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STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION FOR CHILDREN, YOUTH & FAMILIES

129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-4451 1-800-852-3345 Ext. 4451
FAX: 603-271-4729 TDD Access: 1-800-735-2964

Nicholas A. Toumpas
Commissioner

Maggie Bishop
Director

April 19, 2013

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, NH 03301

100% general

REQUESTED ACTION

Authorize the Department of Health and Human Services, Divisions for Children, Youth and Families to enter into an agreement with Catholic Medical Center Laboratory, 100 McGregor Street, Manchester, NH 03102 (Vendor #177240 R003), for the provision of providing laboratory services to the John H. Sununu Youth Services Center, effective July 1, 2013 or date of Governor and Executive Council approval, whichever comes later, through June 30, 2015, in an amount not to exceed \$54,000.00. Funds are anticipated to be available in State Fiscal Years 2014 and 2015 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts, if needed and justified, between State Fiscal Years:

05-95-42-421510-79150000 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS: HUMAN SERVICES, SUNUNU YOUTH SERVICE CENTER, HEALTH SERVICES

| <u>Class/Object</u> | <u>Title</u> | <u>Activity Code</u> | <u>SFY 2014</u> | <u>SFY 2015</u> | <u>TOTAL</u> |
|---------------------|-----------------|----------------------|-----------------|-----------------|--------------|
| 101-500729 | Health Services | 41111130 | \$27,000.00 | \$27,000.00 | \$54,000.00 |

EXPLANATION

The above action is requested for the provision of providing laboratory services to the youth at the John H. Sununu Youth Services Center. The Division provides medical services through a 24/7 nursing coverage, staff psychiatrist, and a contract primary physician to Center residents. Currently, when laboratory services are ordered staff at the Center transport the residents to a location outside the Center for the specimen collection. Generally, two staff are required for each transport. With up to fifteen (15) residents each month requiring transport to the collection site it becomes costly and negatively impacts staffing levels. This is a burdensome process for the Division. To improve efficient use of Center staff the Division is seeking laboratory services to include a qualified technician acceptable to the Division that will come to the Center to collect specimens. The mission of this initiative is to reduce the demand on Center staffing to transport residents to a location outside the Center for the collection of specimens.

Competitive Bidding Process

On August 1, 2012, the Division issued a Request for Proposals for this program. The Request for Proposals was published on the Department of Health and Human Services website. There was no response to this initial RFP. The Division reissued the RFP on October 3, 2012 and the Division also announced the release of the Request for Proposals via a letter sent to major medical facilities in the area.

The Request for Proposals included evaluation criteria and a description of factors that the Division would utilize in assessing the effectiveness of proposals received. The Division formed an Evaluation Committee comprised of Division staff from the John H. Sununu Youth Services Center and the Division's Financial Analyst and Contract Specialist. Committee members individually reviewed Catholic Medical Center's proposal; out of 100 possible points the agency's proposal scored an average of 93 points. As a result, the Committee recommended awarding an agreement to Catholic Medical Center to serve the youth at the Sununu Youth Services Center.

Catholic Medical Center is a major health facility in the city of Manchester and has served the community for with state-of-the-art laboratory needs since 2006.

In the event that this contract is not approved by the Governor and Executive Council, the laboratory services needed for the youth at the Sununu Youth Services Center will continue to be provided by the Division by utilizing staff and State vehicles which is costly and requires higher staffing ratios due to transporting the youth off campus to a lab facility.

Agreement Terms

The agreement calls for the provision of these services for two years and reserves the Division's right to renew them for up to four additional years based on the satisfactory delivery of services, continued availability of supporting funds, and Governor and Council approval.

Geographic area served: John H. Sununu Youth Services Center, Manchester, NH

Source of funds: 100% General funds

Respectfully submitted,

Maggie Bishop (L.E.B.)

Maggie Bishop
Director

Approved by:

Nicholas A. Toumpas
Nicholas A. Toumpas
Commissioner

**State of NH
Proposal Evaluation Summary
RFP Name: SYSC Lab Svcs**

Date: 11-13-12

Evaluator Name: Average of All Scores

| | | Average of All Scores | | | | Individual Evaluator Scores | | | | | | | | |
|---|---|-----------------------|----------------|-----------------|--------------|-------------------------------|-----------------|--------------|----------------------|-----------------|--------------|--------------|--------------|-------------|
| | | CMC | | EH | | Catholic Medical Center (CMC) | | | Elliot Hospital (EH) | | | | | |
| | | Tim McAvoy | Donna Bourbeau | John Harrington | Tim McAvoy | Donna Bourbeau | John Harrington | Tim McAvoy | Donna Bourbeau | John Harrington | | | | |
| 1. Agency Capacity Section (Up to 12 Points Total) | | | | | | | | | | | | | | |
| a | Agency Mission: The overall mission, program, and services of the organization relate to the program's goals and priorities as described in the RFP. | 4.00 | 12.00 | 3.67 | 11.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00 | 4.00 | 4.00 | 0.00 | 0.00 |
| b | Relevant Agency Experience The organization demonstrates the experience and capacity necessary to carry out the services, provide the deliverables, and to meet the performance measures proposed. This includes their overall ability to perform the technical | 4.00 | 12.00 | 3.33 | 10.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00 | 3.00 | 3.00 | 4.00 | 0.00 |
| c | Agency Update The organization demonstrates that any significant changes and accomplishments (for example, changes in geographic area served, staffing, or reorganization of agency structure) which occurred during the current fiscal year, or which are plan | 4.00 | 12.00 | 4.00 | 12.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00 | 4.00 | 4.00 | 4.00 | 0.00 |
| Sub Total | | 12.00 | 36.00 | 11.00 | 33.00 | 12.00 | 12.00 | 12.00 | 0.00 | 0.00 | 10.00 | 11.00 | 12.00 | 0.00 |
| 2. Program Structure/Plan of Operation Section (Up to 48 Points Total) | | | | | | | | | | | | | | |
| a | Program Specifications: The proposal is programmatically relevant taking into account the parameters set out in the RFP. | 7.67 | 23.00 | 6.33 | 19.00 | 8.00 | 8.00 | 7.00 | 0.00 | 0.00 | 5.00 | 7.00 | 7.00 | 0.00 |
| b | Development and Implementation: The proposal describes the applicant's strategy and methodology for development and implementation of the program based on the criteria in the RFP. | 7.67 | 23.00 | 1.67 | 5.00 | 8.00 | 8.00 | 7.00 | 0.00 | 0.00 | 0.00 | 3.00 | 2.00 | 0.00 |
| c | Program Management: The proposal describes the systems the agency will use to manage the program based on the requirements set form in the RFP. | 7.67 | 23.00 | 6.67 | 20.00 | 8.00 | 8.00 | 7.00 | 0.00 | 0.00 | 6.00 | 7.00 | 7.00 | 0.00 |
| d | Program Evaluation The proposal presents a sound monitoring and evaluation plan. The plan states how progress toward meeting deliverables and performance targets (if applicable) will be measured. The plan includes a description of the systems that will b | 7.33 | 22.00 | 6.33 | 19.00 | 8.00 | 7.00 | 7.00 | 0.00 | 0.00 | 5.00 | 7.00 | 7.00 | 0.00 |
| e | Deliverables and Performance Measures Deliverables and goals for performance measures chosen by the applicant are realistic and agency-specific. Applicant is to provide a description about how their service will: Increase staff efficiency, provide quality | 7.67 | 23.00 | 3.33 | 10.00 | 8.00 | 8.00 | 7.00 | 0.00 | 0.00 | 3.00 | 5.00 | 2.00 | 0.00 |
| f | Work Plan A work plan is detailed for all objectives and performance measures and the plan describes steps necessary to meet or maintain the applicant's performance measure target in a clear and rational process. | 7.00 | 21.00 | 1.33 | 4.00 | 7.00 | 7.00 | 7.00 | 0.00 | 0.00 | 0.00 | 2.00 | 2.00 | 0.00 |
| Sub Total | | 45.00 | 135.00 | 25.67 | 77.00 | 47.00 | 46.00 | 42.00 | 0.00 | 0.00 | 19.00 | 31.00 | 27.00 | 0.00 |
| 3. Budget and Justification (Up to 32 Points Total) | | | | | | | | | | | | | | |
| a | Relevance and Justification: The budget is appropriate in relation to the proposed activities; is reasonable, clearly justified, and consistent with the intended use of funds. A separate budget is submitted for each project year. | 7.00 | 21.00 | 4.25 | 17.00 | 7.00 | 7.00 | 7.00 | 0.00 | 0.00 | 5.00 | 6.00 | 6.00 | 0.00 |
| b | Budget Narrative: The budget narrative provides a detailed description and justification for the use of funds needed to carry out the program. | 6.33 | 19.00 | 3.50 | 14.00 | 6.00 | 6.00 | 7.00 | 0.00 | 0.00 | 4.00 | 4.00 | 6.00 | 0.00 |
| c | The Program Staff List: The Key Personnel lists all program staff including those paid for by the contract and those paid by other sources. | 7.67 | 23.00 | 5.50 | 22.00 | 8.00 | 8.00 | 7.00 | 0.00 | 0.00 | 7.00 | 7.00 | 8.00 | 0.00 |
| d | Indirect Cost/direct costs are accurately demonstrated on the budget documentation. They are reasonable and make every effort to assure the maximum amount of funds are applied to services for | 7.67 | 23.00 | 4.25 | 17.00 | 8.00 | 8.00 | 7.00 | 0.00 | 0.00 | 6.00 | 5.00 | 6.00 | 0.00 |
| Sub Total | | 28.67 | 86.00 | 23.33 | 70.00 | 29.00 | 29.00 | 28.00 | 0.00 | 0.00 | 22.00 | 22.00 | 26.00 | 0.00 |

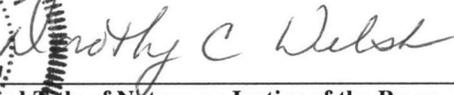
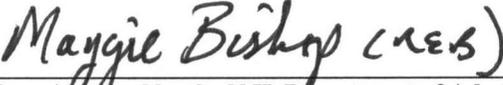
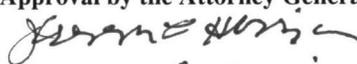
Subject: John H. Sununu Youth Services Laboratory Services

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION.

| | | | |
|--|---|---|--|
| 1.1 State Agency Name Department of Health and Human Services Division for Children, Youth and Familie | | 1.2 State Agency Address 129 Pleasant Street Concord, NH 03301 | |
| 1.3 Contractor Name Catholic Medical Center Laboratory | | 1.4 Contractor Address 100 McGregor Street Manchester, NH 03102 | |
| 1.5 Contractor Phone Number 603-668-3545 | 1.6 Account Number 10-040-58130000-101-500729 | 1.7 Completion Date 6/30/2015 | 1.8 Price Limitation \$54,000.00 |
| 1.9 Contracting Officer for State Agency John Harrington | | 1.10 State Agency Telephone Number 603-271-9540 | |
| 1.11 Contractor Signature  | | 1.12 Name and Title of Contractor Signatory Joseph Pepe, MD, CEO & President, CMC | |
| 1.13 Acknowledgement: State of <u>NH</u> , County of <u>Hillsborough</u> On <u>4/18/13</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12. | | | |
| 1.13.1 Signature of Notary Public or Justice of the Peace   | | | |
| 1.13.2 Name and Title of Notary or Justice of the Peace Dorothy C. Welsh Notary Public | | | |
| 1.14 State Agency Signature  | | 1.15 Name and Title of State Agency Signatory Maggie Bishop, Director | |
| 1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____ | | | |
| 1.17 Approval by the Attorney General (Form, Substance and Execution) By:  Jarner P. Herrick, Attorney On: <u>22 April 2013</u> | | | |
| 1.18 Approval by the Governor and Executive Council By: _____ On: _____ | | | |



2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.
3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.
Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.
5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.
7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.
7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

Contractor Initials: 
Date: 4/18/13

8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

- 8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;
- 8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;
- 8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or
- 8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination

Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE. In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS. The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each

Contractor Initials: 
Date: 4/18/13

certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("Workers' Compensation").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS.

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

Contractor Initials:

Date:



4/18/13

CERTIFICATE OF VOTE

I, Margaret-Ann Moran, Esq., Officer and Secretary, of Catholic Medical Center, do hereby certify that:

1. I am the duly elected Secretary of Catholic Medical Center, a non profit corporation;
2. The following are true copies of two resolutions duly adopted at a meeting of the Executive Committee of the Board of Directors of the corporation, duly held on April 18, 2013

RESOLVED: That this corporation may enter into any and all contracts, amendments, renewals, revisions or modifications thereto, with the State of New Hampshire, acting through its Department of Health and Human Services, for the provision of laboratory services.

RESOLVED: That the President & CEO is hereby authorized on behalf of this corporation to enter into said contract with the State and to execute any and all documents, agreements, and other instruments; and any amendments, revisions, or modifications thereto, as he/she may deem necessary, desirable, or appropriate.

3. The foregoing resolutions have not been amended or revoked and remain in full force and effect as of April 18, 2013;
4. Joseph Pepe, MD is the duly elected President & CEO of the corporation.

IN WITNESS WHEREOF, I have hereunto set my hand as the Secretary of the corporation this 18th day of April, 2013.



Margaret-Ann Moran, Esq., Secretary

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

The foregoing instrument was acknowledged before me this 18th day of April, 2013 by
Margaret-Ann Moran, Esq.



Dorothy C. Welsh, Notary Public
My Commission Expires: June 3, 2014



**EXHIBIT A
SCOPE OF SERVICES**

DATE: April 1, 2013

CONTRACT: Laboratory Services for the John H. Sununu Youth Services Center

CONTRACT PERIOD: July 1, 2013 to June 30, 2015

CONTRACTOR NAME: Catholic Medical Center Laboratory

ADDRESS: 100 McGregor Street
Manchester, NH 03102

TELEPHONE: 603-663-5362

REPRESENTATIVE: Roberta E. Provencal
TITLE: Director of Laboratory Services

PROGRAM SPECIFICATIONS

A. Program Outcomes

The expected outcomes are as follows:

- The collection of resident specimens to be performed at the SYSC.
- The specimens collected at the SYSC to be transported to a laboratory for testing.
- Elimination of resident transports for collecting specimens.
- Increase staff efficiency.
- Quality specimen collection.
- Quality laboratory services.
- Timely reporting of laboratory results.
- Success will be measured by several important factors, including, but limited to:
 - Number of specimens that require collection outside of the SYSC.
 - Quality measures instituted to evaluate specimen collection, testing and reporting.

B. Program Operations

1. Laboratory Services. The contractor agrees that all laboratory services to be provided, including those laboratory services referenced in Exhibit B-1, meet the requirements of The Joint Commission, the Clinical Laboratory Improvement Act of 1988 (CLIA), as amended, or any other applicable accrediting bodies. The vendor

agrees to notify the Division in writing within five (5) working days after notification that the abovementioned services do not meet these requirements or that the vendor as a whole did not meet The Joint Commission or any other applicable accrediting agencies requirements.

2. Quarterly Specimen Collection Quality Assurance Report. The vendor shall submit a quarterly Specimen Collection Quality Assurance Report. Copies of the report shall be sent to the Medical Coordinator and The Manager of Residential Services for the Division and shall include:
 - a. The number of each test and profile performed;
 - b. A list, by resident, of the tests or profiles completed;
 - c. A list, by practitioner, of the tests and profiles ordered;
 - d. A list, by resident, of the phlebotomy collections completed and the costs associated with each;
 - e. A list, by dates and times, of the additional courier call-backs, and the associated costs;
 - f. A list, by resident, of all rejected specimens; and
 - g. Other reports upon request, e.g., a summary of reported issues.
3. Identified Problems. Identified problems during the contract term shall be resolved mutually between the Division and Contractor. At least quarterly during each contract year, the Division and the Contractor shall meet to discuss the quality and appropriateness of services and resolve any identified problems.
4. Objective Criteria. The contractor shall provide the Division with information regarding the objective criteria, e.g., a quality control surveillance program, established to review and monitor the services provided to the Division.
5. Laboratory Results. Laboratory results shall be reported on a standard form approved by the Division which includes the date and time a specimen as collected, received by the laboratory and completed, technologist's initials and pathologist's review, where appropriate. The contractor, at no additional costs, shall supply appropriate requisition forms to the Division.
6. Frequency of Services. Routine tests are to be performed once daily, potentially seven (7) days per week, except for chemistry profiles on Thanksgiving, Christmas, and New Year's Day.
7. Emergency/Abnormal Tests. Emergency or abnormal test results or others requested by a physician shall be performed and reported in a timely fashion consistent with clinical appropriateness, to the Division by call and/or fax, weekends excepted, followed by printed copies for the medical record.
8. Results. Results must be delivered to the Division by 4:00 that same day. Printed copies of all laboratory results shall be forwarded to the appropriate clinician for review. Turn around time shall be maintained in a manner suitable to the clinical situation in which the tests are requested.

Contractor Initials: _____

Date: _____


4/18/13

9. Reportable Diseases. The contractor agrees to notify the Division within one (1) working day, of any laboratory findings that indicate a disease reportable to the NH Division of Public Health Services.
10. Antimicrobial Susceptibility. The contractor shall provide the antimicrobial susceptibility summary annually.
11. Change in Reference Laboratories. All laboratory services shall be performed at the contractor's facility or a reference laboratory that meets the aforementioned requirements. The contractor must be capable of performing the tests and meeting turn-around times as specified. The contractor shall notify the Division of any change in reference laboratories.
12. Data. Data provided to the Division shall be in a computerized form in sufficient detail for the Division to bill payers.
13. On-Line Results. The contractor shall provide the Division the ability to access on-line laboratory results. These services shall be provided by the contractor at no cost to the Division. The contractor and the Division shall cooperate in the development of enhancements to the computerized reporting system.
14. Protected Health Information. The contractor and Division shall strictly abide by all state and federal laws and regulations with respect to the privacy and electronic security of protected health information, including, without limitation, the regulations promulgated under the Health Insurance Portability and Accountability Act of 1996, as currently issued, as amended from time to time. The obligation to keep protected health information confidential shall survive the termination of this contract.
15. Equipment and supplies. The contractor shall provide all equipment and supplies needed for the specimen collection.

C. Staff Qualifications

1. The contractor shall require that all staff, sub-contractors, and volunteers working on this project, who come in contact with children, receive background and central registry checks.
2. The contractor will provide a qualified technician acceptable to the Division to perform the ordered tests between the hours of 6 AM and 8 AM. The technician shall visit the SYSC in accordance with a schedule as mutually agreed upon by the vendor and Division, but not less than one morning per week.
 - 2.1 The program shall be staffed by individual providers and/or employees of the facility that are duly licensed and registered, and in good standing under the laws of the State of New Hampshire, to engage in the practice of medicine, and that said licenses and registrations have not been suspended, revoked, or restricted in any manner.

2.2 The program shall be staffed by individual providers and/or employees who have not been suspended or exclude from participating in Medicaid, other federal and state reimbursement programs, or the payment plan of any commercial insurer, health maintenance organization, preferred provider organization, accountable health plan, or other health benefit program.

Contractor Initials: 
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- 2.4. Notwithstanding anything to the contrary herein, the Contractor agrees that funding under this Contract may be withheld, in whole or in part, in the event of noncompliance with any State or Federal law, rule or regulation applicable to the Services provided, or if the said Services have not been completed in accordance with the terms and conditions of this Agreement.
- 2.5. Payments may be withheld pending receipt of required reports as outlined in Exhibit A, B, 2.
3. The Division reserves the right to renew the Contract for up to four years, subject to continued availability of funds, satisfactory performance of services, and approval by the Governor and Executive Council.

Contractor Initials: _____



Date: 4/18/13

**State of New Hampshire
Department of Health and Human Services**

Division for Children, Youth and Families

**EXHIBIT B-1
PERSONNEL DATA - Catholic Medical Center - Laboratory Services
State Fiscal Year 2014**

| | Name | Title | Annual Salary | % of Time to Work on the Project | Project Amount Charged for SFY 2014 (7/1/13 - 6/30/14) |
|---------------|-------------------|--------------------------------|---------------|----------------------------------|--|
| 1 | Roberta Provencal | Executive Director, Laboratory | \$ 135,844.80 | 0.1% | \$ 13.58 |
| 2 | Amy Schultz | Lab Technical Operations Mgr | \$ 100,713.60 | 0.1% | \$ 10.07 |
| 3 | Thomas Hebert | Lab Outreach Liaison | \$ 73,831.69 | 1% | \$ 738.32 |
| 4 | Penny Lajoie | Phlebotomy Supervisor | \$ 81,861.10 | 1% | \$ 818.61 |
| 5 | Andrea Haddad | Phlebotomist 3 | \$ 36,608.00 | 5% | \$ 1,830.40 |
| 6 | Stephanie Caron | Phlebotomist 3 | \$ 34,320.00 | 4% | \$ 1,372.80 |
| 7 | | | \$ - | | \$ - |
| 8 | | | | | |
| 9 | | | | | |
| Total: | | | | | \$ 4,783.78 |

State Fiscal Year 2015

| | Name | Title | Annual Salary | % of Time to Work on the Project | Project Amount Charged for SFY 2015 (7/1/14 - 6/30/15) |
|---------------|-------------------|--------------------------------|---------------|----------------------------------|--|
| 1 | Roberta Provencal | Executive Director, Laboratory | \$ 135,844.80 | 0.1% | \$ 13.58 |
| 2 | Amy Schultz | Lab Technical Operations Mgr | \$ 100,713.60 | 0.1% | \$ 10.07 |
| 3 | Thomas Hebert | Lab Outreach Liaison | \$ 73,831.69 | 1% | \$ 738.32 |
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| 7 | | | \$ - | | \$ - |
| 8 | | | | | |
| 9 | | | | | |
| Total: | | | | | \$ 4,783.78 |

Contractor Initials: 
Date: 4/18/13

NH Department of Health and Human Services

STANDARD EXHIBIT C

SPECIAL PROVISIONS

1. Contractors Obligations: The Contractor covenants and agrees that all funds received by the Contractor under the Contract shall be used only as payment to the Contractor for services provided to eligible individuals and, in the furtherance of the aforesaid covenants, the Contractor hereby covenants and agrees as follows:

2. Compliance with Federal and State Laws: If the Contractor is permitted to determine the eligibility of individuals such eligibility determination shall be made in accordance with applicable federal and state laws, regulations, orders, guidelines, policies and procedures.

3. Time and Manner of Determination: Eligibility determinations shall be made on forms provided by the Department for that purpose and shall be made and remade at such times as are prescribed by the Department.

4. Documentation: In addition to the determination forms required by the Department, the Contractor shall maintain a data file on each recipient of services hereunder, which file shall include all information necessary to support an eligibility determination and such other information as the Department requests. The Contractor shall furnish the Department with all forms and documentation regarding eligibility determinations that the Department may request or require.

5. Fair Hearings: The Contractor understands that all applicants for services hereunder, as well as individuals declared ineligible have a right to a fair hearing regarding that determination. The Contractor hereby covenants and agrees that all applicants for services shall be permitted to fill out an application form and that each applicant or re-applicant shall be informed of his/her right to a fair hearing in accordance with Department regulations.

6. Gratuities or Kickbacks: The Contractor agrees that it is a breach of this Contract to accept or make a payment, gratuity or offer of employment on behalf of the Contractor, any Sub-Contractor or the State in order to influence the performance of the Scope of Work detailed in Exhibit A of this Contract. The State may terminate this Contract and any sub-contract or sub-agreement if it is determined that payments, gratuities or offers of employment of any kind were offered or received by any officials, officers, employees or agents of the Contractor or Sub-Contractor.

7. Retroactive Payments: Notwithstanding anything to the contrary contained in the Contract or in any other document, contract or understanding, it is expressly understood and agreed by the parties hereto, that no payments will be made hereunder to reimburse the Contractor for costs incurred for any purpose or for any services provided to any individual prior to the Effective Date of the Contract and no payments shall be made for expenses incurred by the Contractor for any services provided prior to the date on which the individual applies for services or (except as otherwise provided by the federal regulations) prior to a determination that the individual is eligible for such services.

8. Conditions of Purchase: Notwithstanding anything to the contrary contained in the Contract, nothing herein contained shall be deemed to obligate or require the Department to purchase services hereunder at a rate which reimburses the Contractor in excess of the Contractor's costs, at a rate which exceeds the amounts reasonable and necessary to assure the quality of such service, or at a rate which exceeds the rate charged by the Contractor to ineligible individuals or other third party funders for such service. If at any time during the term of this Contract or after receipt of the Final Expenditure Report hereunder, the Department shall determine that the Contractor has used payments hereunder to reimburse items of expense other than such costs, or has received payment in excess of such costs or in excess of such rates charged by the Contractor to ineligible individuals or other third party funders, the Department may elect to:

8.1 Renegotiate the rates for payment hereunder, in which event new rates shall be established;

8.2 Deduct from any future payment to the Contractor the amount of any prior reimbursement in excess of costs;

8.3 Demand repayment of the excess payment by the Contractor in which event failure to make such repayment shall constitute an Event of Default hereunder. When the Contractor is permitted to determine the eligibility of individuals for services, the Contractor agrees to reimburse the Department for all funds paid by the Department to the Contractor for services provided to any individual who is found by the Department to be ineligible for such services at any time during the period of retention of records established herein.

RECORDS: MAINTENANCE, RETENTION, AUDIT, DISCLOSURE AND CONFIDENTIALITY:

9. Maintenance of Records: In addition to the eligibility records specified above, the Contractor covenants and agrees to maintain the following records during the Contract Period:

9.1 Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department, and to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls, and other records requested or required by the Department.

9.2 Statistical Records: Statistical, enrollment, attendance or visit records for each recipient of services during the Contract Period, which records shall include all records of application and eligibility (including all forms required to determine eligibility for each such recipient), records regarding the provision of services and all invoices submitted to the Department to obtain payment for such services.

9.3 Medical Records: Where appropriate and as prescribed by the Department regulations, the Contractor shall retain medical records on each patient/recipient of services.

10. Audit: Contractor shall submit an annual audit to the Department within 60 days after the close of the Contractor fiscal year. It is recommended that the report be prepared in accordance with the provision of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations" and the provisions of Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the US General Accounting Office (GAO standards) as they pertain to financial compliance audits.

10.1 Audit and Review: During the term of this Contract and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Contract for purposes of audit, examination, excerpts and transcripts.

10.2 Audit Liabilities: In addition to and not in any way in limitation of obligations of the Contract, it is understood and agreed by the Contractor that the Contractor shall be held liable for any state or federal audit exceptions and shall return to the Department, all payments made under the Contract to which exception has been taken or which have been disallowed because of such an exception.

11. Confidentiality of Records: All information, reports, and records maintained hereunder or collected in connection with the performance of the services and the Contract shall be confidential and shall not be disclosed by the Contractor, provided however, that pursuant to state laws and the regulations of the Department regarding the use and disclosure of such information, disclosure may be made to public officials requiring such information in connection with their official duties and for purposes directly connected to the administration of the services and the Contract; and provided further, that the use or disclosure by any party of any information concerning a recipient for any purpose not directly connected with the administration of the Department or the Contractor's responsibilities with respect to purchased services hereunder is prohibited except on written consent of the recipient, his attorney or guardian.

Notwithstanding anything to the contrary contained herein the covenants and conditions contained in the Paragraph shall survive the termination of the Contract for any reason whatsoever.

12. Reports: Fiscal and Statistical: The Contractor agrees to submit the following reports at the following times if requested by the Department.

12.1 Interim Financial Reports: Written interim financial reports containing a detailed description of all costs and non-allowable expenses incurred by the Contractor to the date of the report and containing such other information as shall be deemed satisfactory by the Department to justify the rate of payment hereunder. Such Financial Reports shall be submitted on the form designated by the Department or deemed satisfactory by the Department.

12.2 Final Report: A final report shall be submitted within thirty (30) days after the end of the term of this Contract. The Final Report shall be in a form satisfactory to the Department and shall contain a summary statement of progress toward goals and objectives stated in the Proposal and other information required by the Department.

13. Completion of Services: Disallowance of Costs: Upon the purchase by the Department of the maximum number of units provided for in the Contract and upon payment of the price limitation hereunder, the Contract and all the obligations of the parties hereunder (except such obligations as, by the terms of the Contract are to be performed after the end of the term of this Contract and/or survive the termination of the Contract) shall terminate, provided however, that if, upon review of the Final Expenditure Report the Department shall disallow any expenses claimed by the Contractor as costs hereunder the Department shall retain the right, at its discretion, to deduct the amount of such expenses as are disallowed or to recover such sums from the Contractor.

14. Credits: All documents, notices, press releases, research reports and other materials prepared during or resulting from the performance of the services of the Contract shall include the following statement:

14.1 The preparation of this (report, document etc.) was financed under a Contract with the State of New Hampshire, Department of Health and Human Services, with funds provided in part by the State of New Hampshire and/or such other funding sources as were available or required, e.g., the United States Department of Health and Human Services.

15. Prior Approval and Copyright Ownership:

All materials (written, video, audio) produced or purchased under the contract shall have prior approval from DHHS before printing, production, distribution or use. The DHHS will retain copyright ownership for any and all original materials produced, including, but not limited to, brochures, resource directories, protocols or guidelines, posters, or reports. Contractor shall not reproduce any materials produced under the contract without prior written approval from DHHS.

16. Operation of Facilities: Compliance with Laws and Regulations: In the operation of any facilities for providing services, the Contractor shall comply with all laws, orders and regulations of federal, state, county and municipal authorities and with any direction of any Public Officer or officers pursuant to laws which shall impose an order or duty upon the contractor with respect to the operation of the facility or the provision of the services at such facility. If any governmental license or permit shall be required for the operation of the said facility or the performance of the said services, the Contractor will procure said license or permit, and will at all times comply with the terms and conditions of each such license or permit. In connection with the foregoing requirements, the Contractor hereby covenants and agrees that, during the term of this Contract the facilities shall comply with all rules, orders, regulations, and requirements of the State Office of the Fire Marshal and the local fire protection agency, and shall be in conformance with local building and zoning codes, by-laws and regulations.

17. Subcontractors: DHHS recognizes that the Contractor may choose to use subcontractors with greater expertise to perform certain health care services or functions for efficiency or convenience, but the Contractor shall retain the responsibility and accountability for the function(s). Prior to subcontracting, the Contractor shall evaluate the subcontractor's ability to perform the delegated function(s). This is accomplished through a written agreement that specifies activities and reporting responsibilities of the subcontractor and provides for revoking the delegation or imposing sanctions if the subcontractor's performance is not adequate. Subcontractors are subject to the same contractual conditions as the Contractor and the Contractor is responsible to ensure subcontractor compliance with those conditions.

When the Contractor delegates a function to a subcontractor, the Contractor shall do the following:

- Evaluate the prospective subcontractor's ability to perform the activities, before delegating the function
- Have a written agreement with the subcontractor that specifies activities and reporting responsibilities and how sanctions/revocation will be managed if the subcontractor's performance is not adequate

- Monitor the subcontractor's performance on an ongoing basis
- Provide to DHHS an annual schedule identifying all subcontractors, delegated functions and responsibilities, and when the subcontractor's performance will be reviewed
- DHHS shall review and approve all subcontracts.

If the Contractor identifies deficiencies or areas for improvement are identified, the Contractor shall take corrective action.

SPECIAL PROVISIONS – DEFINITIONS

As used in the Contract, the following terms shall have the following meanings:

COSTS: Shall mean those direct and indirect items of expense determined by the Department to be allowable and reimbursable in accordance with cost and accounting principles established in accordance with state and federal laws, regulations, rules and orders.

DEPARTMENT: NH Department of Health and Human Services.

PROPOSAL: If applicable, shall mean the document submitted by the Contractor on a form or forms required by the Department and containing a description of the Services to be provided to eligible individuals by the Contractor in accordance with the terms and conditions of the Contract and setting forth the total cost and sources of revenue for each service to be provided under the Contract.

UNIT: For each service that the Contractor is to provide to eligible individuals hereunder, shall mean that period of time or that specified activity determined by the Department and specified in Exhibit B of the Contract.

FEDERAL/STATE LAW: Wherever federal or state laws, regulations, rules, orders, and policies, etc. are referred to in the Contract, the said reference shall be deemed to mean all such laws, regulations, etc. as they may be amended or revised from the time to time.

SUPPLANTING OTHER FEDERAL FUNDS: The Contractor guarantees that funds provided under this Contract will not supplant any existing federal funds available for these services.

NH Department of Health and Human Services

STANDARD EXHIBIT C-I

ADDITIONAL SPECIAL PROVISIONS

1. The Department reserves the right to renew this contract for up to four additional years subject to continued availability of funds, satisfactory performance of services, and approval of contract renewal by the Governor and Executive Council.

NH Department of Health and Human Services

STANDARD EXHIBIT D

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS
US DEPARTMENT OF EDUCATION - CONTRACTORS
US DEPARTMENT OF AGRICULTURE - CONTRACTORS**

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.). The January 31, 1989 regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691), and require certification by grantees (and by inference, sub-grantees and sub-contractors), prior to award, that they will maintain a drug-free workplace. Section 3017.630(c) of the regulation provides that a grantee (and by inference, sub-grantees and sub-contractors) that is a State may elect to make one certification to the Department in each federal fiscal year in lieu of certificates for each grant during the federal fiscal year covered by the certification. The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment. Contractors using this form should send it to:

Commissioner
NH Department of Health and Human Services
129 Pleasant Street,
Concord, NH 03301-6505

- (A) The grantee certifies that it will or will continue to provide a drug-free workplace by:
- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - (b) Establishing an ongoing drug-free awareness program to inform employees about
 - (1) The dangers of drug abuse in the workplace;
 - (2) The grantee's policy of maintaining a drug-free workplace;
 - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

Contractor Initials: 
Date: 4/18/13

- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
 - (1) Abide by the terms of the statement; and
 - (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted
 - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

(B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

Place of Performance (street address, city, county, state, zip code) (list each location)

Check if there are workplaces on file that are not identified here.

