

Form 990



Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

BROOKDALE HOSPITAL MEDICAL CENTER

Doing Business As

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

Room/suite

ONE BROOKDALE PLAZA

City or town, state or country, and ZIP + 4

BROOKLYN, NY 11236

F Name and address of principal officer

JIM PORTER

ONE BROOKDALE PLAZA

BROOKLYN, NY 11236

D Employer identification number

11-1631746

E Telephone number

(718) 240-5000

G Gross receipts \$ 455,354,044

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ☐ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: WWW BROOKDALE EDU

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

L Year of formation 1914

M State of legal domicile NY

Part I	Summary
Activities & Governance	<div>1 Briefly describe the organization's mission or most significant activities</div> <div>THE BROOKDALE HOSPITAL MEDICAL CENTER OPERATES A 530 BED HOSPITAL IN BROOKLYN, NY</div> <div></div> <div></div> <div></div> <div></div> <div>2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div> <div>3 Number of voting members of the governing body (Part VI, line 1a)</div> <div>4 Number of independent voting members of the governing body (Part VI, line 1b)</div> <div>5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)</div> <div>6 Total number of volunteers (estimate if necessary)</div> <div>7a Total unrelated business revenue from Part VIII, column (C), line 12</div> <div>7b Net unrelated business taxable income from Form 990-T, line 34</div>
Revenue	<div><div>8 Contributions and grants (Part VIII, line 1h)</div><div>9 Program service revenue (Part VIII, line 2g)</div><div>10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)</div><div>11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</div><div>12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</div></div> <div><div>Prior Year</div><div>7,748,591</div><div>382,527,070</div><div>4,993,815</div><div>69,110,157</div><div>464,379,633</div></div> <div><div>Current Year</div><div>6,485,522</div><div>364,967,639</div><div>13,109,336</div><div>70,636,457</div><div>455,198,954</div></div>
Expenses	<div><div>13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)</div><div>14 Benefits paid to or for members (Part IX, column (A), line 4)</div><div>15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</div><div>16a Professional fundraising fees (Part IX, column (A), line 11e)</div><div>b Total fundraising expenses (Part IX, column (D), line 25) 348,763</div><div>17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</div><div>18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</div><div>19 Revenue less expenses Subtract line 18 from line 12</div></div> <div><div>0</div><div>0</div><div>290,038,511</div><div>0</div><div></div><div>217,594,571</div><div>507,633,082</div><div>-43,253,449</div></div> <div><div>0</div><div>0</div><div>295,813,318</div><div>0</div><div></div><div>210,060,350</div><div>505,873,668</div><div>-50,674,714</div></div>
Net Assets or Fund Balances	<div><div>Beginning of Current Year</div><div>End of Year</div></div> <div><div>20 Total assets (Part X, line 16)</div><div>21 Total liabilities (Part X, line 26)</div><div>22 Net assets or fund balances Subtract line 21 from line 20</div></div> <div><div>178,989,271</div><div>458,918,654</div><div>-279,929,383</div></div> <div><div>189,827,606</div><div>545,555,756</div><div>-355,728,150</div></div>

Part II

Signature Block

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

Sign Here

Signature of officer

2013-01-17

Date

JIM PORTER CFO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

THOMAS LANNING

Firm's name (or yours if self-employed), address, and ZIP + 4

COHNREZNICK LLP

1212 6TH AVENUE

NEW YORK, NY 10036

Date

Check if self-employed ☐

Preparer's taxpayer identification number (see instructions)

P00851654

EIN 22-1478099

Phone no (212) 297-0400

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1

Briefly describe the organization's mission

THE BROOKDALE HOSPITAL MEDICAL CENTER OPERATES A 530 BED HOSPITAL IN BROOKLYN, NEW YORK

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes

☒

No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes

☒

No

If "Yes," describe these changes on Schedule O

4

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 436,555,202 including grants of \$) (Revenue \$ 364,967,639)

THE BROOKDALE HOSPITAL MEDICAL CENTER OPERATES A 530 BED HOSPITAL IN BROOKLYN, NEW YORK IN 2011, BROOKDALE HAD 18,002 ADMISSIONS, 18,075 DISCHARGES, 97,676 OUTPATIENT EMERGENCY ROOM VISITS WHICH RESULTED IN 14,757 ADMISSIONS AND 216,450 OTHER OUTPATIENT SERVICE VISITS

4b

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4c

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4d
























Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses \$ 436,555,202

Part IV Checklist of Required Schedules

		Yes	No	
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I 	14b	Yes	
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Part II and IV 	15		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Part III and IV 	16		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	Yes	
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	20b	Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>						
				Yes	No	
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .			574		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.					
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?				1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return. .			3,683		
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).				2b	Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?				3a		No
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.				3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			4a		No
b If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.						
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?				5b		No
c If "Yes" to line 5a or 5b, did the organization file Form 8886-T?				5c		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?				6b		
7 Organizations that may receive deductible contributions under section 170(c).						
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?				7a	Yes	
b If "Yes," did the organization notify the donor of the value of the goods or services provided?				7b	Yes	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?				7c		No
d If "Yes," indicate the number of Forms 8282 filed during the year.				7d		
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?				7e		No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?				7f		No
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?				7g		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?				7h		
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?						
9 Sponsoring organizations maintaining donor advised funds.						
a Did the organization make any taxable distributions under section 4966?				9a		
b Did the organization make a distribution to a donor, donor advisor, or related person?				9b		
10 Section 501(c)(7) organizations. Enter						
a Initiation fees and capital contributions included on Part VIII, line 12.				10a		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.				10b		
11 Section 501(c)(12) organizations. Enter						
a Gross income from members or shareholders.				11a		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).				11b		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?						
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.				12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.						
a Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.				13a		
b Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.				13b		
c Enter the aggregate amount of reserves on hand.				13c		
14a Did the organization receive any payments for indoor tanning services during the tax year?				14a		No
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.				14b		

Part VI

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	19		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	13
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <input checked="" type="checkbox"/> NY
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. <input checked="" type="checkbox"/> JIM PORTER CFO 101-01 AVE D BROOKLYN, NY 11236 (718) 240-5773

Part VII

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

Check if Schedule O contains a response to any question in this Part VII

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

- 1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
 - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
 - List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
 - List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
 - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ALEX ROVT VICE CHAIRMAN	1.00	X		X				0	0	0
(2) ALLEN B SWERDLICK TRUSTEE	1.00	X						0	0	0
(3) ALVIN I KAHN MD CHAIRMAN	40.00	X		X				298,166	0	67,567
(4) ASCHER L MESTEL MD TRUSTEE	1.00	X						0	0	0
(5) DARRYL TOWNS TRUSTEE	1.00	X						0	0	0
(6) DAVID R WILKES TRUSTEE	1.00	X						0	0	0
(7) DAVID SCHLANG TRUSTEE	1.00	X						0	0	0
(8) DIANE SIMON TRUSTEE	1.00	X						0	0	0
(9) EDWARD BIRNBAUM TRUSTEE	1.00	X						0	0	0
(10) EDWIN SCHULMAN TRUSTEE	1.00	X						0	0	0
(11) HUGH GREENBERG TRUSTEE	1.00	X						0	0	0
(12) IRINA BENFELD TRUSTEE	1.00	X						0	0	0
(13) LAURENCE C ZALE VICE CHAIRMAN	1.00	X		X				0	0	0
(14) LESLIE STEPHEN TRUSTEE	1.00	X						0	0	0
(15) LEWIS MARSHALL TRUSTEE	1.00	X		X				397,392	0	65,948
(16) LOWELL M RUBIN TRUSTEE	1.00	X						0	0	0
(17) RC HUGH NELSON TRUSTEE	1.00	X						0	0	0

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) RICHARD FOGLER TRUSTEE	1 00	X						604,002	0	84,305
(19) RICHARD RADUTZKY SECRETARY	1 00	X		X				0	0	0
(20) STEVEN PLOTNICK ESQ TRUSTEE	1 00	X						0	0	0
(21) BRUCE J FLANZ PRESIDENT & CEO	10 00			X				0	1,526,121	72,500
(22) DAVID P ROSEN PRIOR PRESIDENT & CEO	10 00			X				0	355,277	4,793
(23) DAVID SCHACHNE TRUSTEE/TREASURER	1 00			X				0	0	0
(24) MOUNIR F DOSS EXECUTIVE VICE PRESIDENT & CFO	10 00			X				0	1,366,746	12,435
(25) ARASH GOHARI RADIOLOGIST	40 00					X		514,291	0	29,503
(26) ARTHUR FINK MD RADIOLOGIST	40 00					X		498,322	0	76,657
(27) ERIC S MINKIN MD RADIOLOGIST	40 00					X		461,873	0	75,448
(28) FREDERICK GULMI RADIOLOGIST	40 00					X		449,541	0	57,608
(29) MAYANK SHUKLA PEDIATRCIAN	40 00					X		509,886	0	55,586
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								3,733,473	3,248,144	602,350

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶389

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

Section B. Independent Contractors

1

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

(A) Name and business address	(B) Description of services	(C) Compensation
SIEMENS MEDICAL SOLUTIONS USA 2 PENN PLAZA SUITE 1900 NEW YORK, NY 10021	CONSTRUCTION SERVICES	704,634
PRICEWATERHOUSE LLP 300 MADISON AVE NEW YORK, NY 10017	ACCOUNTING	617,973
LINDEN PATHOLOGY ONE BROOKDALE PLAZA BROOKLYN, NY 11212	LAB TESTING	536,000
SUNIL ABROL MD 105 WOODCREST DRIVE MUTTONTOWN, NY 11791	PHYSICIAN SERVICES	480,769
OHRENSTEIN & BROWN LLP 1010 FRANKLIN AVE GARDEN CITY, NY 11530	LEGAL SERVICES	400,000

2

Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶40

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c	124,810				
	d	Related organizations	1d	15,500				
	e	Government grants (contributions)	1e	4,043,139				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,302,073				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f		6,485,522				
Program Service Revenue			Business Code					
	2a	NET PATIENT REVENUE	621400	338,121,460	338,121,460			
	b	CAPITATION REVENUE, NE	621400	26,846,179	26,846,179			
	c							
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		364,967,639				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		13,109,336			13,109,336	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	(i) Real		(ii) Personal				
		519,036						
		b Less rental expenses		0				
		c Rental income or (loss)		519,036				
	d	Net rental income or (loss)		519,036			519,036	
	7a	(i) Securities		(ii) Other				
		b Less cost or other basis and sales expenses						
		c Gain or (loss)						
	d	Net gain or (loss)						
	8a	Gross income from fundraising events (not including \$ 124,810 of contributions reported on line 1c) See Part IV, line 18		a	187,605			
		b Less direct expenses		b	155,090			
		c Net income or (loss) from fundraising events . .			32,515			32,515
	9a	Gross income from gaming activities See Part IV, line 19		a				
		b Less direct expenses		b				
		c Net income or (loss) from gaming activities . .						
	10a	Gross sales of inventory, less returns and allowances		a				
		b Less cost of goods sold		b				
		c Net income or (loss) from sales of inventory . .						
Miscellaneous Revenue		Business Code						
11a	SVC PROVIDED TO AFFILI	900099	41,403,965			41,403,965		
b	PHYSICIAN BILLING	621110	12,567,783			12,567,783		
c	OUTPATIENT PHARMACY RE	900099	7,815,110			7,815,110		
d	All other revenue		8,298,048			8,298,048		
e	Total. Add lines 11a-11d		70,084,906					
12	Total revenue. See Instructions		455,198,954	364,967,639	0	83,745,793		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)
Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,517,379	1,409,627	107,752	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	206,729,806	192,014,331	14,451,040	264,435
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	7,079,988	6,584,389	495,599	
9	Other employee benefits	65,127,437	60,568,516	4,558,921	
10	Payroll taxes	15,358,708	14,283,598	1,075,110	
11	Fees for services (non-employees)				
a	Management	6,000,000		6,000,000	
b	Legal	1,650,091	1,320,073	330,018	
c	Accounting	710,310		710,310	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	24,760,510	23,799,508	928,706	32,296
12	Advertising and promotion	65,227	49,602		15,625
13	Office expenses	15,595,522	12,230,059	3,330,702	34,761
14	Information technology	2,432,605	1,946,084	486,521	
15	Royalties				
16	Occupancy	9,722,456	7,888,574	1,833,882	
17	Travel	426,308	341,046	85,262	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	182,881	146,305	36,576	
20	Interest	6,381,921	5,105,537	1,276,384	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	10,768,600	8,614,880	2,153,720	
23	Insurance	20,069,404	19,847,383	222,021	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	43,519,860	43,519,860		
b	BAD DEBT - PATIENT	24,720,691	24,720,691		
c	BAD DEBT - RELATED PART	21,452,760		21,452,760	
d	IMPAIRMENT OF FIXED ASS	8,535,229		8,535,229	
e					
f	All other expenses	13,065,975	12,165,139	899,190	1,646
25	Total functional expenses. Add lines 1 through 24f	505,873,668	436,555,202	68,969,703	348,763
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			175,758	1	33,044
	2	Savings and temporary cash investments			13,088,183	2	16,213,479
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			48,333,524	4	42,033,407
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			3,420,888	8	3,202,163
	9	Prepaid expenses and deferred charges			13,503,984	9	16,213,866
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	288,236,577			
	b	Less: accumulated depreciation	10b	246,557,367	47,689,584	10c	41,679,210
	11	Investments—publicly traded securities			399,960	11	399,880
	12	Investments—other securities. See Part IV, line 11			21,707,256	12	12,281,739
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			30,670,134	15	57,770,818
	16	Total assets. Add lines 1 through 15 (must equal line 34)			178,989,271	16	189,827,606
Liabilities	17	Accounts payable and accrued expenses			101,495,849	17	122,733,536
	18	Grants payable				18	
	19	Deferred revenue				19	2,255,656
	20	Tax-exempt bond liabilities				20	59,483,067
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties			100,961,785	23	33,955,131
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			256,461,020	25	327,128,366
	26	Total liabilities. Add lines 17 through 25			458,918,654	26	545,555,756
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			-279,929,383	27	-355,728,150
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			-279,929,383	33	-355,728,150
	34	Total liabilities and net assets/fund balances			178,989,271	34	189,827,606

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI ☒

1	Total revenue (must equal Part VIII, column (A), line 12)	1	455,198,954
2	Total expenses (must equal Part IX, column (A), line 25)	2	505,873,668
3	Revenue less expenses Subtract line 2 from line 1	3	-50,674,714
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	-279,929,383
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-25,124,053
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	-355,728,150

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII ☒

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization BROOKDALE HOSPITAL MEDICAL CENTER	Employer identification number 11-1631746
---	--

Part I Reason for Public Charity Status

(All organizations must complete this part.) See instructions

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

- 1

☐

A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
Total									

Part II

Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage						
14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))		14				
15 Public Support Percentage for 2010 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						
b 33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						
17a 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization						
b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization						
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions						

Part IIIPart III

Support Schedule for Organizations Described in IRC 509(a)(2)
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage		
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

If the organization answered “Yes,” to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered “Yes,” to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

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

Name of the organization BROOKDALE HOSPITAL MEDICAL CENTER	Employer identification number 11-1631746
---	--

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

1	Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If "Yes," describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check
- ☐
- if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check
- ☐
- if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(b)		
		Yes	No	Amount		
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of					
	a Volunteers?				Yes	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?					No
	c Media advertisements?					No
	d Mailings to members, legislators, or the public?					No
	e Publications, or published or broadcast statements?					No
	f Grants to other organizations for lobbying purposes?					No
	g Direct contact with legislators, their staffs, government officials, or a legislative body?				Yes	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?					No
	i Other activities? If "Yes," describe in Part IV					No
j Total lines 1c through 1i			217,208			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No			
b	If "Yes," enter the amount of any tax incurred under section 4912					
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912					
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?					

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

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

Part III-B

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

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
PART IV, SUPPLEMENTAL INFORMATION		PART II-B BROOKDALE HOSPITAL MEDICAL CENTER IS A MEMBER OF TWO ASSOCIATIONS OF WHICH SOME OF THEIR DUES ARE ALLOCATED TO GRASS ROOTS LOBBYING IN REGARD TO THEIR NEEDS IN SERVICING AND PROVIDING HEALTHCARE TO THE GENERAL PUBLIC HEALTHCARE ASSOCIATION OF NEW YORK STATE \$40,202 GREATER NEW YORK HOSPITAL ASSOCIATION \$177,006

SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
BROOKDALE HOSPITAL MEDICAL CENTER

Employer identification number
11-1631746

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<div><input type="checkbox"/> No</div></div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes<div><input type="checkbox"/> No</div></div>	

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

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

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ **Yes**

☐ **No**

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ **Yes**

☐ **No**

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

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

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

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization’s accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a** ☐ Public exhibition
- d** ☐ Loan or exchange programs
- b** ☐ Scholarly research
- e** ☐ Other
- c** ☐ Preservation for future generations

4 Provide a description of the organization’s collections and explain how they further the organization’s exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization’s collection? ☐ **Yes** ☐ **No**

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

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

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

	Amount
1c	
1d	
1e	
1f	




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

b If "Yes," explain the arrangement in Part XIV

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as


- a** Board designated or quasi-endowment 
- b** Permanent endowment 
- c** Term endowment 

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

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	

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

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,068,657		1,068,657
b Buildings		77,945,691	64,275,698	13,669,993
c Leasehold improvements				
d Equipment		176,540,854	157,488,486	19,052,368
e Other		32,681,375	24,793,183	7,888,192
Total. Add lines 1a-1e <i>(Column (d) should equal Form 990, Part X, column (B), line 10(c).)</i> 				41,679,210

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1455,198,954
2	Total expenses (Form 990, Part IX, column (A), line 25)	2505,873,668
3	Excess or (deficit) for the year Subtract line 2 from line 1	3-50,674,714
4	Net unrealized gains (losses) on investments	4
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	8-25,124,053
9	Total adjustments (net) Add lines 4 - 8	9-25,124,053
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10-75,798,767

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	1521,995,308
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d2,672,923	
e	Add lines 2a through 2d	2e2,672,923
3	Subtract line 2e from line 1	3519,322,385
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	
a	Investment expenses not included on Form 990, Part VIII, line 7b4a	
b	Other (Describe in Part XIV)4b-64,123,431	
c	Add lines 4a and 4b	4c-64,123,431
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5455,198,954

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	1572,089,337
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d2,092,238	
e	Add lines 2a through 2d	2e2,092,238
3	Subtract line 2e from line 1	3569,997,099
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b4a	
b	Other (Describe in Part XIV)4b-64,123,431	
c	Add lines 4a and 4b	4c-64,123,431
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5505,873,668

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE MEDICAL CENTER IS EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C) (3) OF THE INTERNAL REVENUE CODE
PART XI, LINE 8 - OTHER ADJUSTMENTS		CHANGE IN CCC INVESTMNT TRUST 35 CHANGE IN MINIMUM PENSION LIABILITY -25,124,088 TOTAL TO SCHEDULE D, PART XI, LINE 8 -25,124,053
PART XII, LINE 2D - OTHER ADJUSTMENTS		BROOKDALE HOSPITAL CENTER HEGEMAN REVENUE 3,635,071 ELIMINATION ENTRY -962,148
PART XII, LINE 4B - OTHER ADJUSTMENTS		SPECIAL EVENTS EXPENSE -155,090 COSTS RELATED TO CAPITATION -63,968,341
PART XIII, LINE 2D - OTHER ADJUSTMENTS		BROOKDALE HOSPITAL CENTER HEGEMAN EXPENSE 3,054,386 ELIMINATING ENTRY -962,148
PART XIII, LINE 4B - OTHER ADJUSTMENTS		SPECIAL EVENTS EXPENSE -155,090 COSTS RELATED TO CAPITATION -63,968,341

[illegible]

3 Enter total number of other organizations or entities ►

Part III Grants and Other Assistance to Individuals Outside the United States.

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*

☐ Yes ☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*

☐ Yes ☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*

☒ Yes ☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*

☐ Yes ☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*

☐ Yes ☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*

☐ Yes ☒ No

Supplemental Information

Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

[illegible]

Open to Public Inspection

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

11-1631746

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization. Form 990-EZ filers are not required to complete this table.

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		GOLF & TENNIS EVENT (event type)	GALA (event type)	(total number)	(Add col (a) through col (c))
Revenue	1	Gross receipts	96,755	215,660	312,415
	2	Less Charitable contributions	44,000	80,810	124,810
	3	Gross income (line 1 minus line 2)	52,755	134,850	187,605
Direct Expenses	4	Cash prizes			
	5	Non-cash prizes . . .			
	6	Rent/facility costs . . .	20,400	107,705	128,105
	7	Food and beverages . . .			
	8	Entertainment	7,400		7,400
	9	Other direct expenses .	6,011	13,574	19,585
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine lines 3 and 10 in column (d) ▶			

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming
Revenue					(Add col (a) through col (c))
	1	Gross revenue			
Direct Expenses	2	Cash prizes			
	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses . . .			
	6	Volunteer labor	<input type="checkbox"/> Yes _____ <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ <input type="checkbox"/> No	
	7	Direct expense summary Add lines 2 through 5 in column (d) ▶			
	8	Net gaming income summary Combine lines 1 and 7 in column (d) ▶			

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

- 11

Does the organization operate gaming activities with nonmembers?

Yes

No
- 12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

Yes

No

13

Indicate the percentage of gaming activity operated in

a	The organization's facility	13a
b	An outside facility	13b

14

Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name

Address

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

Yes

No

b

If "Yes," enter the amount of gaming revenue received by the organization \$ and the amount of gaming revenue retained by the third party \$

c

If "Yes," enter name and address

Name

Address

16

Gaming manager information

Name

Gaming manager compensation

\$

Description of services provided

Director/officer

Employee

Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

Yes

No

b

Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$

Part IV

Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
BROOKDALE HOSPITAL MEDICAL CENTER

Employer identification number
11-1631746

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <div><input type="checkbox"/> Applied uniformly to all hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div> <div><input type="checkbox"/> Generally tailored to individual hospitals</div>			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____%</div>	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____%</div>	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			16,977,791	13,096,238	3,881,553	0 770 %
b Medicaid (from Worksheet 3, column a)			200,212,605	156,550,131	43,662,474	8 630 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			217,190,396	169,646,369	47,544,027	9 400 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			46,194,065	20,470,576	25,723,489	5 080 %
g Subsidized health services (from Worksheet 6)			50,108,513	16,376,700	33,731,813	6 670 %
h Research (from Worksheet 7)			909,423	65,105	844,318	0 170 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total Other Benefits			97,212,001	36,912,381	60,299,620	11 920 %
k Total. Add lines 7d and 7j			314,402,397	206,558,750	107,843,647	21 320 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

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

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	2	15,113,664	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	8,598,176	
4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.			

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME)	5	49,069,731	
6Enter Medicare allowable costs of care relating to payments on line 5	6	34,529,956	
7Subtract line 6 from line 5. This is the surplus or (shortfall).	7	14,539,775	
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
9bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.	9b	Yes	

Part IVManagement Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

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

Name and address

[illegible]

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

BROOKDALE HOSPITAL AND MEDICAL CENTER

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 100 0000000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

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

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? _____

Name and address		Type of Facility (Describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE HOSPITAL OFFERS INSTALLMEN PLANS FOR THE PAYMENT OF OUTSTANDING BALANCES FOR PATIENTS APPROVED FOR FINANCIAL AID THE HOSPITAL DOES NOT MANDATE THAT THE MONTHLY INSTALLEMENT PAYMENT ARRANGEMENT EXCEED 10% OF THE APPLICANT'S GROSS MONTHLY INCOME OR AN INTEREST RATE THAT EXCEEDS THE RATE FOR A 90 DAY SECURITY ISSUED BY THE US DEPARTMENT OF TREASURY, PLUS 5% THERE IS NO ACCELERATOR OR SIMILAR CLAUSE UNDER WHICH A HIGHER RATE OF INTEREST IS TRIGGERED WHEN A PATIENT MISSES MAKING A PAYMENT THE HOSPITAL INCLUDES A WRITTEN NOTICE ON PATIENTS' BILLS AND STATEMENTS AT LEAST30 DAYS PRIOR TO REFERRING THE ACCOUNT TO COLLECTION THE HOSPITAL REQUIRES THAT ANY COLLECTIONS AGENCIES WITH WHICH THEY CONTRACT FOLLOW THE FINANCIAL ASSISTANCE POLICIES OF THE HOSPITAL THE HOSPITAL DOES NOT FORCE THE SALE OR FORCLOSURE OF A PATIENT'S PRIMARY RESIDENCE TO COLLECT ON AN OUTSTANDING BILL COLLECTION IS PROHIBITED AGAINST ANY PATIENT WHO WAS ELIGIBLE FOR MEDICAID AT THE TIME SERVICES WERE RENDERED FINALLY, THE CONTRACTED COLLECTIONS AGENCIES MUST OBTAIN THE HOSPITAL'S WRITTEN CONSENT BEFORE COMMENCING A LEGAL ACTION

Identifier	ReturnReference	Explanation
BROOKDALE HOSPITAL AND MEDICAL CENTER		PART V, SECTION B, LINE 19D PART V LINE 19 D THE HOSPITAL FACILITY USED MEDICAID RATES FOR THOSE SERVICES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 BROOKDALE HOSPITAL MEDICAL CENTER DOES NOT REPORT ANY SHORTFALL ON LINE 7 DUE TO THE FACT THAT THE HOSPITAL RECEIVES LARGE AMOUNT OF IME AND DSH PAYMENTS BROOKDALE HOSPITAL SERVES A LARE MEDICAID POPULATION AND ALSO HAS A BIG TEACHING PROGRAM IT DOES INCUR LOSSES IN PROVIDING CARE TO THE INDIGENT POPULATION WHICH ARE REPORTED ON THE OTHER SCHEDULES

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
BROOKDALE HOSPITAL MEDICAL CENTER

Employer identification number
11-1631746

Part I

Questions Regarding Compensation

	Yes	No
<div>1a</div> <div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div> <div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div>		
<div>b</div> <div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain</div>	1b	
<div>2</div> <div>Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?</div>	2	
<div>3</div> <div>Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply</div> <div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div>		
<div>4</div> <div>During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization</div>		
<div>a</div> <div>Receive a severance payment or change-of-control payment?</div>	4a	No
<div>b</div> <div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div>	4b	No
<div>c</div> <div>Participate in, or receive payment from, an equity-based compensation arrangement?</div>	4c	No
<div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>		
<div></div> <div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div>		
<div>5</div> <div>For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of</div>		
<div>a</div> <div>The organization?</div>	5a	No
<div>b</div> <div>Any related organization?</div>	5b	No
<div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		
<div>6</div> <div>For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of</div>		
<div>a</div> <div>The organization?</div>	6a	No
<div>b</div> <div>Any related organization?</div>	6b	No
<div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>		
<div>7</div> <div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III</div>	7	No
<div>8</div> <div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III</div>	8	No
<div>9</div> <div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div>	9	

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) ALVIN I KAHN MD	(i)	296,456	0	1,710	60,091	7,476	365,733	0
	(ii)	0	0	0	0	0	0	0
(2) LEWIS MARSHALL	(i)	396,150	0	1,242	53,569	12,379	463,340	0
	(ii)	0	0	0	0	0	0	0
(3) RICHARD FOGLER	(i)	604,002	0	0	70,366	13,939	688,307	0
	(ii)	0	0	0	0	0	0	0
(4) BRUCE J FLANZ	(i)	0	0	0	0	0	0	0
	(ii)	1,209,510	316,611	0	60,091	12,409	1,598,621	0
(5) DAVID P ROSEN	(i)	0	0	0	0	0	0	0
	(ii)	355,277	0	0	0	4,793	360,070	0
(6) MOUNIR F DOSS	(i)	0	0	0	0	0	0	0
	(ii)	1,097,377	269,369	0	0	12,435	1,379,181	0
(7) ARASH GOHARI	(i)	513,874	0	417	17,124	12,379	543,794	0
	(ii)	0	0	0	0	0	0	0
(8) ARTHUR FINK MD	(i)	496,000	0	2,322	58,938	17,719	574,979	0
	(ii)	0	0	0	0	0	0	0
(9) ERIC S MINKIN MD	(i)	461,063	0	810	61,569	13,879	537,321	0
	(ii)	0	0	0	0	0	0	0
(10) FREDERICK GULMI	(i)	449,001	0	540	44,711	12,897	507,149	0
	(ii)	0	0	0	0	0	0	0
(11) MAYANK SHUKLA	(i)	509,346	0	540	43,207	12,379	565,472	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

**Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.**
▶ **Attach to Form 990 or 990-EZ.**

OMB No 1545-0047

2011

**Open to Public
Inspection**

Name of the organization BROOKDALE HOSPITAL MEDICAL CENTER	Employer identification number 11-1631746
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	ALEX ROVT, TRUSTEE/VICE CHAIRMAN AND ALLEN SWERDLICK, TRUSTEE EACH HAVE A BUSINESS RELATIONSHIP WITH BROOKDALE HOSPITAL MEDICAL CENTER ALVIN KAHN, MD, TRUSTEE & CHAIRMAN, HAS A FAMILY RELATIONSHIP WITH DIANE SIMON, TRUSTEE DAVID SCHACHNE, TREASURER HAS A FAMILY MEMBER THAT WORKS FOR JAMAICA HOSPITAL NURSING HOME COMPANY INC

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	MEDISYS HEALTH NETWORK IS THE SOLE MEMBER

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	MEDISYS HEALTH NETWORK, AS SOLE MEMBER CAN APPOINT THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 AND APPROPRIATE SCHEDULES, AS REQUIRED (FORM 990), IS PREPARED BY OUTSIDE ACCOUNTANT AND REVIEWED INTERNALLY BY MANAGEMENT, AT WHICH TIME IT IS CONSIDERED THE FINAL DRAFT THE FINAL DRAFT OF THE FORM 990 IS PRESENTED TO THE TRUSTEES VIA EMAIL AND OR A BOARD MEETING ONCE THE REVIEW OF THE FORM 990 HAS BEEN COMPLETED TO THE BOARD'S SATISFACTION AND THE BOARD IS COMFORTABLE WITH ITS CONTENTS, THE FORM 990 IS THEN MAILED TO ALL BOARD MEMBERS AS READY TO FILE, SUBSEQUENTLY IT IS FILED WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	DISCLOSURE IN ACCORDANCE WITH THE CONFLICT OF INTEREST POLICY BY EMPLOYEES THAT SATISFY THE CRITERIA TO BE CONSIDERED AN "INTERESTED PERSON" IS SUBMITTED UPON HIRING AND ANNUALLY THEREAFTER THE AUDIT & COMPLIANCE COMMITTEE REVIEWS THE SUBMISSIONS FOR CONFLICTS AND THE DEPARTMENT OF INTERNAL AUDIT MONITORS COMPLIANCE

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	EXECUTIVE COMPENSATION POLICY - THE BOARD OF MEDISYS HEALTH NETWORK HAS CREATED AN INDEPENDENT COMPENSATION COMMITTEE WHOSE CHARGE IS TO REVIEW AND APPROVE THE COMPENSATION OF ALL INDIVIDUALS WHO MEET THE REQUIREMENTS OF A DISQUALIFIED PERSON FOR INTERMEDIATE SANCTION THIS COMMITTEE IS EMPOWERED TO APPROVE COMPENSATION FOR ALL ENTITIES WITHIN THE MEDISYS HEALTH NETWORK SYSTEM THE COMMITTEE HAS RETAINED AN INDEPENDENT COMPENSATION CONSULTANT TO APPLY ITS STANDARD METHODOLOGY FOR DETERMINATION OF APPROPRIATE EXECUTIVE COMPENSATION AND BENEFIT LEVELS FOR EXECUTIVES IT IS POLICY TO TARGET THE TOTAL COMPENSATION (BASE SALARY, INCENTIVE COMPENSATION AND BENEFITS) OF EXECUTIVES AT THE MEDIAN OF THE DEFINED MARKETPLACE FOR SIMILARLY SITUATED EXECUTIVES IN CONSULTATION WITH AN INDEPENDENT COMPENSATION CONSULTANT IN A MANNER THAT COMPLIES WITH THE INTERMEDIATE SANCTION REGULATIONS AND OTHER FEDERAL AND STATE LAWS AND REGULATIONS THE COMMITTEE SHALL APPROVE BASE SALARIES FOR EXECUTIVES AND ANY DISQUALIFIED INDIVIDUALS BASED UPON THE AMOUNTS PAID TO SIMILARLY SITUATED EXECUTIVES WITHIN THE RELEVANT MARKETPLACE, WITH POSSIBLE ADJUSTMENTS MADE FOR SPECIAL SKILL, EXPERIENCE, COMPETENCE AND PERFORMANCE, INCLUDING CONTRIBUTION TO THE SYSTEM AS A WHOLE THE CEO SHALL RECOMMEND TO THE COMPENSATION COMMITTEE ANY ADJUSTMENTS TO THE BASE SALARIES OF EXECUTIVES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS - CERTIFICATE OF INCORPORATION FILED WITH THE NYS DEPARTMENT OF STATE, CONFLICT OF INTEREST POLICY IS NOT PUBLICLY AVAILABLE. FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
	FORM 990, PART VII, SECTION A, LINE 1B	FOR BRUCE FLANZ, PRESIDENT & CEO, MOUNIR DOSS, EXECUTIVE VICE PRESIDENT & CFO, AND DAVID ROSEN, PRIOR PRESIDENT & CEO, THE HOURS REPORTED BELOW REFLECT THE TOTAL TIME WORKED AS OFFICERS FOR ALL OF THE RELATED ORGANIZATIONS SHOWN ON SCHEDULE R. TOTAL COMPENSATION IS REPORTED ON EACH ENTITY'S FORM 990. COST ALLOCATION AMONG THE ENTITIES IS PERFORMED CONSISTENTLY WITH ACCOUNTING RULES AND APPLICABLE COST ALLOCATION METHODOLOGIES. ESTIMATED NUMBER OF HOURS WORKED PER WEEK FOR RELATED ORGANIZATIONS IS AS FOLLOWS: MEDISYS HEALTH NETWORK - 10 HOURS PER WEEK; JAMAICA HOSPITAL MEDICAL CENTER - 25 HOURS PER WEEK; FLUSHING HOSPITAL MEDICAL CENTER - 10 HOURS PER WEEK. OTHER RELATED ENTITIES LISTED ON SCHEDULE R - 10 HOURS PER WEEK AS OF MARCH 12, 2011, DAVID ROSEN, PRIOR PRESIDENT & CEO, IS NO LONGER AN EMPLOYEE OF MEDISYS HEALTH NETWORK. ALVIN I. KAHN M.D., AND RICHARD FOGLER M.D., RECEIVED COMPENSATION FOR THE PERFORMANCE OF SERVICES AS A PHYSICIAN FOR BROOKDALE HOSPITAL MEDICAL CENTER. ALVIN I. KAHN M.D. AND RICHARD FOGLER M.D., DID NOT RECEIVE COMPENSATION AS A TRUSTEE FOR BROOKDALE HOSPITAL MEDICAL CENTER.

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	CHANGE IN CCC INVESTMENT TRUST 35 CHANGE IN MINIMUM PENSION LIABILITY - 25,124,088 TOTAL TO FORM 990, PART XI, LINE 5 -25,124,053

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE OVERSIGHT AND SELECTION PROCESSES DID NOT CHANGE FROM THE PRIOR YEAR

Identifier	Return Reference	Explanation
	FORM 990, PART VII, COLUMN C	MANAGEMENT HAS IN THE PREPARATION OF ITS FORM 990 REVIEWED PERSONNEL IN THE INSTITUTION TO SEE IF ANYONE MEETS THE CRITERIA ESTABLISHED TO BE CONSIDERED A "KEY EMPLOYEE" FOR IRS PURPOSES. IT IS THE CONTENTION OF MANAGEMENT THAT NO EMPLOYEE FULFILLS ANY OF THE SITUATIONS UNDER THE RESPONSIBILITY TEST ESTABLISHED BY THE IRS TO MEET THE TITLE OF KEY EMPLOYEE. THEREFORE, PART VII OF FORM 990 DOES NOT HAVE ANY INDIVIDUALS WHO WOULD BE CONSIDERED A "KEY EMPLOYEE".

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
BROOKDALE HOSPITAL MEDICAL CENTER

Employer identification number
11-1631746

Part I

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) MEDISYS MANAGEMENT LLC 8900 VAN WYCK EXPRESSWAY JAMAICA, NY 11418 11-3396829	BILLING AND ADMIN SERVICE COMPANY	NY	0	0	MEDISYS VENTURES
(2) NHP OF INDIANA 521 FIFTH AVE 3RD FLOOR NEW YORK, NY 10175 03-0572979	MANAGED CARE PLAN	NY	0	0	NHP HOLDINGS LLC
(3) ROYAL HEALTH CARE DATA CENER LLC 5051 JOURNAL CENTER BLVD NE 410 ALBUQUERQUE, NM 87109 20-1939732	DATA PROCESSING	NM	0	0	ROYAL HEALTHCARE OF LONG ISLAND

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproporionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) NHP HOLDINGS LLC 521 FIFTH AVE 3RD FLOOR NEW YORK, NY 10175 20-3418837	HOLDING COMPANY	NY	N/A									
(2) ROYAL HEALTHCARE OF LONG ISLAND 521 FIFTH AVE 3RD FLOOR NEW YORK, NY 10175 13-3887900	MANAGEMENT SERVICES ORG	NY	N/A									

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
See Additional Data Table							

Part V

Transactions With Related Organizations

(Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Sale of assets to related organization(s)

g Purchase of assets from related organization(s)

h Exchange of assets with related organization(s)

i Lease of facilities, equipment, or other assets to related organization(s)

j Lease of facilities, equipment, or other assets from related organization(s)

k Performance of services or membership or fundraising solicitations for related organization(s)

l Performance of services or membership or fundraising solicitations by related organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n Sharing of paid employees with related organization(s)

o Reimbursement paid to related organization(s) for expenses

p Reimbursement paid by related organization(s) for expenses

q Other transfer of cash or property to related organization(s)

r Other transfer of cash or property from related organization(s)

Yes

No

1a Yes

1b No

1c No

1d No

1e No

1f No

1g No

1h No

1i Yes

1j Yes

1k Yes

1l Yes

1m Yes

1n Yes

1o Yes

1p Yes

1q Yes

1r No

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

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

Schedule R (Form 990) 2011

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

[illegible]

Part VII

Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation	
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Software ID:

Software Version:

EIN: 11-1631746

Name: BROOKDALE HOSPITAL MEDICAL CENTER

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	g Section 512 (b)(13) controlled organization	
ADVANCED CENTER FOR PSYCHOTHERAPY 89-06 135TH STREET JAMAICA, NY 11418 11-1864871	HEALTHCARE	NY	501(C) (3)		9 MEDISYS HEALTH NETWORK		No
ALLIED HEALTH FOUNDATION OF QUEENS INC 4500 PARSONS BLVD FLUSHING, NY 11355 11-2813535	INACTIVE	NY	501(C) (3)		9 MEDISYS HEALTH NETWORK		No
AMBOY PROPERTIES CORPORATION 101-10 AVENUE D BROOKLYN, NY 11236 11-2814707	PARKING GARAGE	NY	501(C) (3)		11A MEDISYS HEALTH NETWORK		No
BROOKDALE FAMILY CARE CENTER 101-10 AVENUE D BROOKLYN, NY 11236 11-3237483	HEALTHCARE	NY	501(C) (3)		3 MEDISYS HEALTH NETWORK		No
BROOKDALE HOSPITAL CENTER HEGEMAN AVENUE HOUSING COMPANY 101-10 AVENUE D BROOKLYN, NY 11236 23-7082540	HOUSING	NY	501(C) (2)		N/A BROOKDALE HOSPITAL MEDICAL CENTER		No
BROOKDALE RESEARCH FOUNDATION INC ONE BROOKDALE PLAZA BROOKLYN, NY 11212 31-1634638	INACTIVE	NY	501(C) (3)		3 MEDISYS HEALTH NETWORK		No
INTERNATIONAL ASSOCIATION OF MEDICAL BIKE UNITS INC 8900 VAN WYCK EXPY JAMAICA, NY 11418 11-3483140	INACTIVE	NY	501(C) (3)		9 MEDISYS HEALTH NETWORK		No
JAMAICA HOSPITAL MEDICAL CENTER 8900 VAN WYCK EXPY JAMAICA, NY 11418 11-1631788	HEALTHCARE	NY	501(C) (3)		3 MEDISYS HEALTH NETWORK		No
JAMAICA HOSPITAL NURSING HOME 90-28 VAN WYCK EXPY JAMAICA, NY 11418 23-7216197	HEALTHCARE	NY	501(C) (3)		3 MEDISYS HEALTH NETWORK		No
LINROC COMMUNITY SERVICE CORPORATION 101-10 AVENUE D BROOKLYN, NY 11236 11-2814765	SUPPORT	NY	501(C) (3)		11A MEDISYS HEALTH NETWORK		No
MEDISYS AMBULANCE SERVICE 8900 VAN WYCK EXPY JAMAICA, NY 11418 54-2124788	HEALTHCARE	NY	501(C) (3)		9 MEDISYS HEALTH NETWORK		No
MEDISYS HEALTH NETWORK 8900 VAN WYCK EXPY JAMAICA, NY 11418 11-3316802	ADMIN	NY	501(C) (3)		11A N/A		No
NEIGHBORHOOD HEALTH PROVIDERS INC 521 FIFTH AVE 3RD FLOOR NEWYORK, NY 10175 94-3474115	MANAGED CARE PLAN	NY	501(C) (3)		9 JAMAICA HOSPITAL MEDICAL CENTERLINROC COMMUNITY SERVICE CORP		No
ROCKREAL CORPORATION 101-10 AVENUE D BROOKLYN, NY 11236 11-2814705	SUPPORT	NY	501(C) (3)		11A MEDISYS HEALTH NETWORK		No
SAMUEL AND BERTHA SCHULMAN INSTITUTE FUND INC 101-10 AVENUE D BROOKLYN, NY 11236 23-7270262	HEALTHCARE	NY	501(C) (3)		7 SCHULMAN SCHACHNE INSTITUTE FOR NURSING		No
SCHLANG PAVILION DBA BROOKDALE RESIDENCE HOUSING DEVELOPMENT 101-10 AVENUE D BROOKLYN, NY 11236 11-3324040	HOUSING	NY	501(C) (3)		9 MEDISYS HEALTH NETWORK		No
SCHULMAN SCHACHNE INSTITUTE FOR NURSING 101-10 AVENUE D BROOKLYN, NY 11236 23-7085986	HEALTHCARE	NY	501(C) (3)		3 MEDISYS HEALTH NETWORK		No
THE JAMAICA HOSPITAL DIAG AND TREAT CTR 8900 VAN WYCK EXPY JAMAICA, NY 11418 11-3340969	HEALTHCARE	NY	501(C) (3)		3 MEDISYS HEALTH NETWORK		No
THE LINDEN FOUNDATION INC ONE BROOKDALE PLAZA BROOKLYN, NY 11212 11-2814704	INACTIVE	NY	501(C) (3)		9 MEDISYS HEALTH NETWORK		No
URBAN STRATEGIES 101-10 AVENUE D BROOKLYN, NY 11236 11-3237480	HEALTHCARE	NY	501(C) (3)		3 LINROC COMMUNITY SERVICE CORP		No

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
VWE PROPERTIES CORPORATION 8900 VAN WYCK EXPY JAMAICA, NY 11418 11-3485165	PARKING GARAGE	NY	501(C)(3)	11A	MEDISYS HEALTH NETWORK		No
FLUSHING HOSPITAL MEDICAL CENTER 4500 PARSONS BLVD FLUSHING, NY 11355 11-1631781	HOSPITAL	NY	501(C)(3)	3	MEDISYS HEALTH NETWORK		No
VWE PROPERTIES CORPORATION 8900 VAN WYCK EXPY JAMAICA, NY 11418 11-3485165	PARKING GARAGE	NY	501(C)(3)	11A	MEDISYS HEALTH NETWORK		No

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Percentage ownership
BHMC ENTERPRISES 101-01 AVENUE D BROOKLYN, NY 11236 11-2855200	LEASEHOLDER OF MEDICAL OFFICE BUILDING/INACTIVE	NY	N/A	C			
BROOKDALE RX 101-01 AVENUE D BROOKLYN, NY 11236 20-2041821	RETAIL PHARMACY	NY	N/A	C			
FRR RECOVERY SERVICES 80 MARCUS DRIVE MELVILLE, NY 11747 11-3454555	COLLECTION AGENCY	NY	N/A	C			
HI TECH MEDICAL EQUIPMENT 103-51 101 ST OZONE PARK, NY 11416 11-3313334	DURABLE MEDICAL EQUIPMENT COMPANY	NY	N/A	C			
JAMAICA RX 8900 VAN WYCK EXPRESSWAY JAMAICA, NY 11418 20-5292781	RETAIL PHARMACY	NY	N/A	C			
LCSC HOLDINGS 101-01 AVENUE D BROOKLYN, NY 11236 11-3357198	HOLDING COMPANY	NY	N/A	C			
MEDISYS HOME CARE SERVICE INC 8900 VAN WYCK EXPRESSWAY JAMAICA, NY 11418 03-0474027	HOME CARE STAFFING/INACTIVE	NY	N/A	C			
MEDISYS IPA 8900 VAN WYCK EXPRESSWAY JAMAICA, NY 11418 11-3452476	PHYSICIAN CONTRACTING/INACTIVE	NY	N/A	C			
MEDISYS SERVICE CORPORATION 8900 VAN WYCK EXPRESSWAY JAMAICA, NY 11418 11-3479920	HOLDING COMPANY	NY	N/A	C			
MEDISYS VENTURES 111 STEWART AVE HICKSVILLE, NY 11801 11-3431792	HOLDING COMPANY	NY	N/A	C			
MHN REALTY 8900 VAN WYCK EXPRESSWAY JAMAICA, NY 11418 11-3458286	REAL ESTATE/INACTIVE	NY	N/A	C			
RAINBOW PHARMACY DBA FLUSHING RX 4500 PARSONS BLVD FLUSHING, NY 11355 11-2843101	RETAIL PHARMACY	NY	N/A	C			
SECOND CENTURY SERVICE CORPORATION 4500 PARSONS BLVD FLUSHING, NY 11355 11-2843101	RETAIL PHARMACY	NY	N/A	C			

The Brookdale Hospital Medical Center and Subsidiary

**Consolidated Financial Statements
December 31, 2011 and 2010**

The Brookdale Hospital Medical Center and Subsidiary

Index

December 31, 2011 and 2010

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Report of Independent Auditors

The Board of Trustees
The Brookdale Hospital Medical Center and Subsidiary

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and changes in net deficit and of cash flows, present fairly, in all material respects, the financial position of The Brookdale Hospital Medical Center and Subsidiary (the "Medical Center") at December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These consolidated financial statements are the responsibility of the Medical Center's management. Our responsibility is to express an opinion on these consolidated 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.

The accompanying consolidated financial statements have been prepared assuming that the Medical Center will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Medical Center has suffered recurring losses from operations, a working capital deficiency and a deficit in net assets. These factors raise substantial doubt about the Medical Center's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

PricewaterhouseCoopers LLP

August 30, 2012

The Brookdale Hospital Medical Center and Subsidiary

Consolidated Statements of Operations and Changes in Net Deficit

Years Ended December 31, 2011 and 2010

(In thousands of dollars)

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	\$ 282	\$ 426
Patient accounts receivable (net of allowance for doubtful accounts of \$33,919 in 2011 and \$38,506 in 2010)	42,033	48,334
Other receivables from capitation contracts	14,475	14,607
Due from affiliates	-	3,000
Supplies	3,202	3,421
Assets limited as to use	174	7,965
Due from third-party payors	4,969	9,304
Other current assets	9,848	8,246
Insurance receivable	2,749	-
Total current assets	<u>77,732</u>	<u>95,303</u>
Assets limited as to use, less current portion	29,581	27,977
Due from third-party payors, less current portion	8,329	3,091
Deferred financing costs, net	857	945
Property, plant, and equipment, net	44,383	50,608
Insurance receivable, less current portion	26,646	-
Other assets, less current portion	6,911	5,814
Total assets	<u>\$ 194,439</u>	<u>\$ 183,738</u>
Liabilities and net deficit		
Current liabilities		
Cash overdraft	\$ 3,400	\$ 2,110
Current portion of long-term debt	89,386	98,228
Accounts payable and accrued expenses	55,047	51,065
Accrued salaries and related liabilities	66,560	48,865
Accrued workers' compensation	3,780	4,023
Due to affiliates	37,167	-
Estimated professional liabilities	18,721	13,000
Due to third-party payors	12,652	8,922
Other current liabilities	500	498
Total current liabilities	<u>287,213</u>	<u>226,711</u>
Long-term debt, less current portion	14,366	13,307
Due to affiliates, less current portion	-	20,674
Accrued workers' compensation, less current portion	19,388	13,237
Estimated professional liabilities, less current portion	168,492	144,800
Due to third-party payors, less current portion	12,171	19,254
Accrued pension liability	52,557	30,285
Total liabilities	<u>554,187</u>	<u>468,268</u>
Net deficit		
Unrestricted deficit	<u>(359,748)</u>	<u>(284,530)</u>
Total net deficit	<u>(359,748)</u>	<u>(284,530)</u>
Total liabilities and net deficit	<u>\$ 194,439</u>	<u>\$ 183,738</u>

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

The Brookdale Hospital Medical Center and Subsidiary
Consolidated Statements of Operations and Changes in Net Deficit
Years Ended December 31, 2011 and 2010

(In thousands of dollars)

	2011	2010
Unrestricted revenues and other support		
Net patient service revenue	\$ 338,121	\$ 355,775
Capitation revenue	90,815	78,475
Contributions	417	1,652
Other revenue	92,402	82,948
Total revenues and other support	<u>521,755</u>	<u>518,850</u>
Expenses		
Salaries and wages	208,029	210,634
Employee benefits	87,784	79,396
Out of network cost related to capitation revenue	63,968	51,722
Supplies and other	139,446	156,303
Interest	7,053	11,323
Depreciation and amortization	11,100	10,976
Provision for uncollectible amounts due from related parties, net	21,453	11,014
Provision for bad debts, net	24,721	30,371
Impairment of fixed asset	8,535	-
Total expenses	<u>572,089</u>	<u>561,739</u>
Loss from operations	(50,334)	(42,889)
Other nonoperating income		
Change in interest in CCC Investment Trust	-	132
Deficiency of revenues and other support over expenses	(50,334)	(42,757)
Other changes in unrestricted net deficit		
Pension-related changes other than net periodic pension cost	(25,124)	9,066
Net assets released from restrictions for capital	-	1,000
Grant for capital purposes	240	90
Increase in unrestricted net deficit	<u>(75,218)</u>	<u>(32,601)</u>
Temporarily restricted net assets		
Net assets released from restrictions for capital	-	(1,000)
Decrease in temporarily restricted net assets	-	(1,000)
Increase in net deficit	<u>(75,218)</u>	<u>(33,601)</u>
Net deficit at beginning of year	<u>(284,530)</u>	<u>(250,929)</u>
Net deficit at end of year	<u>\$ (359,748)</u>	<u>\$ (284,530)</u>

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

The Brookdale Hospital Medical Center and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010

(In thousands of dollars)

	2011	2010
Cash flows from operating activities		
Increase in net deficit	\$ (75,218)	\$ (33,601)
Adjustments to reconcile increase in net deficit to net cash provided by operating activities		
Grant for capital purposes	(240)	(90)
Provision for bad debts, net	24,721	30,371
Depreciation and amortization	11,034	10,910
Amortization of deferred financing costs	87	87
Change in interest in CCC Investment Trust	-	(132)
Change in realized gains on investments	-	(1)
Provision for uncollectible amounts from related parties	21,453	11,014
Impairment on fixed assets	8,535	-
Pension-related changes other than net periodic pension cost	(25,124)	9,066
Changes in assets and liabilities		
Patient accounts receivable	(18,420)	(23,653)
Insurance recoveries	(29,395)	-
Accounts payable and accrued expenses	5,272	1,462
Accrued salaries and related liabilities	16,373	7,707
Due to/from third party payors	(4,256)	(856)
Due to affiliates, net	(1,960)	(16,569)
Estimated professional liabilities and accrued workers' compensation	35,321	31,660
Other assets and liabilities	45,050	(24,421)
Net cash provided by operating activities	<u>13,233</u>	<u>2,954</u>
Cash flows from investing activities		
Purchases of property, plant, and equipment	(9,469)	(4,676)
Net change in assets limited as to use and investments	6,187	10,096
Net cash (used in) provided by investing activities	<u>(3,282)</u>	<u>5,420</u>
Cash flows from financing activities		
Principal payments on long-term debt	(11,657)	(10,823)
Bank overdraft	1,322	933
Grant for capital purposes	240	90
Net cash used in financing activities	<u>(10,095)</u>	<u>(9,800)</u>
Net decrease in cash and cash equivalents	(144)	(1,426)
Cash and cash equivalents		
Beginning of year	426	1,852
End of year	<u>\$ 282</u>	<u>\$ 426</u>
Supplemental disclosures		
Financing arrangement obligation incurred	\$ -	\$ 440
Cash paid for interest	4,582	6,138
Capital lease obligations incurred	3,874	904

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

The Brookdale Hospital Medical Center and Subsidiary

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1. Organization

The Brookdale Hospital Medical Center ("Brookdale") is a not-for-profit membership corporation having as its sole member, MediSys Health Network, Inc ("MediSys"), a corporation organized under the New York State not-for-profit corporation law. MediSys was formed to support and benefit other healthcare organizations and to assist such organizations in the furtherance of their corporate purposes by providing them with planning and consulting services and by improving the coordination of services across the continuum of care. MediSys is also the sole voting member (directly or indirectly) of Flushing Hospital Center ("Flushing"), Jamaica Hospital Medical Center ("Jamaica") and other related entities. On August 22, 2011, MediSys withdrew as the corporate sponsor or sole voting member of Peninsula Hospital and Peninsula Nursing Home (see Note 17).

During 2000, MediSys, at the request of the New York State Department of Health and the Dormitory Authority of the State of New York ("DASNY"), entered into a management agreement with Brookdale, whereby MediSys would manage the operations of Brookdale. Under the agreement, Brookdale is required to pay a management fee of \$6 million per year to MediSys (See Note 17). Also in 2000, MediSys became the sole corporate member of Linroc Community Service Corporation ("Linroc"), the former sole member of Brookdale, and each of its related organizations: Amboy Properties Corporation ("Amboy"), BHMC Enterprises, LCSC Holding, Inc ("LCSC"), The Brookdale Residence Housing Development Corporation ("Residence"), Brookdale Family Care Centers, Inc ("BFCC"), Urban Strategies/Brookdale Family Care Center, Inc ("Urban"), The Schulman and Schachne Institute for Rehabilitation Inc (the "Institute"), Rockreal Corporation ("Rockreal"), and Linden Foundation, Inc ("Linden").

Brookdale is the sole member of The Brookdale Hospital Center Hegeman Avenue Housing Company, Inc (the "Housing Company"), a not-for-profit membership corporation that provides housing and related parking facilities to staff members and employees of Brookdale. The Housing Company charges rent to employees for housing on a month-to-month basis.

Brookdale and its subsidiary are hereinafter referred to collectively as the "Medical Center." The consolidated financial statements of the Medical Center include the accounts of Brookdale and the Housing Company. The consolidated financial statements of the Medical Center do not include Linroc or its former members.

2. Summary of Significant Accounting Policies

Basis of Accounting and Principles of Consolidation

The consolidated financial statements of the Medical Center have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting. All significant intercompany transactions among Brookdale and the Housing Company have been eliminated in consolidation.

Related-Party Transactions

Transactions between the Medical Center and other related organizations, relating principally to the sharing of certain facilities, equipment, and personnel, are accounted for on the basis of allocated cost in the accompanying consolidated financial statements. Amounts due from or to related organizations are noninterest bearing (see Note 11).

The Brookdale Hospital Medical Center and Subsidiary

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Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid financial instruments with a maturity, when purchased, of three months or less, excluding assets whose use is limited. Substantially all of the Medical Center's cash and cash equivalents are deposited with three financial institutions at December 31, 2011 and 2010. Included in assets whose use is limited are amounts in excess of \$250,000 at December 31, 2011 and 2010 which are the maximum amounts at December 31, 2011 and 2010, respectively, insured by the Federal Deposit Insurance Company. However management believes that these institutions are viable entities and therefore that the risk of loss is minimized.

Capitation Receivable and Revenue

The Medical Center has risk contracts with HealthFirst (a related party through one of Medysis' affiliated hospitals that has a partial ownership interest in HealthFirst) and Neighborhood Health Providers (a related party that is owned by Linroc and Jamaica) to provide medical services to subscribing participants on a capitated basis. Under these agreements, the Medical Center receives monthly capitation payments based on the number of participants, regardless of services actually performed by the Medical Center and other providers. The Medical Center received capitation revenue from Neighborhood Health Providers and HealthFirst of \$31.9 million and \$58.9 million, respectively, during 2011 and \$26.7 million and \$51.8 million, respectively, during 2010, which is included in capitation revenue in the consolidated statements of operations and changes in net deficit. In addition, these health maintenance organizations make fee for service payments to the Medical Center for certain covered services based upon discounted fee schedules.

Health Care Service Cost Recognition

The cost of health care services provided or contracted under risk contracts is accrued in the period in which it is provided to a participant, based in part on estimates, including an accrual for medical services provided but not reported of approximately \$11.8 million and \$9.9 million at December 31, 2011 and 2010, respectively, which is included in accounts payable and accrued expenses. Costs related to capitation revenue incurred under the aforementioned risk contract for services rendered by out-of-network healthcare providers of approximately \$64.0 million and \$51.7 million for the years ended December 31, 2011 and 2010, respectively, are reflected as costs related to capitation revenue in the consolidated statements of operations and changes in net deficit.

Charity Care and Uncompensated Services

The Medical Center provides care to all patients regardless of their ability to pay. As a matter of policy, the Medical Center provides significant amounts of partially or totally uncompensated patient care. For accounting purposes, such uncompensated care is treated either as charity care or bad debt expense. The Medical Center has defined charity care for accounting purposes as the difference between its customary charges and the discounted rates given to patients in need of financial assistance. Since payment of this difference is not sought, charity care allowances are not reported as revenue. Uninsured patients who do not qualify for financial assistance are billed at the Medical Center's Medicaid rates. Uncollected balances for these patients are categorized as bad debts.

The Brookdale Hospital Medical Center and Subsidiary

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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 Medical Center's total expenses (less bad debt expense) divided by gross patient service revenue. Charity care costs related to the provision of charity care for all patient services approximated \$15 million and \$14.1 million for the years ended December 31, 2011 and 2010, respectively.

During fiscal year 2009, the Medical Center's Financial Assistance policy was amended to ensure that any patient that has been deemed to be uninsured through basic financial screening will be entitled to a global charitable discount for emergent (NYS residents) and/or medically necessary services (resides in the Medical Center's primary service area). The global charitable discount will be based on the current applicable Medicaid or Medicare rate depending on the service provided. The global discounts for uninsured patients are based on the premise that the Medical Center serves a low income, under-insured population – as supported by public statistics – and that uninsured patients living in this community will generally not be able to pay their bill in its entirety. After the global charitable discount is applied, patients demonstrating additional financial need may be extended sliding scale discounts under the charity care policy. Additionally, for covered services there are no limits on financial assistance based on the medical condition of the applicant.

Assets Limited as to Use

Assets limited as to use represent funds for specific purposes under internal designation or terms of agreements. Assets limited as to use consist of U.S. government, agency securities and commercial paper, guaranteed insurance contract, and cash and cash equivalents. Deposits for malpractice reserves include an interest in an investment pool that is based on a net asset value of the units owned by the Medical Center.

A decline in the market value of assets limited as to use invested in available-for-sale securities that are below cost and are deemed to be other than temporary and not controlled by the Medical Center results in a reduction in the carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. At December 31, 2011 and 2010, the fair value of the Medical Center's securities were not below their cost value.

Property, Plant, and Equipment

Property, plant and equipment is carried at cost and those acquired by gifts and bequests are carried at fair value established as of the date of contribution. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets which range from 3 to 40 years. In accordance with the Medical Center's policy, one-half year's depreciation is recorded in the year of asset acquisition, and a half year's depreciation is recorded in the final year of the asset's useful life. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized, net of any interest earned, as a component of the cost of acquiring those assets.

Equipment acquired through capital leases is recorded at the present value of the minimum lease payments at the inception of the leases and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. The amortization of assets recorded under capital leases is included in depreciation and amortization expense in the accompanying consolidated statements of operations. When assets retired or otherwise disposed of, the cost and the related depreciation is reversed from the accounts, and any gain or loss is reflected in current operations (see Note 6). Repair and maintenance expenditures are expensed as incurred.

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Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There was no impairment on long lived assets in 2010. During 2011, there was an impairment charge for long-lived assets of approximately \$8.5 million (see Note 6).

Gifts of long-lived assets such as property, plant and equipment are recorded at the fair value at the date of the gift and reported as an increase to unrestricted net assets unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Deferred Financing Costs

Deferred financing costs represent costs incurred to obtain financing. Amortization of these costs is provided on the effective interest method over the term of the applicable indebtedness.

Supplies

The Medical Center values its supplies at the lower of cost using the FIFO (first-in, first-out) method or market.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. The Medical Center's most significant estimates are its patient accounts receivable allowances, amounts related to third party payor settlements, malpractice liabilities, and employee benefit costs. Actual results could differ from those estimates. The net adjustment included within the consolidated statements of operations relating to changes in prior year estimates increased net patient service revenue by \$18.2 million and decreased net patient service revenue by \$1.3 million for the years ended December 31, 2011 and 2010, respectively. For the years ended December 31, 2011 and 2010, there was a change in supplies and other within the consolidated statements of operations of approximately \$(10.0) million and \$8.0 million, respectively, related to changes in estimated liabilities for malpractice exposures primarily due to increases in case reserves or ultimate loss estimate trends.

Investment Gains, Losses, and Income

All dividends, interest income, and net realized gains and losses not restricted by donor or law are reflected within the other revenue in the accompanying consolidated statements of operations and changes in net deficit. These amounts include investment income and realized gains and losses earned on temporarily restricted net assets upon which restrictions have been placed by donors, unless the restriction is not satisfied in the year that the income is earned. If the restriction is not met within the current year, any investment income and realized gains and losses are included in the changes in temporarily restricted net assets.

The Brookdale Hospital Medical Center and Subsidiary

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Other Revenue

Other revenue, recorded by the Medical Center, is derived from healthcare services and other non healthcare services (See Note 16)

Performance Measure

The consolidated statements of operations and changes in net deficit includes the deficiency of revenues and other support over expenses, which represents the net deficit attributed to all transactions deemed by management to be ongoing, major, or central to the provision of healthcare services. Other changes in unrestricted net deficit, which are excluded from the deficiency of revenues and other support over expenses, consistent with industry practice, include pension related changes other than net periodic pension cost, net assets released from restrictions for capital, and grants for capital (including assets acquired using contributions, which by donor restriction were to be used for the purpose of acquiring such assets)

Employee Medical and Dental Benefits

The Medical Center is self-insured for all of the non union employee medical and dental benefits. The provisions for estimated medical and dental claims include estimates for both reported claims and estimates of the ultimate cost of claims incurred but not reported. As of May 29, 2011, the Medical Center added all union employees to its self-insured medical and dental benefits plan (see Note 9)

Grants

The Medical Center is the recipient of funds under several federal, state, and local grant programs. These funds are generally designated to cover current operating costs and/or capital acquisitions for specific programs. Revenue is recognized as expenditures are incurred. For the years ended December 31, 2011 and 2010, grant revenue recognized by the Medical Center was approximately \$5.1 million and \$4.6 million, respectively, which is included in other revenue in the consolidated statements of operations and changes in net deficit.

Tax-Exempt Status

The Medical Center is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Housing Company is exempt from Federal income taxes under Section 501(c)(2) of the Internal Revenue Code.

Defined Benefit Pension and Other Postretirement Plans

The Medical Center follows pension accounting which requires plan sponsors of defined benefit pension and postretirement benefit plans to recognize the overfunded or underfunded status of its plans in the consolidated balance sheets, measure the fair value of plan assets and benefit obligations as of the fiscal year end, and provide additional disclosures. The guidance also requires that changes that occur in the funded status of the plans be recognized by the Medical Center in the year in which the changes occur as a change in unrestricted net assets presented below deficiency of revenues and other support over expenses the consolidated statements of operations and changes in net deficit (see Note 9)

Reclassifications

Certain reclassifications have been made to the 2010 consolidated financial statements to conform to the 2011 consolidated financial statements.

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Recent Accounting Pronouncements

In September 2011, the FASB issued ASU No. 2011-09, Compensation – Retirement Benefits – Multiemployer Plans. ASU No. 2011-09 requires that employers provide additional separate disclosures for multiemployer pension plans and multiemployer other postretirement benefit plans. The Medical Center has adopted the presentation and included in the additional disclosures within Note 9.

In July 2011, the FASB issued ASU 2011-07, Health Care Entities (Topic 954), *Presentation and Disclosure of Patient Services Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASU 2011-07 includes amendments to FASB's ASC Topic 954, Health Care Entities. The objective of the update is to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts. The amendments require health care entities that recognize significant amounts of patient service revenue at the time services are rendered, even though they do not immediately assess the patients' ability to pay, to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. The Medical Center is currently evaluating the impact of this guidance on its fiscal 2012 consolidated financial statements and disclosures when it becomes effective.

In August 2010, the FASB issued Accounting Standards Update ("ASU") 2010-23, *Health Care Entities (Topic 954), Measuring Charity Care for Disclosure*. ASU 2010-23 requires that costs be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing charity care. The amendments also require disclosure of the method used to identify or determine such costs. The Medical Center has adopted this standard in 2011 and included the applicable disclosures within Note 2.

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954), Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 prohibits the net presentation of receivables for insurance recoveries and related claims liabilities. The Medical Center adopted guidance during 2011, and included such presentation on the consolidated balance sheet as of December 31, 2011, and within Note 10.

In January 2010, the Financial Accounting Standards Board ("FASB") issued two new financial instruments disclosure requirements and clarified guidance on existing financial instruments disclosure requirements. The new guidance required entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy and the reasons for those transfers and is effective for the Medical Center's year end December 31, 2010. This guidance also requires entities to disclose gross reporting of changes in Level 3 fair value measurements, effective for the Medical Center's year ending December 31, 2011. The first clarification requires entities to further disaggregate the presentation of investments by class of assets and liabilities rather than by major category. The second clarification requires entities to disclose the valuation techniques used and the inputs used in determining the fair values of each class of assets and liabilities. There were no significant transfers in and out of Levels 1 and 2 of the fair value hierarchy in 2011. All other applicable disclosures are appropriately included within Note 5.

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3. Going Concern

The Medical Center incurred a deficiency of revenues and other support over expenses of \$50.3 million and \$42.9 million, a working capital deficiency of \$209.5 million and \$131.4 million and an unrestricted net deficit of \$359.7 million and \$284.5 million as of December 31, 2011 and 2010, respectively.

The Medical Center's recurring working capital deficiencies, net deficit and consolidated financial condition raise substantial doubt about the Medical Center's ability to continue as a going concern. Management is in the process of developing and implementing strategies to mitigate the liquidity issues. These initiatives include identification of cost reductions and revenue cycle improvement, as well as the evaluation of various inpatient and outpatient service lines to generate additional working capital. Additionally, management has engaged financial advisors to review the strategic plans for the Medical Center and its related entities to determine additional areas of operational improvements to ensure the sustainability of business operations into the future. However, there can be no assurance that management's plans will be sufficient or timely enough to generate sufficient cash to meet its operating needs and achieve financial stability for the Medical Center. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed above, the Medical Center has as their sole voting member, MediSys (see Note 17). Accordingly, MediSys has certain reserve powers over the Medical Center, including but not limited to the right to name the Medical Center's board of trustees. The financial statements of MediSys and the affiliated organizations controlled by MediSys reflect a working capital deficit and net deficit that raise substantial doubt about their ability to continue as a going concern.

4. Net Patient Service Revenue, Accounts Receivable and Allowance for Uncollectible Accounts

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates (i.e., gross charges). Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

Billings relating to services rendered are recorded as net patient service revenue in the period in which the service is performed, net of contractual and other allowances which represent differences between gross charges and the estimated receipts under such programs. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient accounts receivable is also reduced for allowances for uncollectible accounts.

The process for estimating the ultimate collection of receivables involves significant assumptions and judgment. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. The use of historical collection and payer reimbursement experience is an integral part of the estimation of reserves for uncollectible accounts. Revisions in reserve for uncollectible account estimates is recorded as an adjustment to the provision for bad debts.

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A summary of the payment arrangements with major third-party payers is as follows

- *Medicare* Inpatient acute care services, certain nonacute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain inpatient nonacute services and defined medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary. The Medical Center has been audited and received final settlements on their Medicare cost reports through 2005.
- *Non Medicare Payments* The New York Health Care Reform Act of 1996, as updated, governs payments to hospitals in New York State. Under this system, a rate equivalent to Medicare payers, except Medicaid, workers' compensation and no-fault insurance programs, negotiate with the hospital payment rates. If negotiated rates are not established, payers are billed at hospitals established charges. Medicaid, workers' compensation and no-fault payers pay hospital rates promulgated by the New York State Department of Health on a prospective basis. Adjustments to current and prior years' rates for these payers will continue to be made in the future. Effective January 1, 2009, the New York State Department of Health (DOH) updated the data utilized to calculate the NYS DRG service intensity weights (SIWs) in order to utilize more current data in DOH promulgated rates. Effective December 1, 2009, NYS implemented reimbursement reform. The reform updated the data utilized to calculate the NYS DRG rates and service intensity weights (SIWS) in order to utilize refined data and more current information in DOH promulgated rates. Similar type outpatient reforms were implemented effective December 1, 2008. The Medical Center has been audited and received final settlements on their Medicaid cost reports through 2009. For 2010 and subsequent years, NYS has contracted with a third party auditor to perform Medicaid cost reports, however, these audits have not yet been initiated.

There are various proposals at the Federal and State levels that could, among other things, reduce payment rates and increase Managed Care penetration, including Medicaid. The ultimate outcome of these proposals and other market changes cannot presently be determined.

Revenue from the Medicare and Medicaid programs accounted for approximately 55% and 52% of the Medical Center's net patient service revenue for the years ended December 31, 2011 and 2010, respectively.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

New York State regulations provide for the distribution of funds from an indigent care pool, which is intended to partially offset the cost of services provided to the uninsured. The funds are distributed to the Medical Center based on each hospital's level of bad debt and charity care in relation to all other hospitals. For the years ended December 31, 2011 and 2010, the Medical Center recognized revenue of approximately \$21.2 million and \$24.1 million, respectively, from the indigent care pool, which is included in net patient service revenue.

The federal government and many states have aggressively increased enforcement under Medicare and Medicaid anti-fraud and abuse legislation. Recent federal initiatives have prompted

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a national review of federally funded healthcare programs. The Medical Center has implemented a compliance program to monitor conformance with applicable laws and regulations, but the possibility of future government review and interpretation exists. The ultimate outcome of any such reviews, which may be initiated by regulatory agencies, cannot be determined.

5. Assets Limited as to Use

The Medical Center follows guidance with respect to accounting and reporting the fair value of its financial assets and liabilities. The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This fair value guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's 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.

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 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the whole term of the assets or liabilities
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

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 (M) - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities,
- Cost approach (C) - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost), and
- Income approach (I) - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models)

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A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions the market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors.

The fair value of assets limited as to use that are measured at fair value on a recurring basis as follows as of December 31

(in thousands of dollars)

	2011	2010
Assets limited as to use by type of investment		
Cash and cash equivalents	\$ 17,073	\$ 15,505
U S government, agency securities and commercial paper	400	6,591
Guaranteed insurance contract	12,142	12,142
Interest in CCC investment trust(a)	140	1,704
	<u>\$ 29,755</u>	<u>\$ 35,942</u>
Assets limited as to use by type of restriction		
Funds held for capital acquisition (Note 7(a))	\$ 400	\$ 400
Operating escrow (Note 7(c))	784	671
Funds held for debt repayment (Note 7(a))	-	6,191
Funds held for debt service reserve (Note 7(a))	12,402	12,402
Self-insurance professional liabilities trust (Note 10(a))	8	7
Workers' compensation collateral	16,021	14,552
Deposit for malpractice (Note 10(a))	140	1,704
Other	-	15
	<u>\$ 29,755</u>	<u>\$ 35,942</u>

- a The Medical Center is a member of an investment pool held by CCC Investment Trust (the "Trust"), a Bermuda unit institutional investment trust established in December 2004. The Trust is comprised of six investment sub-funds (bond, short-term bond, cash, hedge, liquidity and equity) and one cash sub-fund for which separate net asset values are established. Associated with the Medical Center participation in the captive cell malpractice insurance program (see Note 10), the Medical Center owns units in the Trust which equals 0.1% and 2.8% of the overall net asset value of the pool assets for the years ended December 31, 2011 and 2010, respectively. At December 31, 2011 and 2010, respectively, the value of the Medical Center units were \$0.14 million and \$1.7 million. At December 31, 2011 these amounts were invested in cash and cash equivalents, at December 31, 2010 these assets were invested in cash and cash equivalents, U.S. government and agency securities, alternative investments and equity securities.

Assets limited as to use classified as current at December 31, 2011 comprise \$0.3 million of operating escrow and malpractice funds of \$1.4 million anticipated to be used in 2012. Assets limited as to use classified as current at December 31, 2010 comprise \$6.2 million of debt service funds for 2011 debt payments and malpractice funds of \$1.7 million anticipated to be used in 2011.

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At December 31, 2011 and 2010, respectively, in accordance with the Medical Center's workers' compensation self-insurance program, \$16.0 million and \$14.6 million of assets were on deposit with the New York State Workers' Compensation Board. At December 31, 2011, these amounts were invested in cash and cash equivalents. At December 31, 2011, these amounts comprised of a \$1.7 million letter of credit, which is fully collateralized by an investment in a government agency security, and \$12.9 million in cash and cash equivalents. These funds are held by the New York State Workers' Compensation Board to guarantee payment of workers' compensation claims and disability benefits to employees. At December 31, 2011 the Medical Center has not attained the minimum balance the worker's compensation board has required.

Investment income and realized gains (losses), reported as other revenue, are comprised of the following for the years ended December 31 (in thousands):

	2011	2010
Interest income	\$ 743	\$ 727
Realized gain on sale of securities	-	1
	<u>\$ 743</u>	<u>\$ 728</u>

The classification by level of the Medical Center's assets that are measured on a recurring basis at December 31, 2011 and 2010 are as follows (in thousands):

	Fair Value at December 31, 2011	Quoted Prices in Active Markets (Level 1)	Based on Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique
U.S. Government securities					
Treasury bills	\$ 400	\$ -	\$ 400	\$ -	M
Interest in CCC investment pool	140	-	-	140	M
Total	<u>\$ 540</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 140</u>	

	Fair Value at December 31, 2010	Quoted Prices in Active Markets (Level 1)	Based on Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique
U.S. Government securities					
Treasury bills	\$ 400	\$ -	\$ 400	\$ -	M
Government bonds	6,191	-	6,191	-	M
Interest in CCC investment pool	1,704	-	-	1,704	M
Total	<u>\$ 8,295</u>	<u>\$ -</u>	<u>\$ 6,591</u>	<u>\$ 1,704</u>	

At December 31, 2011 and 2010, included in assets limited as to use is approximately \$17.1 million and \$15.5 million, respectively, which consists of cash and cash equivalents that are not considered recurring fair value measures.

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The following methods and assumptions were used to estimate the fair value of each class of investments within assets limited as to use and the pension plan (See Note 9)

U S Governments Securities and Corporate and Government bonds - The estimated fair values of debt securities are based on market data for the same or comparable instruments and transactions in establishing the prices and are classified as Level 2

Marketable Equity Securities and Mutual Funds – Fair value estimates for publicly traded equity securities are based on quoted market prices and are classified as Level 1

Mortgage Backed Securities – Fair value estimates for mortgage backed securities are based other market data for the same or comparable instruments and transactions in establishing the prices and are classified as Level 2

Interest in CCC Investment Pool - Fair value of interest in the CCC investment pool is based on unobservable inputs that cannot be corroborated by observable market data and therefore classified as Level 3

The table below presents the change in fair value measurements that used Level 3 inputs during the period ended December 31 (in thousands)

	2011 Interest in CCC Investment Pool	2010 Interest in CCC Investment Pool
Balance, beginning of year	\$ 1,704	\$ 11,418
Realized (loss) gain on securities	(18)	178
Interest income	1	1
Unrealized gain (loss) on securities	17	(109)
Net redemptions	(1,564)	(9,784)
Balance, end of year	<u>\$ 140</u>	<u>\$ 1,704</u>

Realized gains, unrealized losses and interest income are included in the change in Interest in CCC Investment Trust in the consolidated statements of operations and changes in net deficit

The Brookdale Hospital Medical Center and Subsidiary
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6. Property, Plant, and Equipment

A summary of property, plant, and equipment is as follows at December 31 (in thousands)

	2011	2010	Useful Lives
Land	\$ 1,393	\$ 1,393	
Buildings and improvements	89,393	88,642	5-40 years
Furniture and equipment	182,342	180,412	3-25 years
Leased equipment (See Note 8)	30,121	28,413	Lease term
	<u>303,249</u>	<u>298,860</u>	
Accumulated depreciation and amortization	<u>(260,742)</u>	<u>(251,273)</u>	
	42,507	47,587	
Construction in progress	<u>1,876</u>	<u>3,021</u>	
	<u>\$ 44,383</u>	<u>\$ 50,608</u>	

Substantially all property, plant, and equipment serve as collateral under various loan agreements

Effective April 9, 2010, MediSys entered into an agreement with Epic Enterprise software to implement an integrated, patient centered electronic health record system (EHR) across all hospitals and all clinical areas within MediSys. Due to the Medical Center's restructuring, management decided to discontinue the EHR project (see Note 17). As a result, total charge to impairment of long-lived assets recognized at December 31, 2011 is \$8.5 million which represents the entire investment in the project.

Construction in progress is for other various renovation projects at the Medical Center. The total estimated additional cost to complete the projects is \$2.7 million and the expected date of completion for all projects is 2013.

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7. Long-Term Debt

A summary of long-term debt at December 31 follows (in thousands)

	2011	2010
1998 Series J Secured Hospital Revenue Refunding Bonds, varying rates ranging from 5 0% to 5 3%, due through 2017 (a)	\$ 59,482	\$ 68,124
Mortgage Payable to GMAC Commercial Mortgage Corp , 7 01% interest rate, due monthly through 2036 (b)	10,091	10,241
Note payable to New York State Health Facility Restructuring Pool (c)	24,500	24,500
Note payable to New York State Health Facility Restructuring Pool (c)	3,000	3,000
Note payable to Siemens Financial Services, Inc , 10 86% interest rate, due monthly through 2012 (d)	52	98
Note payable to Nouveau Elevator, Inc , 1 5% interest rate, due monthly through 2013 (e)	223	332
Capital leases, at varying rates of interest from 3 0% to 10 9% (see Note 8)	6,404	5,240
	<u>103,752</u>	<u>111,535</u>
Less current portion	89,386	98,228
	<u>\$ 14,366</u>	<u>\$ 13,307</u>

The Medical Center is currently in violation of certain debt covenants, which constitutes a default under certain of its debt agreements. As a result of the defaults, in the absence of waivers, the lender may declare the debt immediately payable. Therefore, the Medical Center's debt in default (see (a) and (c) below) has been classified as currently due. The Medical Center's various debt agreements are as follows:

- a The Medical Center, through participation with DASNY, issued Secured Hospital Revenue Refunding Bonds, Series 1998 J. Additional credit enhancement for the bonds is provided under a service contract between DASNY and the State of New York acting through the Director of Budget. Under the terms of the service contract, the Director of Budget will determine, annually, the next fiscal year's debt service, subject to legislative approval. The bonds are collateralized by a first mortgage lien on the Medical Center's property, plant, equipment and substantially all other assets.

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Pursuant to the bond documents and loan-related mortgage agreements, the Medical Center is, among other things, required to maintain a Capital Reserve Fund (debt service fund) and other funds whose use is limited to debt repayments, capital asset acquisition, and related items. Annual payments of principal and interest that the Medical Center is required to pay into the debt service fund are approximately \$12.1 million. The funds consist principally of fixed income securities and are included in assets limited as to use (see Note 5). In addition, the Medical Center is also required to maintain a debt service coverage ratio and other financial and nonfinancial covenants. At December 31, 2011 the Medical Center failed to deposit \$17.9 million of the required payments to the debt service fund for the bonds within the specified time frame per the debt agreements and did not meet the required debt service coverage ratio. Accordingly, the bonds are classified as current in the accompanying consolidated balance sheets as of December 31, 2011 and 2010.

- b. In May 2006, the Housing Company entered into a \$10.8 million loan agreement with GMAC at an interest rate of 7.01%. The loan is payable in monthly installments of principal and interest approximating \$72,000 through June 2036. The four buildings of the Housing Company collateralize the GMAC loan.

Under agreements with GMAC, the Housing Company is required to make monthly deposits to escrow accounts in order to pay real estate taxes and property insurance, replace equipment, and for other purposes. Such escrow accounts contain certain withdrawal restrictions. Funds held in escrow are included in the accompanying consolidated balance sheets at December 31, 2011 and 2010 as assets limited as to use. The GMAC agreement also has other nonfinancial debt covenants. At December 31, 2011 and 2010, the Housing Company was in compliance with its debt financial covenants.

- c. In 1999, the Medical Center entered into a reimbursement agreement (the Restructuring Pool Loan) with DASNY which provided non interest-bearing loans to the Medical Center. The source of the funds was the New York State Health Facility Restructuring Pool. During 1999, DASNY advanced \$9.5 million. Additionally, in February 2000, DASNY provided the Medical Center an additional \$15 million from available monies on deposit in the Restructuring Pool.

The Restructuring Pool Loan has no specified repayment terms, other than under certain circumstances as stated in the agreement. The Medical Center has not been required to make any repayments of the Restructuring Pool Loan. Under the terms of the Restructuring Pool Loan, an event of default of the mortgage loan agreement related to the bonds (see Note 7(a)) constitutes an event of default of the Restructuring Pool Loan. At December 31, 2011 and 2010, the Medical Center was not current with its mortgage debt service fund payments, as discussed in (a), above. Accordingly, the Restructuring Pool Loan has been classified as current in the accompanying consolidated balance sheets as of December 31, 2011 and 2010.

During 2000, the Medical Center entered into a non interest-bearing loan agreement with DASNY, whereby DASNY agreed to pay directly to MediSys \$3.0 million of the management fee payable during the first twelve months of the management agreement from the Restructuring Pool Loan program. The remainder of the management fee was payable to MediSys by the Medical Center.

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- d In December 2007, the Medical Center entered into a \$0.2 million loan agreement with Siemens Financial Services, Inc. with an interest rate of 10.86% to finance the construction needed for the installation of a new magnetic radiology imaging machine. The loan is payable in monthly installments of principal and interest approximating \$4,600 for the period from January 2008 through December 2012. The equipment is held as collateral.
- e In March 2010, the Housing Company entered into a \$0.4 million loan agreement with Nouveau Elevator, Inc. with an interest rate of 1.5% to finance the construction and installation of new elevators at one of the residential apartment buildings. The loan is payable in monthly installments of principal and interest of \$0.1 million for the period from April 2010 through March 2013. Construction was completed in 2011.

Scheduled payments and payments in default on long-term debt are as follows (in thousands):

	Scheduled Payments	Reclassification of Debt in Default	Total
Year ending December 31			
2012	\$ 11,480	\$ 77,906	\$ 89,386
2013	11,353	(9,536)	1,817
2014	11,312	(9,951)	1,361
2015	11,047	(9,986)	1,061
2016	10,965	(10,131)	834
Thereafter	47,595	(38,302)	9,293
Total long-term debt	<u>\$ 103,752</u>	<u>\$ -</u>	<u>\$ 103,752</u>

8. Leases

The Medical Center is obligated under capital leases covering certain equipment that expire at various dates during the next five years. At December 31, 2011 and 2010, the gross amount of equipment and related accumulated amortization recorded under capital leases were as follows (in thousands):

	2011	2010
Equipment	\$ 30,121	\$ 28,413
Less accumulated amortization	<u>(24,048)</u>	<u>(22,924)</u>
	<u>\$ 6,073</u>	<u>\$ 5,489</u>

Amortization of assets held under capital leases is included within depreciation and amortization expense.

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Future minimum payments in the aggregate, under capitalized leases and noncancelable operating leases (predominantly for equipment rental) with initial or remaining terms of one year or longer are as follows (in thousands)

	Capitalized Leases	Operating Leases
Year ending December 31		
2012	\$ 2,453	\$ 1,199
2013	1,912	858
2014	1,366	528
2015	968	218
2016	660	52
Thereafter	136	
	<u>7,495</u>	<u>\$ 2,855</u>
Less Amounts representing interest range from 3% to 11%	<u>1,091</u>	
Present value of minimum lease payments	<u>\$ 6,404</u>	

Total rental expense charged to operations for the years ended December 31, 2011 and 2010 amounted to approximately \$3.5 million and \$3.6 million, respectively

9. Retirement and Similar Benefits

Defined Benefit Plan

The Medical Center had a noncontributory defined benefit pension plan (the "DB Plan") covering substantially all of its employees not represented by a collective bargaining agreement. Effective June 30, 1993, the Medical Center discontinued the accrual of benefits for future services of participants in the DB Plan as this plan was frozen at this date. Benefits were based upon years of service and salaries earned during those years of service. Effective January 1, 1999, the Medical Center amended the plan to resume accruing for active participants under an updated benefit formula. All participants' frozen benefit amounts were added to the benefits earned for services accrued effective January 1, 1999. The Medical Center's funding policy is to contribute an amount at least equal to the minimum required contribution under the Employee Retirement Income Security Act of 1974 (ERISA). Although management reserves the right to terminate the plan at any time, it is obligated to fund the recommended contribution level determined by the plan's actuaries as long as the plan remains in effect.

The DB Plan was not offered to employees hired after December 31, 2005. For all new employees hired after January 1, 2006, who are over 21, completed one year of service and who worked over 1,000 hours per annum, the Medical Center offered a defined contribution plan (the "DC Plan"). The Medical Center contributed 4% of the employees' annual salary to the DC Plan. Employees were 100% vested upon completing five years of service.

The Benefits under the defined benefit plan were frozen as of May 31, 2010. As a result of the plan freezing, there was a curtailment resulting in a one-time charge of \$11.3 million in the consolidated statement of operations and changes in net deficit were excluded from deficiency of revenues and other support over expenses.

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The following table sets forth the benefit obligations and fair value of plan assets at December 31, 2011 and 2010 (in thousands) for the original DB Plan

	2011	2010
Reconciliation of the benefit obligation		
Benefit obligation at beginning of year	\$ 106,990	\$ 104,161
Service cost	-	1,773
Interest cost	5,584	5,753
Curtailments	-	(11,280)
Actuarial loss	17,692	10,084
Benefits paid	(3,884)	(3,501)
Projected benefit obligation at end of year	<u>\$ 126,382</u>	<u>\$ 106,990</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 76,704	\$ 65,234
Actual (loss) return on plan assets	(2,891)	8,871
Employer contributions	3,896	6,100
Benefits paid	(3,884)	(3,500)
Fair value of plan assets at end of year	<u>\$ 73,825</u>	<u>\$ 76,705</u>

The accumulated benefit obligation for the defined benefit pension plan was \$126.4 million and \$106.9 million at December 31, 2011 and 2010, respectively. The funded status and amounts recognized in the consolidated balance sheets at December 31, 2011 and 2010, pursuant to pension accounting, are as follows (in thousands)

	2011	2010
Funded status, December 31		
Fair value of plan assets	\$ 73,825	\$ 76,705
Projected benefit obligation	(126,382)	(106,990)
Funded status	<u>\$ (52,557)</u>	<u>\$ (30,285)</u>
Amounts recognized in the consolidated balance sheets, end of year		
Accrued pension obligation	\$ (52,557)	\$ (30,285)
Unrestricted net deficit		
Net actuarial loss	\$ 52,566	\$ 27,442

The estimated amount that will be amortized from unrestricted net deficit into net periodic pension cost in 2012 is a net actuarial loss of \$1.6 million

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The components of net periodic pension cost for the years ended December 31 are as follows (in thousands)

	2011	2010
Service cost	\$ -	\$ 1,773
Interest cost	5,584	5,753
Expected return on assets	(5,300)	(4,649)
Recognized net actuarial loss	<u>760</u>	<u>3,648</u>
Net periodic benefit cost	<u>1,044</u>	<u>6,525</u>
Other changes in plan assets and benefit obligation recognized in unrestricted net deficit		
Net actuarial loss	\$ (25,884)	\$ 5,419
Less amortization of actuarial gain	<u>760</u>	<u>3,647</u>
Total recognized in other changes in unrestricted net deficit	<u>(25,124)</u>	<u>9,066</u>
Total recognized in net periodic benefit cost and other changes in unrestricted net deficit	<u>\$ (24,080)</u>	<u>\$ 15,591</u>

Other changes recognized in unrestricted net deficit for the year ended December 31, 2011, are as follows (in thousands)

	Pension Benefits
Actuarial gains/losses	\$ (9,599)
Amortization of actuarial losses	<u>(15,525)</u>
Total pension related adjustments	<u>\$ (25,124)</u>

Weighted average assumptions used to determine benefit obligations for 2011 and 2010 are as follows

	2011	2010
Discount rate	4 15 %	5 26 %
Rate of compensation increase	0 00 %	0 00 %

Weighted average assumptions used to determine net benefit cost are as follows

	2011	2010
Discount rate	5 26 %	5 26 %
Expected long-term rate of return on plan assets	7 00 %	7 00 %
Rate of compensation increase	0 00 %	0 00 %

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The expected long-term rate of return on plan assets is based on the portfolio as a whole and not the sum of the returns on the individual asset categories. The return is based on expected risk premiums by class and applies this to the plan's allocation to determine a range of long-term expected returns.

Plan Assets

The weighted average asset allocation of the Medical Center's pension portfolio was as follows:

	Plan Assets at December 31,	
	2011	2010
Asset category		
Cash and cash equivalents	0 %	3 %
Equity securities	78	78
Fixed income	22	19
	<u>100 %</u>	<u>100 %</u>

The Medical Center's investment policy for the plan assets identifies target allocations and ranges for individual asset categories as follows:

	Target Allocation	Allocation Range
Equity securities	50%	40% - 60%
Debt	50%	40% - 60%

If the asset allocation of the defined benefit pension plan portfolio is in violation of the asset allocation range for six months, assets will be redistributed to achieve the target allocation within a reasonable period of time.

The Medical Center's primary investment goal to achieve an expected long term rate of return on plan assets in 2011 and 2010 of 7% is to maximize total return, comprising income and net realized and unrealized gains and losses. This objective is accomplished by assuming a prudent level of risk in the investment of the plan assets. The Medical Center's policy permits investments in U.S. and international common stocks and bonds, convertible securities, and cash equivalents. The Medical Center regularly reviews and approves methods and assumptions used to determine the contributions required to provide adequate funding to the Plan. As the level of inflation can be expected to vary over time, the long-range funding requirements are periodically examined in light of investment returns after deducting inflation as measured by the Consumer Price Index.

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The classification by level of the Medical Center's DB plan assets that are measured on a recurring basis at December 31, 2011 and 2010 (in thousands)

2011					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value	Valuation Technique
Marketable equity securities					
Common stock - domestic	\$ 39,162	\$ -	\$ -	\$ 39,162	M
Common stock - international	7,496	-	-	7,496	M
Mutual funds	-	11,161	-	11,161	M
U S Government securities					
Government bonds and notes	-	8,154	-	8,154	M
Municipal bonds	-	2,003	-	2,003	M
Mortgage backed securities	-	2,325	-	2,325	M
Corporate bonds	-	3,480	-	3,480	M
	<u>\$ 46,658</u>	<u>\$ 27,123</u>	<u>\$ -</u>	<u>\$ 73,781</u>	
2010					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value	Valuation Technique
Marketable equity securities					
Common stock - domestic	\$ 41,005	\$ -	\$ -	\$ 41,005	M
Common stock - international	10,225	-	-	10,225	M
Mutual funds	-	8,432	-	8,432	M
U S Government securities					
Government bonds and notes	-	7,363	-	7,363	M
Municipal bonds	-	2,003	-	2,003	M
Mortgage backed securities	-	2,050	-	2,050	M
Corporate bonds	-	3,371	-	3,371	M
	<u>\$ 51,230</u>	<u>\$ 23,219</u>	<u>\$ -</u>	<u>\$ 74,449</u>	

At December 31, 2011 and 2010, included in the Medical Center's DB plan assets is approximately \$0.04 million and \$2.3 million, respectively, which consists of cash and cash equivalents that are not considered recurring fair value measures.

The methods and assumptions used to estimate the fair value of each class of the Plan's financial instruments is described in Note 5.

Cash Flows

The Medical Center expects to contribute \$3.1 million to the plan in 2012.

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The benefits expected to be paid in each year from 2012 through 2016 are \$6.1 million, \$6.2 million, \$6.5 million, \$6.7 million, and \$6.9 million, respectively. The aggregate benefits expected to be paid in the five years from 2017 through 2021 are \$36.2 million. The expected benefits are based on the same assumptions used to measure the Medical Center's benefit obligation at December 31, 2011.

Multiemployer Pension Plans

Effective January 1, 2010, a new cash balance defined benefit plan was established by MediSys for most of the affiliate entities including the Medical Center. This plan covers all nonleased or per diem employees who are at least 21 years old and not covered by a collective bargaining agreement of the Medical Center. Upon termination of employment, and after satisfying the plan's vesting requirements, employees are eligible to receive the sum of the allocations made since January 1, 2010. In addition, all benefits earned through May 31, 2010 are payable under the terms of the DB Plan prior to the amendment. Effective June 1, 2010, all employees previously covered by the DC Plan will continue to receive certain allocations into that plan going forward, which for the Medical Center, that percentage has remained consistent at 4% of an employee's salary, with the same conditions as the original DC Plan. The Medical Center accounts for its participation in the new defined benefit plan under the guidance for multi-employer plans. The Medical Center and the other participants in the cash balance plan are joint and several liable. The allocations to the Medical Center for the cash balance plan is based on actual service costs for the employees at the Medical Center, plus a pro-rata portion of the remaining pension expense items based on Projected benefit obligation for the employees at the Medical Center. Pension expense allocated to the Medical Center from MediSys for the year ended December 31, 2011 was \$6.0 million. The benefits under the cash balance defined benefit plan were frozen as of December 31, 2011.

The Medical Center also contributes to the pension, welfare, and dental benefit plans for its union employees. The Medical Center had been delinquent in remitting certain required contributions to union benefit plans. The risks of participating in these multiemployer plans are different from a single-employer plan in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers and (3) if the Medical Center chooses to stop participating in some of its multi-employer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. The Medical Center has made cash contributions in 2011 and 2010 for the multi-employer plans noted in the table below.

	Contributions	
	2011	2010
1199 SEIU Health Care Employees Pension Fund	\$ 12,584	\$ 7,255
	<u>\$ 12,584</u>	<u>\$ 7,255</u>

		Pension Protection Act Zone Status (b)		FIP/RP (c)	Surcharge Imposed	Expiration date of Collective bargaining agreement
	EIN / Pension Plan Number	2011	2010	Status Pending		
1199 SEIU Health Care Employees Pension Fund (a)	13-3604862/001 (1199)	Green	Red	No	No	4/30/2015

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- (a) