS Registration Number is 10-93-42. More time is needed to gather information to file a complete and accurate return.

Thank you for your cooperation.

Very truly yours,

Freed Maxick CPAs, P.C.

Mary B. Madonia, CPA  
Senior Manager

MBM/sbc  
Enclosure

424 Main Street, Suite 800  
Buffalo, New York 14202  
716.847.2651  
Fax 716.847.0069

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**NOV 25 2014**

NYS OFFICE OF THE ATTORNEY GENERAL  
CHARITIES BUREAU