Catholic Medical Center From: 7/1/13 To: 6/30/15
 (Contractor Name) (Period Covered by this Certification)

Joseph Pepe, MD President + CEO
 (Name & Title of Authorized Contractor Representative)

 4/18/13
 (Contractor Representative Signature) (Date)

Contractor Initials: 
 Date: 4/18/13

NH Department of Health and Human Services

STANDARD EXHIBIT E

CERTIFICATION REGARDING LOBBYING

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Section 319 of Public Law 101-121, Government wide Guidance for New Restrictions on Lobbying, and 31 U.S.C. 1352, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

US DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTRACTORS
US DEPARTMENT OF EDUCATION - CONTRACTORS
US DEPARTMENT OF AGRICULTURE - CONTRACTORS

- Programs (indicate applicable program covered):
- *Temporary Assistance to Needy Families under Title IV-A
 - *Child Support Enforcement Program under Title IV-D
 - *Social Services Block Grant Program under Title XX
 - *Medicaid Program under Title XIX
 - *Community Services Block Grant under Title VI
 - *Child Care Development Block Grant under Title IV

Contract Period: _____ through _____

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor).
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor), the undersigned shall complete and submit Standard Form LLL, (Disclosure Form to Report Lobbying, in accordance with its instructions, attached and identified as Standard Exhibit E-I.)
- (3) The undersigned shall require that the language of this certification be included in the award document for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.



(Contractor Representative Signature)

Joseph Pepe, MD President & CEO

(Authorized Contractor Representative Name & Title)

Catholic Medical Center

(Contractor Name)

4/18/13

(Date)

NH Department of Health and Human Services

STANDARD EXHIBIT F

**CERTIFICATION REGARDING DEBARMENT, SUSPENSION
AND OTHER RESPONSIBILITY MATTERS**

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Executive Office of the President, Executive Order 12549 and 45 CFR Part 76 regarding Debarment, Suspension, and Other Responsibility Matters, and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal (contract), the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. If necessary, the prospective participant shall submit an explanation of why it cannot provide the certification. The certification or explanation will be considered in connection with the NH Department of Health and Human Services' (DHHS) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when DHHS determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, DHHS may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the DHHS agency to whom this proposal (contract) is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549: 45 CFR Part 76. See the attached definitions.
6. The prospective primary participant agrees by submitting this proposal (contract) that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by DHHS.

Contractor Initials: 

Date: 4/18/13

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by DHHS, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or involuntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List (of excluded parties).
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, DHHS may terminate this transaction for cause or default.

PRIMARY COVERED TRANSACTIONS

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have not within a three-year period preceding this proposal (contract) been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or a contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal (contract).

LOWER TIER COVERED TRANSACTIONS

By signing and submitting this lower tier proposal (contract), the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:

- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
- (b) where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal (contract).

The prospective lower tier participant further agrees by submitting this proposal (contract) that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions," without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.



 (Contractor Representative Signature)

Joseph Pepe, MD President & CEO

 (Authorized Contractor Representative Name & Title)

Catholic Medical Center

 (Contractor Name)

4/18/13

 (Date)

Contractor Initials: 
 Date: 4/18/13

NH Department of Health and Human Services

STANDARD EXHIBIT G

CERTIFICATION REGARDING
THE AMERICANS WITH DISABILITIES ACT COMPLIANCE

The Contractor identified in Section 1.3 of the General Provisions agrees by signature of the Contractor's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this proposal (contract) the Contractor agrees to make reasonable efforts to comply with all applicable provisions of the Americans with Disabilities Act of 1990.



(Contractor Representative Signature)

Joseph Pepe, MD President & CEO

(Authorized Contractor Representative Name & Title)

Catholic Medical Center

(Contractor Name)

4/18/13

(Date)

NH Department of Health and Human Services

STANDARD EXHIBIT H

CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

Public Law 103-227, Part C - Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1000 per day and/or the imposition of an administrative compliance order on the responsible entity.

The Contractor identified in Section 1.3 of the General Provisions agrees, by signature of the Contractor's representative as identified in Section 1.11 and 1.12 of the General Provisions, to execute the following certification:

- 1. By signing and submitting this contract, the Contractor agrees to make reasonable efforts to comply with all applicable provisions of Public Law 103-227, Part C, known as the Pro-Children Act of 1994.


(Contractor Representative Signature)

Joseph Pepe, MD President & CEO
(Authorized Contractor Representative Name & Title)

Catholic Medical Center
(Contractor Name)

4/18/13
(Date)

Contractor Initials: 
Date: 4/18/13

NH Department of Health and Human Services

STANDARD EXHIBIT I
HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
BUSINESS ASSOCIATE AGREEMENT

The Contractor identified in Section 1.3 of the General Provisions of the Agreement agrees to comply with the Health Insurance Portability and Accountability Act, Public Law 104-191 and with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160 and 164 and those parts of the HITECH Act applicable to business associates. As defined herein, "Business Associate" shall mean the Contractor and subcontractors and agents of the Contractor that receive, use or have access to protected health information under this Agreement and "Covered Entity" shall mean the State of New Hampshire, Department of Health and Human Services.

BUSINESS ASSOCIATE AGREEMENT

(1) Definitions.

- a. "Breach" shall have the same meaning as the term "Breach" in Title XXX, Subtitle D. Sec. 13400.
- b. "Business Associate" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- c. "Covered Entity" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- d. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
- e. "Data Aggregation" shall have the same meaning as the term "data aggregation" in 45 CFR Section 164.501.
- f. "Health Care Operations" shall have the same meaning as the term "health care operations" in 45 CFR Section 164.501.
- g. "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act, Title XIII, Subtitle D, Part 1 & 2 of the American Recovery and Reinvestment Act of 2009.
- h. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160, 162 and 164.
- i. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
- j. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.

- k. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR Section 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- l. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR Section 164.501.
- m. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- n. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- o. "Unsecured Protected Health Information" means protected health information that is not secured by a technology standard that renders protected health information unusable, unreasonable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.
- p. Other Definitions - All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time, and the HITECH Act.

(2) Use and Disclosure of Protected Health Information.

- a. Business Associate shall not use, disclose, maintain or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, the Business Associate shall not, and shall ensure that its directors, officers, employees and agents, do not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
 - I. For the proper management and administration of the Business Associate;
 - II. As required by law, pursuant to the terms set forth in paragraph d. below; or
 - III. For data aggregation purposes for the health care operations of Covered Entity.
- c. To the extent Business Associate is permitted under the Agreement to disclose PHI to a third party, Business Associate must obtain, prior to making any such disclosure, (i) reasonable assurances from the third party that such PHI will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party; and (ii) an agreement from such third party to notify Business Associate, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402 of any breaches of the confidentiality of the PHI, to the extent it has obtained knowledge of such breach.
- d. The Business Associate shall not, unless such disclosure is reasonably necessary to provide services under Exhibit A of the Agreement, disclose any PHI in response to a request for disclosure on the basis that it is required by law, without first notifying Covered Entity so that Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.

- e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by such additional restrictions and shall not disclose PHI in violation of such additional restrictions and shall abide by any additional security safeguards.

(3) Obligations and Activities of Business Associate.

- a. Business Associate shall report to the designated Privacy Officer of Covered Entity, in writing, any use or disclosure of PHI in violation of the Agreement, including any security incident involving Covered Entity data, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402.
- b. The Business Associate shall comply with all sections of the Privacy and Security Rule as set forth in, the HITECH Act, Subtitle D, Part 1, Sec. 13401 and Sec.13404.
- c. Business Associate shall make available all of its internal policies and procedures, books and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of Covered Entity to the Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.
- d. Business Associate shall require all of its business associates that receive, use or have access to PHI under the Agreement, to agree in writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section (3)b and (3)k herein. The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard provision #13 of this Agreement for the purpose of use and disclosure of protected health information.
- e. Within five (5) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
- f. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.
- g. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.

- h. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- i. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.
- j. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.
- k. Within ten (10) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from, or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-up tapes of such PHI. If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI. If Covered Entity, in its sole discretion, requires that the Business Associate destroy any or all PHI, the Business Associate shall certify to Covered Entity that the PHI has been destroyed.

(4) Obligations of Covered Entity

- a. Covered Entity shall notify Business Associate of any changes or limitation(s) in its Notice of Privacy Practices provided to individuals in accordance with 45 CFR Section 164.520, to the extent that such change or limitation may affect Business Associate's use or disclosure of PHI.
- b. Covered Entity shall promptly notify Business Associate of any changes in, or revocation of permission provided to Covered Entity by individuals whose PHI may be used or disclosed by Business Associate under this Agreement, pursuant to 45 CFR Section 164.506 or 45 CFR Section 164.508.
- c. Covered entity shall promptly notify Business Associate of any restrictions on the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

(5) **Termination for Cause**

In addition to standard provision #10 of this Agreement the Covered Entity may immediately terminate the Agreement upon Covered Entity's knowledge of a breach by Business Associate of the Business Associate Agreement set forth herein as Exhibit I. The Covered Entity may either immediately terminate the Agreement or provide an opportunity for Business Associate to cure the alleged breach within a timeframe specified by Covered Entity. If Covered Entity determines that neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

(6) **Miscellaneous**

- a. Definitions and Regulatory References. All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, and the HITECH Act as amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule means the Section as in effect or as amended.
- b. Amendment. Covered Entity and Business Associate agree to take such action as is necessary to amend the Agreement, from time to time as is necessary for Covered Entity to comply with the changes in the requirements of HIPAA, the Privacy and Security Rule, and applicable federal and state law.
- c. Data Ownership. The Business Associate acknowledges that it has no ownership rights with respect to the PHI provided by or created on behalf of Covered Entity.
- d. Interpretation. The parties agree that any ambiguity in the Agreement shall be resolved to permit Covered Entity to comply with HIPAA, the Privacy and Security Rule and the HITECH Act.
- e. Segregation. If any term or condition of this Exhibit I or the application thereof to any person(s) or circumstance is held invalid, such invalidity shall not affect other terms or conditions which can be given effect without the invalid term or condition; to this end the terms and conditions of this Exhibit I are declared severable.
- f. Survival. Provisions in this Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section 3 k, the defense and indemnification provisions of section 3 d and standard contract provision #13, shall survive the termination of the Agreement.

Contractor Initials: 
Date: 4/18/13

IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit I.

NH Dept of Health and Human Services
Division for Children, Youth and Families
The State Agency Name

Catholic Medical Center
Name of the Contractor

Maggie Bishop (AES)
Signature of Authorized Representative

[Signature]
Signature of Authorized Representative

Maggie Bishop
Name of Authorized Representative

Joseph Pepe, MD
Name of Authorized Representative

Director
Title of Authorized Representative

President & CEO
Title of Authorized Representative

04/19/2013
Date

4/18/13
Date

Contractor Initials: [Signature]
Date: 4/18/13

NH Department of Health and Human Services

STANDARD EXHIBIT J

CERTIFICATION REGARDING THE FEDERAL FUNDING ACCOUNTABILITY AND
TRANSPARENCY ACT (FFATA) COMPLIANCE

The Federal Funding Accountability and Transparency Act (FFATA) requires prime awardees of individual Federal grants equal to or greater than \$25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of \$25,000 or more. If the initial award is below \$25,000 but subsequent grant modifications result in a total award equal to or over \$25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.

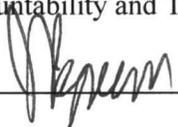
In accordance with 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), the Department of Health and Human Services (DHHS) must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

- 1) Name of entity
- 2) Amount of award
- 3) Funding agency
- 4) NAICS code for contracts / CFDA program number for grants
- 5) Program source
- 6) Award title descriptive of the purpose of the funding action
- 7) Location of the entity
- 8) Principle place of performance
- 9) Unique identifier of the entity (DUNS #)
- 10) Total compensation and names of the top five executives if:
 - a. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25M annually and
 - b. Compensation information is not already available through reporting to the SEC.

Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

The Contractor identified in Section 1.3 of the General Provisions agrees to comply with the provisions of The Federal Funding Accountability and Transparency Act, Public Law 109-282 and Public Law 110-252, and 2 CFR Part 170 (*Reporting Subaward and Executive Compensation Information*), and further agrees to have the Contractor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

The below named Contractor agrees to provide needed information as outlined above to the NH Department of Health and Human Services and to comply with all applicable provisions of the Federal Financial Accountability and Transparency Act.



Joseph Pepe, MD President & CEO

(Contractor Representative Signature)

(Authorized Contractor Representative Name & Title)

Catholic Medical Center

4/18/13

(Contractor Name)

(Date)

Contractor initials: 
Date: 4/18/13
Page # _____ of Page # _____

NH Department of Health and Human Services

STANDARD EXHIBIT J

FORM A

As the Contractor identified in Section 1.3 of the General Provisions, I certify that the responses to the below listed questions are true and accurate.

1. The DUNS number for your entity is: 82-702-1382

2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

NO YES

If the answer to #2 above is NO, stop here

If the answer to #2 above is YES, please answer the following:

3. Does the public have access to information about the compensation of the executives in your business or organization through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?

NO YES

If the answer to #3 above is YES, stop here

If the answer to #3 above is NO, please answer the following:

4. The names and compensation of the five most highly compensated officers in your business or organization are as follows:

- | | |
|-------------|---------------|
| Name: _____ | Amount: _____ |

Contractor initials: 
Date: 4/18/13
Page # _____ of Page # _____

Catholic Medical Center and Subsidiaries

**Consolidated Financial Statements
June 30, 2012 and 2011**

Catholic Medical Center and Subsidiaries

Index

June 30, 2012 and 2011

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Report of Independent Auditors

To the Board of Trustees of
Catholic Medical Center and Subsidiaries

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in net assets and cash flows present fairly, in all material respects, the financial position of Catholic Medical Center and Subsidiaries (the "Medical Center") at June 30, 2012 and 2011, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Medical Center's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

November 12, 2012

Catholic Medical Center and Subsidiaries
Consolidated Balance Sheets
June 30, 2012 and 2011

| | 2012 | 2011 |
|---|-----------------------|-----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 62,195,882 | \$ 45,288,102 |
| Short-term investments | 1,030,384 | 6,386,296 |
| Accounts receivable from patients, less allowance of \$14,520,666 in 2012 and \$11,863,966 in 2011 | 30,745,571 | 32,302,845 |
| Inventories | 1,293,948 | 1,280,590 |
| Amounts due from affiliates | 458,667 | - |
| Other current assets | 3,469,865 | 3,408,425 |
| Total current assets | <u>99,194,317</u> | <u>88,666,258</u> |
| Property, plant and equipment, net | 75,961,268 | 77,719,483 |
| Other assets | | |
| Notes receivable, less allowance of \$800,000 in 2012 and 2011 | 218,859 | 319,476 |
| Unamortized debt issuance costs | 834,884 | 892,422 |
| Other assets | 16,063,478 | - |
| Total other assets | <u>17,117,221</u> | <u>1,211,898</u> |
| Assets whose use is limited | | |
| Pension and insurance obligations | 11,439,235 | 12,426,652 |
| Board-designated and donor-restricted investments | 71,101,160 | 73,468,961 |
| Held by trustee under revenue bond agreement | 5,168,016 | 5,072,246 |
| Total assets whose use is limited | <u>87,708,411</u> | <u>90,967,859</u> |
| Total assets | <u>\$ 279,981,217</u> | <u>\$ 258,565,498</u> |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Current portion of long-term debt | \$ 2,128,404 | \$ 1,473,605 |
| Accounts payable and accrued expenses | 14,138,842 | 15,135,972 |
| Accrued salaries, wages and related accounts | 13,330,899 | 12,818,247 |
| Amounts payable to third-party payors | 8,920,004 | 4,528,053 |
| Notes payable | 6,000,000 | 7,000,000 |
| Amounts due to affiliates | - | 966,496 |
| Total current liabilities | <u>44,518,149</u> | <u>41,922,373</u> |
| Accrued pension and other liabilities, net of current portion | 111,550,388 | 53,434,346 |
| Long-term debt, net of current portion | 63,057,516 | 62,336,472 |
| Total liabilities | <u>219,126,053</u> | <u>157,693,191</u> |
| Commitments and contingencies | | |
| Net assets | | |
| Unrestricted | 53,808,096 | 93,608,543 |
| Temporarily restricted | 353,996 | 381,533 |
| Permanently restricted | 6,693,072 | 6,882,231 |
| Total net assets | <u>60,855,164</u> | <u>100,872,307</u> |
| Total liabilities and net assets | <u>\$ 279,981,217</u> | <u>\$ 258,565,498</u> |

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

Catholic Medical Center and Subsidiaries
Consolidated Statements of Operations
Years Ended June 30, 2012 and 2011

| | 2012 | 2011 |
|---|------------------------|----------------------|
| Operating revenue | | |
| Net patient service revenue | \$ 284,416,129 | \$ 271,261,302 |
| DSH funding | - | 12,027,952 |
| Other revenue | 11,636,838 | 5,360,633 |
| Total operating revenue | <u>296,052,967</u> | <u>288,649,887</u> |
| Operating expenses | | |
| Salaries, wages and fringe benefits | 144,508,938 | 150,635,948 |
| Supplies and other expenses | 102,107,794 | 100,999,385 |
| Medicaid enhancement tax | 15,240,270 | 12,521,429 |
| Depreciation and amortization | 10,560,419 | 10,797,556 |
| Interest | 2,765,357 | 2,798,611 |
| Total operating expenses | <u>275,182,778</u> | <u>277,752,929</u> |
| Income from operations | <u>20,870,189</u> | <u>10,896,958</u> |
| Nonoperating gains (losses) | | |
| Investment (loss) income | (757,645) | 1,982,323 |
| Net realized gains on sales of investments (including other-than-temporary impairment losses of \$2,887 in 2012) | 3,120,955 | 2,003,005 |
| Loss on sale of property and equipment | (159,445) | (15,946) |
| Nonoperating gains, net | <u>2,203,865</u> | <u>3,969,382</u> |
| Excess of revenue over expenses | 23,074,054 | 14,866,340 |
| Other changes in net assets | | |
| Unrealized (depreciation) appreciation on investments | (5,949,001) | 9,794,325 |
| Assets released from restriction used for capital | 13,825 | 19,980 |
| Pension-related changes other than net periodic pension cost | (45,281,196) | 29,331,769 |
| Adoption of new accounting principle - goodwill impairment | - | (12,496) |
| Net assets transferred to affiliates | (11,658,129) | (7,798,423) |
| (Decrease) increase in unrestricted net assets | <u>\$ (39,800,447)</u> | <u>\$ 46,201,495</u> |

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

Catholic Medical Center and Subsidiaries
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2012 and 2011

| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total Net Assets |
|--|----------------------------|---|---|----------------------|
| Balances at June 30, 2010 | \$ 47,407,048 | \$ 357,814 | \$ 6,266,470 | \$ 54,031,332 |
| Excess of revenue over expenses | 14,866,340 | - | - | 14,866,340 |
| Investment income | - | 2,454 | 601 | 3,055 |
| Unrealized appreciation on investments | 9,794,325 | - | 206,790 | 10,001,115 |
| Restricted contributions | - | 81,408 | - | 81,408 |
| Change in interest in perpetual trust | - | - | 408,370 | 408,370 |
| Net assets transferred to affiliates | (7,798,423) | - | - | (7,798,423) |
| Assets released from restriction used for operations | - | (40,163) | - | (40,163) |
| Assets released from restriction used for capital | 19,980 | (19,980) | - | - |
| Adoption of new accounting principle - goodwill impairment | (12,496) | - | - | (12,496) |
| Pension-related changes other than net periodic pension cost | 29,331,769 | - | - | 29,331,769 |
| Increase in net assets | <u>46,201,495</u> | <u>23,719</u> | <u>615,761</u> | <u>46,840,975</u> |
| Balances at June 30, 2011 | <u>93,608,543</u> | <u>381,533</u> | <u>6,882,231</u> | <u>100,872,307</u> |
| Excess of revenue over expenses | 23,074,054 | - | - | 23,074,054 |
| Investment income | - | 2,156 | 2,171 | 4,327 |
| Unrealized depreciation on investments | (5,949,001) | - | (86,244) | (6,035,245) |
| Restricted contributions | - | 51,208 | - | 51,208 |
| Change in interest in perpetual trust | - | - | (105,086) | (105,086) |
| Net assets transferred to affiliates | (11,658,129) | - | - | (11,658,129) |
| Assets released from restriction used for operations | - | (67,076) | - | (67,076) |
| Assets released from restriction used for capital | 13,825 | (13,825) | - | - |
| Pension-related changes other than net periodic pension cost | (45,281,196) | - | - | (45,281,196) |
| Decrease in net assets | <u>(39,800,447)</u> | <u>(27,537)</u> | <u>(189,159)</u> | <u>(40,017,143)</u> |
| Balances at June 30, 2012 | <u>\$ 53,808,096</u> | <u>\$ 353,996</u> | <u>\$ 6,693,072</u> | <u>\$ 60,855,164</u> |

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

Catholic Medical Center and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

| | 2012 | 2011 |
|--|----------------------|----------------------|
| Operating activities | | |
| Change in net assets | \$ (40,017,143) | \$ 46,840,975 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 10,560,419 | 10,797,556 |
| Adoption of new accounting principle - goodwill impairment | - | 12,496 |
| Pension-related changes other than net periodic pension cost | 45,281,196 | (29,331,769) |
| Net assets transferred to affiliates | 11,658,129 | 7,798,423 |
| Restricted gifts and investment income | (55,535) | (84,463) |
| Net realized gain on sales of investments | (3,120,955) | (2,003,005) |
| Decrease (increase) in interest in perpetual trust | 105,086 | (408,370) |
| Unrealized depreciation (appreciation) on investments | 6,035,245 | (10,001,115) |
| Change in fair value of interest rate swap | 1,856,926 | (380,831) |
| Loss on sale of property and equipment | 159,445 | 15,946 |
| Increase (decrease) in cash from working capital and other items | | |
| Accounts receivable from patients and residents, net | 1,557,274 | (4,612,863) |
| Inventories | (13,358) | 4,147 |
| Other current assets | (61,440) | (1,093,191) |
| Amounts due from/to affiliates | (1,425,163) | (290,217) |
| Other assets | (16,063,478) | - |
| Accounts payable and accrued expenses | (84,961) | 998,699 |
| Accrued salaries, wages and related accounts | 512,652 | 1,389,953 |
| Amounts payable to third-party payors | 4,391,951 | 3,364,324 |
| Accrued pension and other liabilities | 10,953,088 | 3,315,451 |
| Net cash provided by operating activities | <u>32,229,378</u> | <u>26,332,146</u> |
| Investing activities | | |
| Acquisition of property, plant and equipment | (6,729,660) | (5,814,761) |
| Proceeds from disposal of assets | 16,150 | 14,000 |
| Payments received from notes receivable | 100,617 | 138,058 |
| (Increase) decrease in funds held by trustee under revenue bond agreement | (95,770) | 103,169 |
| Purchases of short-term investments | - | (35,350) |
| Sales of short-term investments | 5,355,912 | - |
| Sales of investments | 14,795,179 | 17,853,236 |
| Purchases of investments | (14,459,337) | (18,245,992) |
| Net cash used in investing activities | <u>(1,016,909)</u> | <u>(5,987,640)</u> |
| Financing activities | | |
| Repayment of debt | (1,420,000) | (1,556,173) |
| Repayment of capital lease | (250,183) | (38,403) |
| Repayment of note payable | (7,000,000) | (7,000,000) |
| Issuance of note payable | 6,000,000 | 7,000,000 |
| Bond issuance cost - CAN Note | (31,912) | (10,401) |
| Restricted gifts and investment income | 55,535 | 84,463 |
| Cash transferred to affiliates | (11,658,129) | (7,798,423) |
| Net cash used in financing activities | <u>(14,304,689)</u> | <u>(9,318,937)</u> |
| Increase in cash and cash equivalents | 16,907,780 | 11,025,569 |
| Cash and cash equivalents | | |
| Beginning of year | 45,288,102 | 34,262,533 |
| End of year | <u>\$ 62,195,882</u> | <u>\$ 45,288,102</u> |
| Supplemental cash flow information | | |
| Cash paid for interest | \$ 2,784,388 | \$ 2,798,612 |
| Property, plant and equipment additions included in accounts payable and accrued expenses | 1,434,837 | 522,668 |
| Noncash additions to fixed assets related to capital leases | 3,031,126 | 286,912 |

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

Catholic Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

1. Organization

The consolidated financial statements for Catholic Medical Center and Subsidiaries include the accounts of Catholic Medical Center (the "Medical Center"), a voluntary not-for-profit acute care hospital based in Manchester, New Hampshire, and its subsidiaries. Subsidiaries of the Medical Center include New England Heart Institute Foundation ("NEHIF") and CMC Associates. During 2005, control of NEHIF and CMC Associates was transferred to the Medical Center. In 2011, NEHIF was formally dissolved and assets were transferred to the Medical Center. The Medical Center, which primarily serves residents of New Hampshire and northern Massachusetts, is controlled by CMC Healthcare System, Inc. (the "System"), a not-for-profit corporation which functions as the parent company and sole member of the Medical Center.

2. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting.

Principles of Consolidation

The consolidated financial statements include the accounts of the Medical Center, NEHIF and CMC Associates. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The primary estimates relate to collectability of receivables from patients and third-party payors, accrued compensation and benefits, conditional asset retirement obligations and self-insurance reserves.

Income Taxes

The Medical Center, NEHIF and CMC Associates are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Temporarily and Permanently Restricted Net Assets

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets.

Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose. When a donor restriction expires (i.e., 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 operations as either net assets released from restrictions used for operations (for noncapital-related items and included in other revenue) or as net assets released from restrictions used for capital (for capital-related items).

Catholic Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity. Income earned on permanently restricted net assets, to the extent not restricted by the donor, including net unrealized appreciation on investments, is included in the statement of operations as unrestricted resources or as a change in temporarily restricted net assets in accordance with donor-intended purposes or applicable law.

Performance Indicator

Excess of revenues over expenses is comprised of operating revenues and expenses and nonoperating gains and losses. For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenue and expenses. Peripheral or incidental transactions are reported as nonoperating gains or losses, which include contributions, realized gains and losses on the sales of securities, unrestricted investment income and contributions to community agencies.

Charity Care and Community Benefits

The Medical Center has a formal charity care policy under which patient care is provided to patients who meet certain criteria without charge or at amounts less than its established rates. The Medical Center does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenues. The Medical Center rendered charity care in accordance with this policy, which, at established charges, amounted to \$26,731,627 and \$26,928,605 for the years ended June 30, 2012 and 2011, respectively.

The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total operating expenses divided by gross patient service revenue. Of the Hospital's \$275 million of total operating expenses reported, an estimated \$8.7 million and \$8.1 million arose from providing services to charity patients in fiscal 2012 and 2011, respectively.

The Medical Center provides community service programs, without charge, such as the Medication Assistance Program, Community Education and Wellness, Patient Transport, and the Parish Nurse Program. The costs of providing these programs amounted to \$1,230,283 and \$2,195,477 for the years ended June 30, 2012 and 2011, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include certificates of deposit with maturities of three months or less when purchased and investments in overnight deposits at various banks. Cash and cash equivalents exclude amounts whose use is limited by board designation and amounts held by trustees under revenue bond and other agreements. The Medical Center maintained approximately \$57,000,000 and \$38,300,000 at June 30, 2012 and 2011, respectively, of its cash and cash equivalent accounts with a single institution. The Medical Center has not experienced any losses associated with deposits at this institution.

Included in cash and cash equivalents is an amount held in escrow by the Royal Bank of Canada Capital Markets ("RBCCM"), in the amount of \$3,250,000 and \$2,460,000 at June 30, 2012 and 2011, respectively. These funds are on deposit with RBCCM as a condition of the Medical Center's swap agreement on the Series 2002B revenue bonds.

Inventories

Inventories of supplies are stated at the lower of cost (determined by the first-in, first-out method) or market.

Catholic Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Property, Plant and Equipment

Property, plant and equipment is stated at cost at time of purchase or fair market value at the time of donation, less accumulated depreciation. The Medical Center's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. The provisions for depreciation and amortization have been determined using the straight-line method at rates, which are intended to amortize the cost of assets over their estimated useful lives, which range from 2 to 40 years.

Goodwill

The Medical Center reviews its goodwill and other long-lived assets annually to determine whether the carrying amount of such assets are impaired. Upon determination that an impairment has occurred, these assets are reduced to fair value. Recorded impairments at the time of adoption of the new accounting principle on July 1, 2010 were \$12,496. The impairments relate to goodwill related to purchased physician practices impaired under a valuation technique based on multiples of earnings. There were no impairments recorded for the year ended June 30, 2012.

Retirement Benefits

The Catholic Medical Center Pension Plan (the "Plan") provides retirement benefits for certain employees of the Medical Center and certain employees of an affiliated organization who have attained age twenty-one and work at least 1,000 hours per year. The Plan consists of a benefit accrued to July 1, 1985, plus 2% of plan year earnings (to legislative maximums) per year. The Medical Center's funding policy is to contribute amounts to the Plan sufficient to meet minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as may be determined to be appropriate from time to time. The Plan is intended to constitute a plan described in Section 414(k) of the Internal Revenue Code, under which benefits derived from employer contributions are based on the separate account balances of participants in addition to the defined benefits under the Plan.

Effective January 1, 2008, the Medical Center decided to close participation in the Plan to new participants. As of January 1, 2008, current participants continued to participate in the Plan while new employees receive a higher matching contribution to the tax-sheltered annuity benefit program discussed below. There was no impact on the liability, as no current benefits were frozen and the amendment only affected future employees.

During 2011, the Board of Trustees voted to freeze the accrual of benefits under the Plan effective December 31, 2011. Accordingly, the Medical Center recorded a curtailment gain of \$26,455,853 at June 30, 2011.

The Medical Center also maintains a tax-sheltered annuity benefit program in which it matches one-half of employee contributions up to either 2% or 3% of their annual salary, depending on date of hire. The Medical Center made matching contributions under the program of \$3,083,972 and \$1,469,681 for the years ended June 30, 2012 and 2011, respectively.

Catholic Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

During 2007, the Medical Center created a nonqualified deferred compensation plan covering certain employees under Section 457(b) of the Code. Under the plan, a participant may elect to defer a portion of their compensation to be held until payment in the future to the participant or to his or her beneficiary. Consistent with the requirements of the Code, all amounts of deferred compensation, including but not limited to, any investments held and all income attributable to such amounts, property and rights will remain subject to the claims of the Medical Center's creditors, without being restricted to the payment of deferred compensation, until payment is made to the participant or their beneficiary. No contributions were made by the Medical Center for the years ended June 30, 2012 or 2011.

The Medical Center also provides a noncontributory supplemental executive retirement plan covering certain former executives, as defined. The Medical Center's policy is to accrue costs under this plan using the "Projected Unit Credit Actuarial Cost Method" and to amortize past service costs over a fifteen-year period. Benefits under this plan are based on the participant's final average salary, social security benefit, retirement income plan benefit, and total years of service. Certain investments have been designated for payment of benefits under this plan and are included in assets whose use is limited-pension and insurance obligations.

During 2007, the Medical Center created a supplemental executive retirement plan covering certain executives of the Medical Center. The Medical Center recorded compensation expense of \$667,526 and \$398,471 for the years ended June 30, 2012 and 2011, respectively, related to this plan.

Employee Fringe Benefits

The Medical Center has an "earned time" plan. Under this plan, each qualifying employee "earns" hours of paid leave for each pay period worked. These hours of paid leave may be used for vacations, holidays, or illness. Hours earned but not used are vested with the employee and are paid to the employee upon termination. The Medical Center expenses the cost of these benefits as they are earned by the employees.

Debt Issuance Costs/Original Issue Discount

The debt issuance costs incurred to obtain financing for the Medical Center's construction and renovation programs and refinancing of prior bonds and the original issue discount are amortized in declining amounts by the effective interest method over the repayment period of the bonds. The original issue discount of bonds is presented as a reduction of the face amount of bonds payable.

Investments and Investment Income

Investments in debt and equity securities, including funds held by trustee under revenue bond agreements, are measured at fair value primarily based on quoted market prices. Realized gains or losses on the sale of investment securities are determined by the specific identification method and are recorded on the settlement date. Interest and dividend income on unrestricted investments, unrestricted investment income on permanently restricted investments and unrestricted net realized gains/losses are reported as nonoperating gains.

The Medical Center holds investments in privately held investment funds of \$48,132,000 and \$56,005,000 at June 30, 2012 and 2011, respectively, which are carried at estimated fair value determined by management, based upon valuations provided by management of the privately held investment funds as of June 30, 2012 and 2011. Since investments in privately held investment funds are not readily marketable, the estimated value is subject to uncertainty and therefore, may differ from the value that would have been used had a market for such investments existed and such differences could be material.

Catholic Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

During the years ended June 30, 2012 and 2011, the Medical Center reported realized losses of approximately \$2,887 and \$0, respectively, relating to declines in fair value of investments, that were determined by management to be other than temporary.

Derivative Instruments

Derivatives are recognized as either assets or liabilities in the balance sheet at fair value regardless of the purpose or intent for holding them. Changes in the fair value of derivatives are recognized either in the excess of revenues over expenses or net assets, depending on whether the derivative is speculative or being used to hedge changes in fair value or cash flows.

Beneficial Interest in Perpetual Trust

The Medical Center is the beneficiary of trust funds administered by trustees or other third parties. Trusts wherein the Medical Center has the irrevocable right to receive the income earned on the trust assets in perpetuity are recorded as permanently restricted net assets at the fair value of the trust at the date of receipt. Income distributions from the trusts are reported as investment income that increase unrestricted net assets, unless restricted by the donor. Annual changes in the fair value of the trusts are recorded as increases or decreases to permanently restricted net assets.

Malpractice Loss Contingencies

The Medical Center has a claims-made basis policy for its malpractice insurance coverage. A claims-made policy provides specific coverage for claims reported during the policy term. The Medical Center has established a reserve to cover professional liability exposure which may not be covered by insurance. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the Medical Center. In the event a loss contingency should occur, the Medical Center would give it appropriate recognition in its financial statements in conformity with accounting standards. The Medical Center expects to be able to obtain renewal or other coverage in future periods.

Recently Issued Accounting Pronouncements

In August 2010, the FASB issued *Health Care Entities: Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), which provides that the net presentation of receivables for insurance recoveries and related claims liabilities is not permitted. The Medical Center adopted the provisions of ASU 2010-24 during the year ended June 30, 2012.

In August 2010, the FASB issued *Health Care Entities: Measuring Charity Care for Disclosure* (ASU 2010-23), which clarified the disclosure of charity care provided by healthcare organizations, providing that such disclosure should be measured using cost and that related reimbursements recorded should also be separately disclosed. The Medical Center adopted the provisions of ASU 2010-23 during the year ended June 30, 2012.

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

In July 2011, the FASB issued *Health Care Entities: Presentation and Disclosure of Patient Service Revenue, Provisions for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07), which requires certain healthcare entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from net patient service revenue. Additionally those healthcare entities are required to provide enhanced disclosures about their policies for recognizing revenue and assessing bad debts. The Medical Center elected to early adopt ASU 2011-07 during the year ended June 30, 2012 and changed its reporting of the provision for bad debt. Accordingly, the previously reported provision for bad debt of \$23,309,000 for the year ended June 30, 2011 has been reclassified as a reduction to net patient service revenue. The reclassification had no impact on the previously reported excess of revenue over expenses for fiscal 2011.

Subsequent Events

Management of the Medical Center has assessed the impact of subsequent events through November 12, 2012, the date that the audited financial statements were issued and has concluded that there were no such events that would require adjustment to the audited financial statements or disclosure in the notes to the audited financial statements.

3. Net Patient Service Revenues

The following summarizes net patient service revenues:

| | 2012 | 2011 |
|--------------------------------|-----------------------|-----------------------|
| Gross patient service revenues | \$ 789,050,137 | \$ 754,830,631 |
| Less: Contractual allowances | 478,643,816 | 460,259,874 |
| Less: Provision for bad debt | <u>25,990,192</u> | <u>23,309,455</u> |
| Net patient service revenues | <u>\$ 284,416,129</u> | <u>\$ 271,261,302</u> |

The Medical Center participates in the Federal Medicare Program ("Medicare") and the State of New Hampshire Department of Health and Human Services Medicaid Program ("Medicaid"). The Medical Center is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient acute care service depending on the type of illness or the patient's diagnosis related group classification. Capital costs and certain Medicare and Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. The Medical Center receives payment for Medicaid outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost finding reports.

Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenues in the year that such amounts become known. The percentage of net patient service revenues earned from the Medicare and Medicaid programs was 39% and 2%, respectively, in 2012 and 34% and 1%, respectively, in 2011.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Medical Center believes that it is in compliance with all applicable laws and regulations; compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

The Medical Center maintains contracts with certain commercial carriers, health maintenance organizations, preferred provider organizations and state and federal agencies. The basis for payment under these agreements includes prospectively determined rates per discharge and per day, discounts from established charges and fee screens. The Medical Center does not currently hold reimbursement contracts which contain financial risk components.

The approximate percentages of patient service revenue, net of contractual allowances and discounts (before the provision for bad debts), for the year ended September 30, 2012, from third-party payors and uninsured patients are as follows:

| | Third-Party Payors | Uninsured Patients | Total All Payors |
|---|-----------------------|-----------------------|---------------------|
| Patient service revenue (net of contractual allowances and discounts) | 99.0 % | 1.0 % | 100.0 % |

The Medical Center recognizes changes in accounting estimates for net patient service revenue and third-party payor settlements as new events occur or as additional information is obtained. For the years ended June 30, 2012 and 2011, favorable (unfavorable) adjustments recorded for changes to prior year estimates were approximately \$1,380,000 and (\$180,000), respectively.

Under the State of New Hampshire's (the "State") tax code, the State imposes a Medicaid enhancement tax equal to 5.5% of net patient service revenues. The amount of tax incurred by the Medical Center for 2012 and 2011 was \$15,240,000 and \$12,521,000 respectively. Disproportionate share ("DSH") funding payments from the State are recorded in operating revenues and amounted to \$0 and \$12,028,000 in 2012 and 2011, respectively.

4. Property, Plant and Equipment

The major categories of property, plant and equipment at June 30, 2012 and 2011 are as follows:

| | Useful Life | 2012 | 2011 |
|---|-------------|----------------------|----------------------|
| Land and land improvements | 2-40 years | \$ 1,177,304 | \$ 1,177,304 |
| Buildings and improvements | 2-40 years | 75,380,884 | 75,260,904 |
| Fixed equipment | 3-25 years | 41,042,802 | 40,989,631 |
| Movable equipment | 3-25 years | 85,947,020 | 80,601,377 |
| Construction in progress | | 3,239,303 | 488,815 |
| | | <u>206,787,313</u> | <u>198,518,031</u> |
| Less: Accumulated depreciation and amortization | | <u>130,826,045</u> | <u>120,798,548</u> |
| Net property, plant and equipment | | <u>\$ 75,961,268</u> | <u>\$ 77,719,483</u> |

Depreciation expense amounted to \$10,446,141 and \$10,653,876 for the years ended June 30, 2012 and 2011, respectively.

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

5. Note Payable and Long-Term Debt

Long-term debt at June 30 consists of the following:

| | 2012 | 2011 |
|--|----------------------|----------------------|
| New Hampshire Health and Education Facilities Authority (the "Authority") Revenue Bonds | | |
| Series 2002A bonds with interest ranging from 5.000% to 6.125% per year and principal payable in annual installments ranging from \$380,000 to \$730,000 through July 1, 2032. The bonds may be redeemed in whole or in part on or after July 1, 2012 at a premium which is not to exceed 1% of the bonds value | \$ 7,425,000 | \$ 7,825,000 |
| Series 2002B bonds with a variable interest rate computed based on a weekly floater rate as determined in the agreement, a portion of which is swapped for a fixed interest rate of 3.500% through November 1, 2024. Principal is payable in annual installments ranging from \$640,000 to \$1,650,000 through July 2032 | 23,335,000 | 24,000,000 |
| Series 2006 bonds with interest ranging from 4.875% to 5.000% per year and principal payable in annual installments ranging from \$340,000 to \$2,680,000 through July 2036 | 31,595,000 | 31,950,000 |
| | <u>62,355,000</u> | <u>63,775,000</u> |
| Capitalized lease obligations | 3,029,451 | 248,509 |
| Less: Unamortized original issue discount | <u>198,531</u> | <u>213,432</u> |
| | 65,185,920 | 63,810,077 |
| Less: Current portion | <u>2,128,404</u> | <u>1,473,605</u> |
| Long-term debt, net of current portion | <u>\$ 63,057,516</u> | <u>\$ 62,336,472</u> |

In December 2002, the Medical Center, in connection with the Authority, issued \$19,225,000 of tax-exempt fixed rate revenue bonds (Series 2002A) and \$28,000,000 of tax-exempt variable rate revenue bonds (Series 2002B). Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment. The Medical Center is required to maintain a minimum debt service coverage ratio of 1.25.

The proceeds of the Series 2002A and 2002B bond issues were used to advance refund the Series 1989 bonds, to reimburse the Medical Center for prior capital expenditures and to provide funding for the Medical Center's major capital expansion project, a 72,000 square foot addition.

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

The Series 2002B bonds are subject to purchase from time to time at the option of the owners thereof. To enhance the marketability of the bonds and in order to provide the availability of funds for the payment of the tendered bonds, the Authority has provided for the remarketing of the bonds. To the extent that the remarketing may not be successful, the Authority, and the Medical Center have provided for the purchase of such bonds by entering into a Letter of Credit Reimbursement Agreement (the "Agreement") with Citizens Bank (the "Bank"). The Bank will purchase the Series 2002B bonds that have been tendered and not remarketed. Amounts advanced under the Agreement and not reimbursed to the Bank by the 180th day will automatically be converted into a term loan.

The letter of credit also collateralizes the Series 2002B bonds which allows the Trustee to draw up to \$25,609,726 for repayment of principal and interest on the Series 2002B bonds. Drawings on the letter of credit will bear interest at 1.55%. The letter of credit expires on July 1, 2016. As of June 30, 2012 and 2011, approximately \$16,200,000 has been successfully remarketed by the remarketing agency.

In May 2006, the Medical Center, in connection with the Authority, issued \$32,910,000 of tax-exempt fixed rate revenue bonds (Series 2006). Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment. The Medical Center is required to maintain a minimum debt service coverage ratio of 1.25.

The proceeds of the Series 2006 bond issue were used to advance refund \$9,010,000 of the Series 2002A bonds, to provide funding for renovating additional space and equipment at the hospital, and to provide a portion of the funding for the construction of a new parking garage.

The Medical Center has an agreement with the Authority which provides for the establishment of various funds, the use of which is generally restricted to the payment of debt. These funds are administered by a trustee and income earned on certain of these funds is similarly restricted. One of the funds held by the trustee is the debt service reserve fund. This fund may be used should the Medical Center fail to meet principal and interest payments. The reserve fund requirement is the lesser of 10% of the original principal amount less original issue discount of bonds, the maximum amount of principal and interest due in any one future year or 125% of the average annual debt service. Any amounts in excess of the requirements of the fund may be transferred at the discretion of the Medical Center.

Interest paid by the Medical Center totaled \$2,765,357 and \$2,798,611 for the years ended June 30, 2012 and 2011, respectively.

Aggregate principal payments due on the revenue bonds and capitalized lease obligations for each of the five years and thereafter ending June 30 are as follows:

| | |
|---------------------|----------------------|
| 2013 | \$ 2,128,404 |
| 2014 | 2,216,785 |
| 2015 | 2,316,735 |
| 2016 | 2,368,580 |
| 2017 and thereafter | 56,353,947 |
| | <u>\$ 65,384,451</u> |

The scheduled principal maturities represent annual payments as required under long-term debt repayment schedules.

Catholic Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

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Included in the Medical Center's debt is \$23,335,000 of variable rate demand bonds ("VRDBs"). The Medical Center has entered into an irrevocable letter of credit ("LOC") with a financial institution to secure bond repayment and interest obligations associated with its VRDBs. In the event a bond cannot be remarketed, the bond may be "put" to the LOC provider, resulting in a loan to fund redemption of the bond. If it is assumed that outstanding bonds are put as of July 1, 2012, aggregate scheduled repayments under the VRDB related LOC would be as follows: \$695,000 in 2013, \$725,000 in 2014, \$760,000 in 2015, \$795,000 in 2016 and \$20,360,000 in 2017 and thereafter.

The fair value of the Medical Center's long-term debt is estimated using discounted cash flow analysis, based on the Medical Center's current incremental borrowing rate for similar types of borrowing arrangements. The fair value of the Medical Center's long-term debt, excluding capitalized lease obligations was \$63,228,248 and \$60,021,250 at June 30, 2012 and 2011, respectively.

Pursuant to a Guaranty Agreement dated as of January 1, 1994 by and between Optima Health, Inc. ("Optima") and the trustee for Hillcrest Terrace's Series 1994 bond issue, later transferred from Optima to the Medical Center, the Medical Center has guaranteed to fund, up to a maximum cumulative amount of \$1,900,000, any deficiencies in the Hillcrest Terrace's Debt Service Reserve Fund (the "Reserve Fund") to the extent that the Reserve Fund value, as defined, is less than \$800,000. As of June 30, 2012 and 2011, the Medical Center has made cumulative payments of \$251,564 under this guarantee. As of June 30, 2012 and 2011, the Medical Center has recorded a liability for the remaining \$1,648,436, based upon management's estimate of future obligations.

Notes Payable

In April 2005, the Medical Center, in connection with the Authority, issued \$7,000,000 of Revenue Anticipation/Capital Notes (Series 2005F). The proceeds were used to purchase capital equipment throughout the year and to renew the Series 2004I notes. The notes mature annually and have been renewed each year since inception. In April 2011, the Medical Center reissued \$7,000,000 of Revenue Anticipation/Capital Notes (Series 2011A) to renew the Series 2010E notes. In April 2012, the Medical Center reissued \$6,000,000 of Revenue Anticipation/Capital Notes (Series 2012A) to renew the Series 2011A notes. These notes mature on April 17, 2013 with an interest rate of 2.25%.

Derivatives

The Medical Center uses derivative financial instruments principally to manage interest rate risk. During 2005, the Medical Center entered into an interest rate swap agreement to release the existing agreement signed in 2003. This agreement involves the exchange of fixed rate payments by the Medical Center for variable rate payments from the counterparty without the exchange of the underlying notional amounts. The notional amount for this agreement is \$15,000,000 and expires in November 2024. Under the provisions of this agreement, interest is to be paid to the counterparty, by the Medical Center at 67% of USD-LIBOR-BBA through the remainder of the term.

The fair values of these derivatives amounted to (\$3,751,816) and (\$1,894,890) as of June 30, 2012 and 2011, respectively, and have been included in accrued pension and other liabilities. The changes in the fair value of the derivative of (\$1,858,926) and \$380,831 have been included within nonoperating investment income for the years ended June 30, 2012 and 2011, respectively.

Catholic Medical Center and Subsidiaries
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June 30, 2012 and 2011

6. Notes Receivable

During February 1994, Hillcrest Terrace ("Hillcrest") together with the Authority restructured \$26,000,000 of special obligation revenue bonds (Series 1990). The bondholder consented to an amendment of the Series 1990 bond indenture, which permitted the redemption of the Series 1990 bonds at a price of 85% of the par value thereof, or \$22,100,000. The redemption was accomplished partially with the issuance of \$18,950,000 of Series 1994 revenue bonds to the Authority. The Authority then loaned, under a the Loan Agreement and Mortgage, the proceeds thereof to Hillcrest, which proceeds, after payment of certain issuance expenses and accrued interest on the Series 1990 bonds, were used to pay a portion of the redemption price of the Series 1990 bonds. In addition, certain funds deposited into the Series 1990 Reserve Fund were paid to Fidelity Health Alliance, Inc. (the Medical Center's former parent company and one of the organizations which formed Optima and hereinafter referred to as Optima) to repay earlier advances. Optima then loaned \$2,581,528 to Hillcrest pursuant to a subordinated loan agreement. Hillcrest owed Optima \$400,856, which was converted from a current obligation to a long-term obligation and included in the subordinated loan agreement resulting in a total of \$2,982,384 owed to Optima. In conjunction with the disaffiliation from Optima effective July 1, 2000, the subordinated loan became payable to the Medical Center. Hillcrest used a portion of the subordinated loan to pay a portion of the redemption price of the Series 1990 bonds. Also, upon redemption of the Series 1990 bonds, \$1,500,000 from the Series 1990 Reserve Fund was transferred to the Series 1994 Reserve Fund and the remaining amount, \$1,074,000, of the Series 1990 Reserve Fund was used to pay a portion of the redemption price of the Series 1990 bonds. The subordinated loan is subordinated in all respects to the Series 1994 revenue bonds. During 2004, the subordinated loan was restructured by the Medical Center. The principal due was reduced from \$2,982,384 to \$1,522,909. The new note bears interest at a stated rate of 5% per annum. The balance receivable from Hillcrest is \$1,086,672 and \$1,151,184 at June 30, 2012 and 2011, respectively. As of August 31, 2008, Hillcrest defaulted on their debt covenants. As a result, the Medical Center has reserved \$800,000 against the note receivable in the event of default, at June 30, 2012 and 2011. As of June 30, 2012 all payments are current.

7. Operating Leases

The Medical Center has various noncancelable agreements to lease various pieces of medical equipment. The Medical Center also has noncancelable leases for office space. The Medical Center has also assumed lease obligations for certain physician practices that became provider based. Rental expense on all leases for the years ended June 30, 2012 and 2011 was \$6,004,428 and \$5,561,836, respectively.

Estimated future minimum lease payments under noncancelable facility and equipment operating leases for the years ending June 30 are as follows:

| | |
|---------------------|----------------------|
| 2013 | \$ 5,198,548 |
| 2014 | 3,552,249 |
| 2015 | 2,365,198 |
| 2016 | 1,621,358 |
| 2017 and thereafter | 13,010,204 |
| | <u>\$ 25,747,557</u> |

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8. Investments and Assets Whose Use is Limited

Investments and assets whose use is limited, are comprised of the following:

| | 2012 | | 2011 | |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Fair Value | Cost | Fair Value | Cost |
| Cash and cash equivalents | \$ 7,040,423 | \$ 7,040,423 | \$ 8,095,887 | \$ 8,095,887 |
| US Federated Treasury Obligations | 5,168,016 | 5,168,016 | 5,072,246 | 5,072,246 |
| Marketable equity securities | 17,716,455 | 15,787,130 | 17,836,632 | 15,093,287 |
| Fixed income | 10,681,890 | 10,088,871 | 10,343,992 | 9,899,746 |
| Private investment funds | 48,132,011 | 40,289,548 | 56,005,398 | 43,944,957 |
| | <u>\$ 88,738,795</u> | <u>\$ 78,373,988</u> | <u>\$ 97,354,155</u> | <u>\$ 82,106,123</u> |

Unrestricted investment (loss) income is summarized as follows:

| | 2012 | 2011 |
|--|-----------------------|----------------------|
| Nonoperating investment income | \$ (757,645) | \$ 1,982,323 |
| Realized gains (losses) on sales of investments (including other-than-temporary impairments) | 3,120,955 | 2,003,005 |
| Change in unrealized appreciation on investments | <u>(5,949,001)</u> | <u>9,794,325</u> |
| | <u>\$ (3,585,691)</u> | <u>\$ 13,779,653</u> |

Effective July 1, 2008, the Medical Center adopted new accounting guidance which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In determining fair value, the use of various valuation approaches, including market, income and cost approaches, is permitted.

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

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The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Medical Center for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 Observable inputs such as quoted prices in active markets;

Level 2 Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 Unobservable inputs in which there is little or no market data.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

Market Approach

Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

Cost Approach

Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and

Income Approach

Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques).

The following fair value hierarchy tables present information about the Medical Center's assets and liabilities measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations.

As of June 30, 2012:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|----------------------|----------------------|-----------------------|-----------------------|
| Cash and cash equivalents | \$ 7,040,423 | \$ - | \$ - | \$ 7,040,423 |
| U.S. Federated Treasury Obligations | 5,168,016 | - | - | 5,168,016 |
| Marketable equity securities | 17,716,455 | - | - | 17,716,455 |
| Fixed income | 10,681,890 | - | - | 10,681,890 |
| Private investment funds | - | 37,412,704 | 10,719,307 | 48,132,011 |
| Total assets at fair value | <u>\$ 40,606,784</u> | <u>\$ 37,412,704</u> | <u>\$ 10,719,307</u> | <u>\$ 88,738,795</u> |
| | Level 1 | Level 2 | Level 3 | Total |
| Interest rate swap | \$ - | \$ - | \$ (3,751,816) | \$ (3,751,816) |
| Total liabilities at fair value | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (3,751,816)</u> | <u>\$ (3,751,816)</u> |

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As of June 30, 2011:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 8,095,887 | \$ - | \$ - | \$ 8,095,887 |
| U.S. Federated Treasury Obligations | 5,072,246 | - | - | 5,072,246 |
| Marketable equity securities | 17,836,632 | - | - | 17,836,632 |
| Fixed income | 10,343,992 | - | - | 10,343,992 |
| Private investment funds | - | 45,085,122 | 10,920,276 | 56,005,398 |
| Total assets at fair value | <u>\$ 41,348,757</u> | <u>\$ 45,085,122</u> | <u>\$ 10,920,276</u> | <u>\$ 97,354,155</u> |

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|-------------|-------------|-----------------------|-----------------------|
| Interest rate swap | \$ - | \$ - | \$ (1,894,890) | \$ (1,894,890) |
| Total liabilities at fair value | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,894,890)</u> | <u>\$ (1,894,890)</u> |

The following tables present the assets and liabilities carried at fair value as of June 30, 2012 and 2011 that are classified within Level 3 of the fair value hierarchy. The tables reflect gains and losses for each year, including gains and losses on assets and liabilities that were transferred to Level 3 during the year. Additionally, both observable and unobservable inputs may be used to determine the fair value of positions that the Medical Center has classified within the Level 3 category. As a result, the unrealized gains and losses for assets and liabilities within Level 3 may include changes in fair value that were attributable to both observable and unobservable inputs.

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | |
|--------------------------|---|--------------------------|
| | Private Investment Funds | Interest Rate Swap |
| Balance at July 1, 2011 | \$ 10,920,276 | \$ (1,894,890) |
| Unrealized losses | (189,934) | (1,856,926) |
| Realized losses | (1,126) | - |
| Sales | (9,909) | - |
| Balance at June 30, 2012 | <u>\$ 10,719,307</u> | <u>\$ (3,751,816)</u> |

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| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | |
|---------------------------------|---|--------------------------|
| | Private Investment Funds | Interest Rate Swap |
| Balance at July 1, 2010 | \$ 10,259,860 | \$ (2,275,721) |
| Realized losses | (9,150) | 380,831 |
| Unrealized gains | 875,993 | - |
| Sales | (206,427) | - |
| Balance at June 30, 2011 | <u>\$ 10,920,276</u> | <u>\$ (1,894,890)</u> |

There were no significant transfers between Level 1, 2 or 3 for the year ended June 30, 2012.

In 2009, new guidance related to the Fair Value Measurement standard was issued for estimating the fair value of investments in investment companies (limited partnerships) that have a calculated value of their capital account or net asset value ("NAV") in accordance with, or in a manner consistent with US GAAP. The Medical Center is permitted under US GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the Medical Center expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP. The Medical Center's investments in private investment funds are fair valued based on the most current NAV.

The Medical Center performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with US GAAP. The Medical Center has assessed factors including, but not limited to, managers' compliance with Fair Value Measurement standard, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The guidance also requires additional disclosures to enable user of the financial statements to understand the nature and risk of the Medical Center's investments. Furthermore, investments which can be redeemed at NAV by the Medical Center on the measurement date or in the near term are classified as Level 2. Investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3. The new guidance did not materially affect the Medical Center's consolidated financial statements.

| Category | Fair Value | Redemption Frequency | Redemption Notice Period |
|------------------------------------|---------------|----------------------|---------------------------------------|
| Private Investment Funds - Level 2 | \$ 37,412,704 | Daily, Monthly | 2-30 days notice |
| Private Investment Funds - Level 3 | 10,719,307 | Quarterly, Annually | 1 year lock up with 65-90 days notice |

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9. Retirement Benefits

A reconciliation of the changes in the Catholic Medical Center Pension Plan and the Medical Center's Supplemental Executive Retirement Plan projected benefit obligations and the fair value of assets for the years ended June 30, 2012 and 2011, and a statement of funded status of the plans as of June 30 for both years follows:

| | Catholic Medical Center Pension Plan | | Pre-1987 Supplemental Executive Retirement Plan | |
|--|---|------------------------|--|-----------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Change in benefit obligations | | | | |
| Benefit obligation at beginning of year | \$ (157,787,395) | \$ (165,821,556) | \$ (5,394,452) | \$ (5,290,290) |
| Service cost | (3,191,124) | (7,953,006) | - | - |
| Interest cost | (8,979,811) | (9,451,428) | (237,723) | (249,976) |
| Benefits paid | 3,225,064 | 2,634,090 | 499,627 | 508,251 |
| Actuarial loss | (40,619,502) | (4,145,691) | (385,759) | (362,437) |
| Expenses paid | 398,326 | 494,343 | - | - |
| Curtailements, settlements, and special termination benefits | - | 26,455,853 | - | - |
| Benefit obligation at end of year | <u>(206,954,442)</u> | <u>(157,787,395)</u> | <u>(5,518,307)</u> | <u>(5,394,452)</u> |
| Accumulated benefit obligation | 206,954,442 | 152,373,702 | 5,518,307 | 5,394,452 |
| Change in plan assets | | | | |
| Fair value of plan assets at beginning of year | 118,571,202 | 93,896,501 | - | - |
| Actual return on plan assets | (2,226,409) | 18,331,134 | - | - |
| Employer contributions | 10,288,000 | 9,472,000 | 499,627 | 508,251 |
| Benefits paid | (3,225,064) | (2,634,090) | (499,627) | (508,251) |
| Expenses paid | (398,326) | (494,343) | - | - |
| Fair value of plan assets at end of year | <u>123,009,403</u> | <u>118,571,202</u> | <u>-</u> | <u>-</u> |
| Funded status of plan at June 30 | (83,945,039) | (39,216,193) | (5,518,307) | (5,394,452) |
| Amounts recognized in the statement of financial position consist of | | | | |
| Current liability | - | - | (470,523) | (493,072) |
| Noncurrent liability | <u>(83,945,039)</u> | <u>(39,216,193)</u> | <u>(5,047,784)</u> | <u>(4,901,380)</u> |
| Net amount recognized | <u>\$ (83,945,039)</u> | <u>\$ (39,216,193)</u> | <u>\$ (5,518,307)</u> | <u>\$ (5,394,452)</u> |

The net loss for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$1,791,963.

The current portion of accrued pension costs included in the above amounts for the Medical Center amounted to \$478,922 and \$504,709 at June 30, 2012 and 2011, respectively, and has been included in accounts payable and accrued expenses.

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The amounts recognized in unrestricted net assets for the years ended June 30, 2012 and 2011 consist of:

| | Catholic Medical Center Pension Plan | | Pre-1987 Supplemental Executive Retirement Plan | |
|--------------------------------|--|------------------------|---|-----------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Unrestricted net assets | | | | |
| Prior service cost | \$ - | \$ - | \$ - | \$ - |
| Net loss | <u>(83,222,441)</u> | <u>(30,916,224)</u> | <u>(2,604,127)</u> | <u>(2,318,731)</u> |
| Total unrestricted net assets | <u>\$ (83,222,441)</u> | <u>\$ (30,916,224)</u> | <u>\$ (2,604,127)</u> | <u>\$ (2,318,731)</u> |

Net periodic pension cost includes the following components for the years ended June 30, 2012 and 2011:

| | Catholic Medical Center Pension Plan | | Pre-1987 Supplemental Executive Retirement Plan | |
|--|--|----------------------|---|-------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Service cost | \$ 3,191,124 | \$ 7,953,006 | \$ - | \$ - |
| Interest cost | 8,979,811 | 9,451,428 | 237,723 | 249,976 |
| Expected return on plan assets | (10,114,335) | (8,917,758) | - | - |
| Prior service cost amortization | - | 13,535 | - | - |
| Amount of loss recognized | 654,032 | 2,567,325 | 100,363 | 97,066 |
| Recognition due to settlement or curtailment | - | 59,559 | - | - |
| Net periodic pension cost | <u>\$ 2,710,632</u> | <u>\$ 11,127,095</u> | <u>\$ 338,086</u> | <u>\$ 347,042</u> |

Other changes in plan assets and benefit obligations recognized in unrestricted net assets for the years ended June 30, 2012 and 2011 consist of:

| | Catholic Medical Center Pension Plan | | Pre-1987 Supplemental Executive Retirement Plan | |
|--|--|------------------------|---|-------------------|
| | 2012 | 2011 | 2012 | 2011 |
| New net loss (gain) | \$ 52,960,246 | \$ (31,723,538) | \$ 385,759 | \$ 362,437 |
| Amortization of prior service cost (credit) | - | (13,535) | - | - |
| Recognition or prior service cost due to curtailment | - | (59,559) | - | - |
| Amortization of net loss | <u>(654,032)</u> | <u>(2,567,325)</u> | <u>(100,363)</u> | <u>(97,066)</u> |
| Net amount recognized | <u>\$ 52,306,214</u> | <u>\$ (34,363,957)</u> | <u>\$ 285,396</u> | <u>\$ 265,371</u> |

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The Medical Center's investment strategy is to maintain a diversified portfolio of investments with an investment and risk profile consistent with pension liabilities.

The investments of the plans are comprised of the following at June 30:

| | Target Allocation Fiscal Year Ending June 30, 2012 | Catholic Medical Center Pension Plan | |
|-------------------|---|--|--------------|
| | | 2012 | 2011 |
| Equity securities | 60 % | 56.4 % | 60.6 % |
| Debt securities | 30 | 35.4 | 30.7 |
| Other | 10 | 8.2 | 8.7 |
| | <u>100 %</u> | <u>100 %</u> | <u>100 %</u> |

The assumption for the long-term rate of return on plan assets has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The weighted-average assumptions used to determine for the defined benefit pension plans obligations at June 30 are as follows:

| | Catholic Medical Center Pension Plan | | Pre-1987 Supplemental Executive Retirement Plan | |
|---|--|--------|---|--------|
| | 2012 | 2011 | 2012 | 2011 |
| Discount rate | 4.46 % | 5.89 % | 3.57 % | 4.72 % |
| Rate of increase in future compensation levels | 4.00 | 4.00 | - | - |

The weighted-average assumptions used to determine the defined benefit pension plans net periodic benefit costs for the years ended June 30 are as follows:

| | Catholic Medical Center Pension Plan | | Pre-1987 Supplemental Executive Retirement Plan | |
|---|--|--------|---|--------|
| | 2012 | 2011 | 2012 | 2011 |
| Discount rate | 5.89 % | 5.75 % | 4.72 % | 4.90 % |
| Rate increase in future compensation levels | 4.00 | 4.00 | - | - |
| Expected long-term rate of return on plan assets | 8.00 | 7.75 | - | - |

The expected employer contributions for the fiscal year ending June 30, 2013 are \$10,478,922.

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The following benefits, which reflect expected future service, as appropriate, are expected to be paid for the years ending June 30 are:

| | Catholic Medical Center Pension Plan | Pre-1987 Supplemental Executive Retirement Plan |
|-----------|---|--|
| 2013 | \$ 3,721,236 | \$ 478,922 |
| 2014 | 4,164,717 | 470,701 |
| 2015 | 4,701,121 | 440,121 |
| 2016 | 5,391,212 | 430,534 |
| 2017 | 6,123,156 | 420,168 |
| 2018-2022 | 42,807,018 | 1,915,593 |

The Medical Center contributed \$10,288,000 and \$499,627 to the Catholic Medical Center Pension Plan, the Pre-1987 Supplemental Executive Retirement Plan, respectively, for the year ended June 30, 2012. The Medical Center plans to make any necessary contributions during the upcoming fiscal 2013 year to ensure the Plans continue to be adequately funded given the current market conditions.

The following fair value hierarchy tables present information about the Medical Center pension plan's financial assets measured at fair value on a recurring basis based upon the lowest level of significant input valuation.

As of June 30, 2012:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|----------------------|----------------------|----------------------|-----------------------|
| Cash and cash equivalents | \$ 6,269,276 | \$ - | \$ - | \$ 6,269,276 |
| Marketable equity securities | 22,156,649 | - | - | 22,156,649 |
| Fixed income | 24,091,935 | - | - | 24,091,935 |
| Private investment funds | - | 60,392,135 | 10,099,408 | 70,491,543 |
| Total assets at fair value | <u>\$ 52,517,860</u> | <u>\$ 60,392,135</u> | <u>\$ 10,099,408</u> | <u>\$ 123,009,403</u> |

As of June 30, 2011:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|----------------------|----------------------|----------------------|-----------------------|
| Cash and cash equivalents | \$ 1,705,152 | \$ - | \$ - | \$ 1,705,152 |
| Marketable equity securities | 20,217,166 | - | - | 20,217,166 |
| Fixed income | 16,503,041 | - | - | 16,503,041 |
| Private investment funds | - | 69,799,800 | 10,346,043 | 80,145,843 |
| Total assets at fair value | <u>\$ 38,425,359</u> | <u>\$ 69,799,800</u> | <u>\$ 10,346,043</u> | <u>\$ 118,571,202</u> |

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The following tables present the assets carried at fair values at June 30, 2012 and 2011 that are classified at Level 3 of the fair value hierarchy. The table reflects gains and losses for the year, including gains and losses on assets that were transferred to Level 3 as of June 30, 2012 and 2011. Additionally, both observable and unobservable inputs may be used to determine the fair value of positions that the Medical Center has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within Level 3 may include changes in fair value that were attributable to both observable and unobservable inputs.

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) |
|---------------------------------|--|
| | Private Investment Funds |
| Balance at July 1, 2011 | \$ 10,346,043 |
| Realized losses | (1,664) |
| Unrealized losses | (230,108) |
| Sales | (14,863) |
| Balance at June 30, 2012 | <u>\$ 10,099,408</u> |

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) |
|---------------------------------|--|
| | Private Investment Funds |
| Balance at July 1, 2011 | \$ 7,931,511 |
| Realized losses | (13,508) |
| Unrealized gains | 765,015 |
| Purchases | 1,951,200 |
| Sales | (288,175) |
| Balance at June 30, 2012 | <u>\$ 10,346,043</u> |

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10. Related Party Transactions

During 2012 and 2011, the Medical Center made and received transfers (to) from affiliated organizations as follows:

| | 2012 | 2011 |
|-------------------------------|------------------------|-----------------------|
| Alliance Health Services | \$ (5,400,000) | \$ (2,500,000) |
| Physician Practice Associates | (9,117,000) | (7,672,800) |
| Alliance Ambulatory Service | 2,930,000 | 2,440,000 |
| Alliance Resources, Inc. | - | (65,000) |
| Alliance Enterprises | (72,000) | - |
| St. Peter's Home, Inc. | 871 | (623) |
| | <u>\$ (11,658,129)</u> | <u>\$ (7,798,423)</u> |

The Medical Center enters into various other transactions with the aforementioned related organizations as well as certain other related organizations in the prior year. The net effect of these transactions was an amount due from (to) affiliates of \$458,667 and (\$966,496) at June 30, 2012 and 2011, respectively.

11. Functional Expenses

The Medical Center provides general health care services to residents within its geographic location including inpatient, outpatient and emergency care. Expenses related to providing these services are as follows:

| | 2012 | 2011 |
|----------------------------|-----------------------|-----------------------|
| Health care services | \$ 226,923,966 | \$ 229,750,026 |
| General and administrative | 48,258,812 | 48,002,903 |
| | <u>\$ 275,182,778</u> | <u>\$ 277,752,929</u> |

12. Concentration of Credit Risk

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

| | 2012 | 2011 |
|--------------------------------|--------------|--------------|
| Medicare | 41 % | 41 % |
| Medicaid | 6 | 5 |
| Commercial insurance and other | 20 | 22 |
| Patients | 17 | 16 |
| Blue Cross | 16 | 16 |
| | <u>100 %</u> | <u>100 %</u> |

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13. Endowments

In July 2008, the State of New Hampshire enacted a version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). The new law which has an effective date of July 1, 2008, eliminates the historical dollar threshold and establishes prudent spending guidelines that consider both the duration and preservation of the fund. As a result of this enactment, subject to the donor's intent as expressed in a gift agreement or similar document, a New Hampshire, charitable organization may now spend the principal and income of an endowment fund, even from an underwater fund, after considering the factors listed in the Act.

At June 30, 2012, the endowment net asset composition by type of fund consisted of the following:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|------------------------|----------------------|------------------------|------------------------|----------------------|
| Donor-restricted funds | \$ - | \$ 353,996 | \$ 6,693,072 | \$ 7,047,068 |
| Board-designated funds | 64,054,092 | - | - | 64,054,092 |
| Total funds | <u>\$ 64,054,092</u> | <u>\$ 353,996</u> | <u>\$ 6,693,072</u> | <u>\$ 71,101,160</u> |

Changes in endowment net assets for the fiscal year ended June 30, 2012, consisted of the

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|----------------------|------------------------|------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 66,205,197 | \$ 381,533 | \$ 6,882,231 | \$ 73,468,961 |
| Investment return | | | | |
| Investment income | 686,672 | 2,156 | 2,171 | 690,999 |
| Net depreciation (realized and unrealized) | (5,592,682) | - | (191,331) | (5,784,013) |
| Total investment (loss) gain | (4,906,010) | 2,156 | (189,160) | (5,093,014) |
| Contributions | 2,741,081 | 51,208 | - | 2,792,289 |
| Appropriation of endowment assets for expenditure | 13,825 | (80,901) | - | (67,076) |
| Endowment net assets, end of year | <u>\$ 64,054,093</u> | <u>\$ 353,996</u> | <u>\$ 6,693,071</u> | <u>\$ 71,101,160</u> |

At June 30, 2011, the endowment net asset composition by type of fund consisted of the following:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|------------------------|----------------------|------------------------|------------------------|----------------------|
| Donor-restricted funds | \$ - | \$ 381,533 | \$ 6,882,231 | \$ 7,263,764 |
| Board-designated funds | 66,205,197 | - | - | 66,205,197 |
| Total funds | <u>\$ 66,205,197</u> | <u>\$ 381,533</u> | <u>\$ 6,882,231</u> | <u>\$ 73,468,961</u> |

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

Changes in endowment net assets for the fiscal year ended June 30, 2011 consisted of the following:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|----------------------|---------------------------|---------------------------|----------------------|
| Endowment net assets, beginning of year | \$ 54,710,363 | \$ 357,814 | \$ 6,266,470 | \$ 61,334,647 |
| Investment return | | | | |
| Investment income | 1,242,172 | 2,454 | 601 | 1,245,227 |
| Net appreciation (realized and unrealized) | 10,978,393 | - | 615,160 | 11,593,553 |
| Total investment gain | 12,220,565 | 2,454 | 615,761 | 12,838,780 |
| Contributions | (745,711) | 81,408 | - | (664,303) |
| Appropriation of endowment assets for expenditure | 19,980 | (60,143) | - | (40,163) |
| Endowment net assets, end of year | <u>\$ 66,205,197</u> | <u>\$ 381,533</u> | <u>\$ 6,882,231</u> | <u>\$ 73,468,961</u> |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Medical Center to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2012 and 2011.

14. Commitments and Contingencies

Litigation

Various legal claims, generally incidental to the conduct of normal business, are pending or have been threatened against the Medical Center. The Medical Center intends to defend vigorously against these claims. While ultimate liability, if any, arising from any such claims is presently indeterminable, it is management's opinion that the ultimate resolution of these claims will not have a material adverse effect on the financial condition of the Medical Center.

Regulatory

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, 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. Compliance with such laws and regulations are subject to government review and interpretations as well as regulatory actions unknown or unasserted at this time.

Other Financial Information



Report of Independent Auditors on Accompanying Consolidating Information

To the Board of Trustees of
Catholic Medical Center and Subsidiaries

We have audited the consolidated financial statements of Catholic Medical Center and Subsidiaries as of June 30, 2012 and 2011 and for the years then ended and our report thereon appears on page 1 of this document. Those audits were conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position and results of operations of the individual companies.

PricewaterhouseCoopers LLP

November 12, 2012

Catholic Medical Center and Subsidiaries
Consolidating Balance Sheet
June 30, 2012

| | Catholic Medical Center | CMC Associates | Eliminations | Total |
|---|----------------------------|-------------------|--------------|----------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 62,005,310 | \$ 190,572 | \$ - | \$ 62,195,882 |
| Short-term investments | 1,030,384 | - | - | 1,030,384 |
| Accounts receivable from patients, less allowance of \$14,520,666 in 2012 | 30,745,571 | - | - | 30,745,571 |
| Inventories | 1,248,598 | 45,350 | - | 1,293,948 |
| Due from affiliates | 443,573 | 15,094 | - | 458,667 |
| Other current assets | 3,469,354 | 511 | - | 3,469,865 |
| Total current assets | 98,942,790 | 251,527 | - | 99,194,317 |
| Property, plant and equipment, net | 75,934,131 | 27,137 | - | 75,961,268 |
| Other assets | | | | |
| Note receivable, less allowance of \$800,000 | 218,859 | - | - | 218,859 |
| Unamortized debt issuance costs | 834,884 | - | - | 834,884 |
| Other assets | 16,063,478 | - | - | 16,063,478 |
| | 17,117,221 | - | - | 17,117,221 |
| Assets whose use is limited | | | | |
| Pension and insurance obligations | 11,439,235 | - | - | 11,439,235 |
| Board-designated and donor-restricted investments | 71,101,160 | - | - | 71,101,160 |
| Held by trustee under revenue bond agreement | 5,168,016 | - | - | 5,168,016 |
| Total assets whose use is limited | 87,708,411 | - | - | 87,708,411 |
| Total assets | \$ 279,702,553 | \$ 278,664 | \$ - | \$ 279,981,217 |
| Liabilities and Net Assets | | | | |
| Current liabilities | | | | |
| Current portion of long-term debt | \$ 2,128,404 | \$ - | \$ - | \$ 2,128,404 |
| Accounts payable and accrued expenses | 14,094,800 | 44,042 | - | 14,138,842 |
| Accrued salaries, wages and related accounts | 13,330,899 | - | - | 13,330,899 |
| Amounts payable to third-party payors | 8,920,004 | - | - | 8,920,004 |
| Notes payable | 6,000,000 | - | - | 6,000,000 |
| Amounts due to affiliates | - | - | - | - |
| Total current liabilities | 44,474,107 | 44,042 | - | 44,518,149 |
| Accrued pension and other liabilities, net of current portion | 111,550,388 | - | - | 111,550,388 |
| Long-term debt, net of current portion | 63,057,516 | - | - | 63,057,516 |
| Total liabilities | 219,082,011 | 44,042 | - | 219,126,053 |
| Commitments and contingencies | | | | |
| Net assets | | | | |
| Unrestricted | 53,573,474 | 234,622 | - | 53,808,096 |
| Temporarily restricted | 353,996 | - | - | 353,996 |
| Permanently restricted | 6,693,072 | - | - | 6,693,072 |
| Total net assets | 60,620,542 | 234,622 | - | 60,855,164 |
| Total liabilities and net assets | \$ 279,702,553 | \$ 278,664 | \$ - | \$ 279,981,217 |

Catholic Medical Center and Subsidiaries
Consolidating Balance Sheet
June 30, 2011

| | Catholic Medical Center | CMC Associates | New England Heart Institute Foundation | Eliminations | Total |
|---|----------------------------|-------------------|--|--------------|----------------|
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 45,078,847 | \$ 209,255 | \$ - | \$ - | \$ 45,288,102 |
| Short-term investments | 6,386,296 | - | - | - | 6,386,296 |
| Accounts receivable from patients, less allowance of \$11,863,966 in 2011 | 32,302,845 | - | - | - | 32,302,845 |
| Inventories | 1,228,166 | 52,424 | - | - | 1,280,590 |
| Other current assets | 3,402,177 | 6,248 | - | - | 3,408,425 |
| Total current assets | 88,398,331 | 267,927 | - | - | 88,666,258 |
| Property, plant and equipment, net | 77,686,783 | 32,700 | - | - | 77,719,483 |
| Other assets | | | | | |
| Note receivable, less allowance of \$800,000 | 319,476 | - | - | - | 319,476 |
| Unamortized debt issuance costs | 892,422 | - | - | - | 892,422 |
| | 1,211,898 | - | - | - | 1,211,898 |
| Assets whose use is limited | | | | | |
| Pension and insurance obligations | 12,426,652 | - | - | - | 12,426,652 |
| Board-designated and donor-restricted investments | 73,468,961 | - | - | - | 73,468,961 |
| Held by trustee under revenue bond agreement | 5,072,246 | - | - | - | 5,072,246 |
| Total assets whose use is limited | 90,967,859 | - | - | - | 90,967,859 |
| Total assets | \$ 258,264,871 | \$ 300,627 | \$ - | \$ - | \$ 258,565,498 |
| Liabilities and Net Assets | | | | | |
| Current liabilities | | | | | |
| Current portion of long-term debt | \$ 1,473,605 | \$ - | \$ - | \$ - | \$ 1,473,605 |
| Accounts payable and accrued expenses | 15,118,478 | 17,494 | - | - | 15,135,972 |
| Accrued salaries, wages and related accounts | 12,818,247 | - | - | - | 12,818,247 |
| Amounts payable to third-party payors | 4,528,053 | - | - | - | 4,528,053 |
| Notes payable | 7,000,000 | - | - | - | 7,000,000 |
| Amounts due to affiliates | 973,886 | (7,390) | - | - | 966,496 |
| Total current liabilities | 41,912,269 | 10,104 | - | - | 41,922,373 |
| Accrued pension and other liabilities, net of current portion | 53,434,346 | - | - | - | 53,434,346 |
| Long-term debt, net of current portion | 62,336,472 | - | - | - | 62,336,472 |
| Total liabilities | 157,683,087 | 10,104 | - | - | 157,693,191 |
| Commitments and contingencies | | | | | |
| Net assets | | | | | |
| Unrestricted | 93,318,020 | 290,523 | - | - | 93,608,543 |
| Temporarily restricted | 381,533 | - | - | - | 381,533 |
| Permanently restricted | 6,882,231 | - | - | - | 6,882,231 |
| Total net assets | 100,581,784 | 290,523 | - | - | 100,872,307 |
| Total liabilities and net assets | \$ 258,264,871 | \$ 300,627 | \$ - | \$ - | \$ 258,565,498 |

Catholic Medical Center and Subsidiaries
Consolidating Statement of Operations
Year Ended June 30, 2012

| | Catholic Medical Center | CMC Associates | Eliminations | Total |
|--|----------------------------|-------------------|--------------|-----------------|
| Operating revenue | | | | |
| Net patient service revenue | \$ 284,416,129 | \$ - | \$ - | \$ 284,416,129 |
| DSH funding | - | - | - | - |
| Other revenue | 11,306,224 | 330,614 | - | 11,636,838 |
| Total operating revenue | 295,722,353 | 330,614 | - | 296,052,967 |
| Operating expenses | | | | |
| Salaries, wages and fringe benefits | 144,427,317 | 81,621 | - | 144,508,938 |
| Supplies and other expenses | 101,808,378 | 299,416 | - | 102,107,794 |
| Medicaid enhancement tax | 15,240,270 | - | - | 15,240,270 |
| Depreciation and amortization | 10,554,856 | 5,563 | - | 10,560,419 |
| Interest | 2,765,357 | - | - | 2,765,357 |
| Total operating expenses | 274,796,178 | 386,600 | - | 275,182,778 |
| Income from operations | 20,926,175 | (55,986) | - | 20,870,189 |
| Nonoperating gains (losses) | | | | |
| Investment (loss) income | (757,730) | 85 | - | (757,645) |
| Net realized gains on sales of investments | 3,120,955 | - | - | 3,120,955 |
| Loss on sale of property and equipment | (159,445) | - | - | (159,445) |
| Nonoperating gains, net | 2,203,780 | 85 | - | 2,203,865 |
| Excess/(deficit) of revenue over expenses | 23,129,955 | (55,901) | - | 23,074,054 |
| Other changes in net assets | | | | |
| Change in unrealized depreciation on investments | (5,949,001) | - | - | (5,949,001) |
| Assets released from restrictions used for capital | 13,825 | - | - | 13,825 |
| Pension-related changes other than net periodic pension cost | (45,281,196) | - | - | (45,281,196) |
| Adoption of new accounting principle - goodwill impairment | - | - | - | - |
| Net assets transferred to affiliates | (11,658,129) | - | - | (11,658,129) |
| Decrease in unrestricted net assets | \$ (39,744,546) | \$ (55,901) | \$ - | \$ (39,800,447) |

Catholic Medical Center and Subsidiaries
Consolidating Statement of Operations
Year Ended June 30, 2011

| | Catholic Medical Center | CMC Associates | New England Heart Institute Foundation | Eliminations | Total |
|--|----------------------------|-------------------|--|--------------|----------------|
| Operating revenue | | | | | |
| Net patient service revenue | \$ 271,261,302 | \$ - | \$ - | \$ - | \$ 271,261,302 |
| DSH funding | 12,027,952 | - | - | - | 12,027,952 |
| Other revenue | 5,013,015 | 344,342 | 3,276 | - | 5,360,633 |
| Total operating revenue | 288,302,269 | 344,342 | 3,276 | - | 288,649,887 |
| Operating expenses | | | | | |
| Salaries, wages and fringe benefits | 150,560,438 | 75,510 | - | - | 150,635,948 |
| Supplies and other expenses | 100,757,135 | 239,090 | 3,160 | - | 100,999,385 |
| Medicaid enhancement tax | 12,521,429 | - | - | - | 12,521,429 |
| Depreciation and amortization | 10,791,993 | 5,563 | - | - | 10,797,556 |
| Interest | 2,798,611 | - | - | - | 2,798,611 |
| Total operating expenses | 277,429,606 | 320,163 | 3,160 | - | 277,752,929 |
| Income from operations | 10,872,663 | 24,179 | 116 | - | 10,896,958 |
| Nonoperating gains | | | | | |
| Investment income | 1,980,705 | 138 | 1,480 | - | 1,982,323 |
| Net realized gains on sales of investments | 2,003,005 | - | - | - | 2,003,005 |
| Loss on sale of property and equipment | (15,946) | - | - | - | (15,946) |
| Nonoperating gains, net | 3,967,764 | 138 | 1,480 | - | 3,969,382 |
| Excess of revenue over expenses | 14,840,427 | 24,317 | 1,596 | - | 14,866,340 |
| Other changes in net assets | | | | | |
| Change in unrealized appreciation on investments | 9,794,325 | - | - | - | 9,794,325 |
| Assets released from restrictions used for capital | 19,980 | - | - | - | 19,980 |
| Pension-related changes other than net periodic pension cost | 29,331,769 | - | - | - | 29,331,769 |
| Adoption of new accounting principle - goodwill impairment | (12,496) | - | - | - | (12,496) |
| Net assets transferred to affiliates | (7,530,577) | - | (267,846) | - | (7,798,423) |
| Increase (decrease) in unrestricted net assets | \$ 46,443,428 | \$ 24,317 | \$ (266,250) | \$ - | \$ 46,201,495 |

CATHOLIC MEDICAL CENTER
Manchester, NH

ADMINISTRATIVE MANUAL

TITLE: MISSION STATEMENT

MISSION

The heart of Catholic Medical Center is to provide health, healing, and hope in a manner that offers innovative high quality services, compassion, and respect for the human dignity of every individual who seeks or needs our care as part of Christ's healing ministry through the Catholic Church.

VISION

Everything we do is guided by our mission and values. As the responsive and innovative health care leader in the region, we are recognized as a center of excellence and for the expertise of our staff. Through our commitment to providing a lifetime of care, we meet the diverse needs and exceed the expectations of our community. We take pride in our collaborative relationships with patients, employees, physicians, volunteers and other health care partners. Through our dedication to health and wellness, we are creating a better community in which to work and live. Finally, our vision is formed within the mission of the Catholic health care ministry in general.

VALUES

All our values are rooted in the fundamental values of promoting and defending human dignity and respecting the sacredness of human life. All our actions are guided by the *Ethical and Religious Directives for Catholic Health Care Services*.

We are committed to the following values:

- Compassion
- Respect
- Patient-Centered Care
- Human Dignity
- Excellence

KEY ADMINISTRATIVE PERSONNEL

NH Department of Health and Human Services
Division for Children, Youth and Families

Agency Name: Catholic Medical Center

Name of Bureau/Section: _____

| BUDGET PERIOD: | SFY14-15 | | |
|--|---|---------------------------------------|--------------------------------------|
| Name & Title Key Administrative Personnel | Annual Salary Of Key Administrative Personnel | Percentage of Salary Paid By Contract | Total Salary Amount Paid By Contract |
| Joseph Pepe, MD; President & CEO | \$445,000 | 0.00% | \$0.00 |
| Edward L. Dudley, Executive Vice President/CFO | \$309,000 | 0.00% | \$0.00 |
| Alexander J. Walker, Jr, Esq.; Senior Vice President, Operations & Strategic Development | \$300,000 | 0.00% | \$0.00 |
| | | 0.00% | \$0.00 |
| | | 0.00% | \$0.00 |
| | | 0.00% | \$0.00 |
| TOTAL SALARIES (Not to exceed Total/Salary Wages, Line Item 1 of Budget request) | | | \$0.00 |

Key Administrative Personnel are top-level agency leadership (President, Executive Director, CEO, CFO, etc), and individuals directly involved in operating and managing the program (project director, program manager, etc.). These personnel **MUST** be listed, even if no salary is paid from the contract. Provide their name, title, annual salary and percentage of annual salary paid from agreement.

We are committed to the **highest standards of patient-centered care and excellence**. We are dedicated to sustaining financial strength through the sound management of our resources. We are accountable to our community for the quality and value of the services we provide.

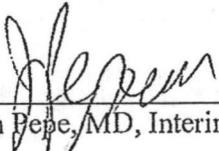
Human dignity is essential to our mission. We foster and actively promote an environment where all are free to share their ideas and concerns without fear of reprisal. We show **respect** for each other at all levels.

Our commitment for **respect and human dignity** begins with our **valued employees, physicians and volunteers**. This family is nurtured in an environment marked by high standards and expectations, with opportunities for learning, mobility and growth.

We believe that pride and ownership through **compassion** and shared responsibility creates a strong Catholic Medical Center **family**.

We work together as partners in a spirit of cooperation. **Collaboration** is vital to achieve our mission of caring and serving.

APPROVED BY: Board of Directors



Joseph Pepe, MD, Interim President & CEO

EFFECTIVE DATE:

REVIEWED: March 13, 2003
July 15, 2005
April 23, 2008
September 22, 2011
April 19, 2012

SUPERSEDES: Mission Statement, September 22, 2011

REVISED BY: Mission Effectiveness Advisory Committee
April 19, 2012

ROBERTA E. PROVENCAL, M.B.A., MT(ASCP)

3 Colchester Road, Windham, NH 03087

EXPERIENCE

CATHOLIC MEDICAL CENTER, Manchester, NH 2006 - Present
A 330-bed acute care facility, specializing in cardiac care.

Director, Laboratory Services

Responsible for providing laboratory services through 106 exempt/non-exempt professional and support staff, in a 24/7 environment with hospital-based laboratory, 2 satellite collection and testing laboratory sites and 8 laboratory patient service centers. Oversee an operating budget of \$14 million. Achievements include: creating start-up hospital-based LEAN clinical and pathology laboratories with new facilities, creating urgent care testing laboratory, satellite cancer center testing laboratory and collection sites throughout the community, and developing outreach laboratory business.

CONCORD HOSPITAL, Concord, NH 1997 - 2006
Regional Medical Center

Director, Laboratory Services

Responsible for providing laboratory services through 124 exempt/non-exempt professional and support staff, in a 24/7 environment with hospital-based laboratory, 2 satellite collection and testing laboratory sites and 8 laboratory patient service centers. Oversee an operating budget of \$10 million.

BROCKTON HOSPITAL, Brockton, MA 1993 - 1997
A 301-bed acute care facility, specializing in emergency medicine.

Administrative Director, Laboratory

Responsible for overall operations in a 24/7 hospital-based laboratory. Oversaw an operating budget of \$33.2 million.

HEALTHCARE DIAGNOSTICS, INC., Lynnfield, MA 1993
Analyst

Responsible for assessment of quality programs at Duke University Medical Center's Laboratories (Consulting tasks performed on contract basis; approximately 20 hours total time over 2 month period; performed in addition to full time Brockton Hospital position)

ELLIOT HOSPITAL, Manchester, NH 1980 - 1993
A 296-bed acute care facility, specializing in emergency medicine.....

Laboratory Manager (1985 - 1993)

Responsibility for clinical laboratory operations in a 24/7 hospital environment.

Second Shift Supervisor (1983 - 1985)

Medical Technologist (1980 - 1983)

LOWELL GENERAL HOSPITAL, Lowell, MA 1979 - 1980
Medical Technologist

Roberta E. Provencal

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LAWRENCE GENERAL HOSPITAL, Lawrence, MA
Medical Technologist

1977 - 1980

NEW ROCHELLE HOSPITAL MEDICAL CENTER, New Rochelle, NY
Chemistry Supervisor (1976 – 1977)
Medical Technologist (1976)

1976 – 1977

SCARSDALE MEDICAL CENTER, Scarsdale, NY
A multi-specialty group practice with nine physicians.
Medical Technologist

1976

ST. JOSEPH'S HOSPITAL, Yonkers, NY
Medical Technologist (temporary position)

1975

EDUCATION

Masters of Business Administration, Rivier College, Nashua, New Hampshire
Bachelor of Science, Medical Technology, Lowell State College, Lowell, MA

MEMBERSHIPS

American College of Healthcare Executives
American Society of Clinical Pathologists
Clinical Laboratory Management Association
University of New Hampshire Medical Laboratory Science Program Advisory Board

| | | |
|--|---------------------------------|-----------------------|
| December 2004 – February 2006 <i>Medical Technologist</i> | Valley Regional Hospital | Claremont, NH |
| July 2004 – August 2005 <i>Medical Technologist, Per Diem</i> | New London Hospital | New London, NH |
| September 2003 – May 2004 <i>Adjunct Instructor CIS105</i> | Colby-Sawyer College | New London, NH |
| 1996 – February 2004 <i>Applications Support Analyst</i> | Valley Regional Hospital | Claremont, NH |
| 1989 – February 2004 <i>Laboratory Information System Administrator</i> | Valley Regional Hospital | Claremont, NH |
| 1985 – 1996 <i>Chief Medical Technologist</i> | Valley Regional Hospital | Claremont, NH |
| <ul style="list-style-type: none"> ▪ Directed the daily technical activities for staff of 20 laboratory professionals. Responsibilities included quality control, equipment maintenance, results reporting, quality assurance, staff scheduling, and job performance appraisals | | |

EDUCATION

| | | |
|--|--|----------------------|
| January 2011 – Present <i>MBA – Healthcare Administration</i> | Plymouth State University | Plymouth, NH |
| <ul style="list-style-type: none"> ▪ Currently matriculated | | |
| August 2004 – December 2006 <i>Bachelor's Degree – Information Technology</i> | Franklin University | Columbus, OH |
| <ul style="list-style-type: none"> ▪ Graduated Summa Cum Laude | | |
| 1979 – 1980 <i>Associates Degree in Applied Sciences – Laboratory Science</i> | New Hampshire Technical College | Claremont, NH |
| <ul style="list-style-type: none"> ▪ Graduated Cum Laude ▪ Charter member, 2 year member, and Executive Committee member Phi Theta Kappa | | |

Professional Certifications

American Medical Technologists

American Society for Clinical Pathology

AMY SCHULTZ, MT(ASCP)

Goffstown, NH 03045

EXPERIENCE

CATHOLIC MEDICAL CENTER, Manchester, NH 2007 - Present
A 330-bed acute care facility, specializing in cardiac care.

Laboratory Technical Operations Manager

Responsible for managing and coordinating the technical laboratory to include Microbiology, Chemistry, Hematology, Blood Bank, Pathology, Point of Care Testing and Specimen Processing to meet internal and external customer requirements within budget guidelines. Manage 60 FTEs, exempt/non-exempt professional and support staff, in a 24/7 hospital-based laboratory, one satellite cancer center laboratory and one urgent care laboratory. Maintain accreditations for College of American Pathologists (CAP), American Association of Blood Banks (AABB), The Joint Commission (TJC), and Centers for Medicare & Medicaid Services (CMS) Clinical Laboratory Improvement Amendments (CLIA).

LABORATORY CORPORATION OF AMERICA/PATH LAB, Manchester, NH 2002 - 2007
Contracted Laboratory operations at Catholic Medical Center

Hospital Laboratory Manager

Responsible for managing the technical laboratory to include Microbiology, Chemistry, Hematology, Blood Bank and Specimen Processing within budget guidelines. Manage 35 FTEs, exempt/non-exempt professional and support staff, in a 24/7 hospital-based laboratory. Represented corporate headquarters on-site in hospital setting. Maintain accreditations for College of American Pathologists (CAP), American Association of Blood Banks (AABB), State of New Hampshire, and Centers for Medicare & Medicaid Services (CMS) Clinical Laboratory Improvement Amendments (CLIA).

NEW HAMPSHIRE MEDICAL LABORATORY, Manchester, NH
A Catholic Medical Center (CMC) affiliated for-profit laboratory; STAT Laboratory located at CMC.

Laboratory STAT Lab Supervisor 2001 - 2002
Responsible for overall operations in a 24/7 hospital-based STAT laboratory.

Laboratory Lead Technologist 1997 - 2001
Responsible for the STAT laboratory operations of technical areas, i.e. Chemistry, Hematology, Blood Bank and limited Microbiology.

Medical Technologist - Generalist 1992 - 1997
Responsible for the performing clinical laboratory testing in the areas of Chemistry, Hematology limited Microbiology, and Phlebotomy.

Medical Technologist - Chemistry 1987 - 1992
Responsible for the performing clinical laboratory testing in Chemistry and Special Chemistry

Amy Schultz

Page 2

CATHOLIC MEDICAL CENTER, Manchester, NH
A 330-bed acute care facility.

1979 - 1987

Medical Technologist - Generalist

FRANKLIN REGIONAL HOSPITAL, Franklin, NH
Assistant Chief Technologist
Medical Technologist – Generalist

1972 - 1979

EDUCATION

Clinical Laboratory Internship, Nassau County Medical Center, East Meadow, New York
Bachelor of Arts, Biology, Adelphi University, Garden City, New York

MEMBERSHIPS

American Society of Clinical Pathologists (ASCP)
Clinical Laboratory Management Association (CLMA)

Thomas D. Hebert

Achieve an executive healthcare management position utilizing my professional skills, education and experience, creating continued responsibility, challenge and growth.

Summary of Qualifications

I hold a Bachelor of Science degree in Business Management from Franklin Pierce University, graduating with honors.

- Twelve years of successful sales and account management experience. I collaborated with national corporate accounts for eight years. I possess excellent persuasive sales techniques producing buyers to want to increase sales in existing and new markets. I have demonstrated success in penetrating through gatekeepers coupled with building solid sales relationships.
- Able to communicate technical information clearly and accurately to individuals or large groups. Extremely entrepreneurial keeping abreast of the latest business trends including Six Sigma, Five S, and Viral Media Marketing.
- I have demonstrated success in applying strategic thinking, driving a WOW customer experience to both internal and external customers.

Career Experience 03/2011-Present Catholic Medical Center Laboratory Manchester, NH
Customer Service Supervisor/Outreach Liaison

- I coach Customer Service representatives on best practices to drive high level customer service to internal and external customers. I monitor workflow and create procedures to promote LEAN processes.
- I collaborate with multiple departments and personnel to promote laboratory offerings and look for opportunities to grow the business. This is a new business model that required creating marketing materials, and go to market strategies organically within the laboratory.
- This is a challenging and diverse role that requires the ability to transition between responsibilities transparently and works through many projects simultaneously.

Career Experience 12/2008 - 03/2011 W.W. Grainger Inc Manchester, N.H. Market
Relationship Manager 12/2009-03/2011

On-site Services Manager 12/2008 to 12/2009

- I proactively developed customer relationships in the New Hampshire market, by partnering with local business's to understand and uncover their needs. Following the Grainger Value Advantage, educate the customer on how they can successfully fill service gaps using Grainger products and or services.

- Effectively organize and implement a strategic plan to achieve regional and corporate goals by identifying and classifying barriers in both existing and potential customer opportunities.
- I evaluated and implemented the Inventory Solutions program within customer accounts effectively creating a reduction of customer business costs, creating LEAN operating environments. I coached resources to manage operations at customer engagements driving a WOW customer experience every time.

07/2000 - 08/2008

NeighborCare Pharmacy

Pembroke, N.H.

Account Executive

- I was responsible for the relationship development and retention of all customers, both private and government. I conducted formal presentations, contract drafting and presentation, along with in-service education of pharmacy programs and services. Developed strategic processes that increased customer service and product quality using continuous quality improvement indicators. I created quarterly and yearly reporting for the region presenting data to corporate. This is one of the highest regulated industries requiring attention to detail and thorough understanding of the laws.

Education

Pembroke Academy

College Preparatory Diploma.

Franklin Pierce University

Bachelor of Science in Business Management.

Graduating with Honors.

**Catholic Medical Center
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St. Anselm College / Abbey

State of New Hampshire
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that CATHOLIC MEDICAL CENTER is a New Hampshire nonprofit corporation formed November 7, 1974. I further certify that it is in good standing as far as this office is concerned, having filed the return(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 10th day of April A.D. 2013

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/02/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| | | |
|--|---|---------------|
| PRODUCER MARSH USA, INC. 99 HIGH STREET BOSTON, MA 02110 Attn: Boston.certrequest@Marsh.com 715651-GWX-12-13 | CONTACT NAME: PHONE (A/C, No, Ext): _____ FAX (A/C, No): _____ E-MAIL ADDRESS: _____ | |
| | INSURER(S) AFFORDING COVERAGE | |
| INSURED CMC HEALTHCARE SYSTEM, INC. 100 MCGREGOR STREET MANCHESTER, NH 03102 | INSURER A: Pro Select Insurance Company | NAIC # |
| | INSURER B: Arch Specialty Insurance Company | 21199 |
| | INSURER C: Safety National Casualty Corp. | 15105 |
| | INSURER D: Sentinel Insurance Company Ltd | 22403 |
| | INSURER E: | |
| INSURER F: | | |

COVERAGES **CERTIFICATE NUMBER:** NYC-006554062-02 **REVISION NUMBER:** 7

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADDL SUBR INSR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|--|---|----------------------------------|-------------------------|-------------------------|---|
| A | GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC | | 2-22596GL | 07/01/2012 | 07/01/2013 | EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000 |
| D | AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS | | 08 UEN ZJ0227 | 07/01/2012 | 07/01/2013 | COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ |
| B | <input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$ | | UHL0050896-00 | 07/01/2012 | 07/01/2013 | EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 |
| C | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | Y/N <input checked="" type="checkbox"/> N N/A | SP 4046757 *SIR \$450,000 | 07/01/2012 | 07/01/2013 | WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000 |
| A | PROFESSIONAL LIABILITY | | 2-22596 | 07/01/2012 | 07/01/2013 | PER CLAIM 1,000,000 AGGREGATE 3,000,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 EVIDENCE OF COVERAGE.

| | |
|---|--|
| CERTIFICATE HOLDER CMC HEALTHCARE SYSTEM, INC. 100 MCGREGOR STREET MANCHESTER, NH 03102 | CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE of Marsh USA Inc. Donna K. Doucet |
|---|--|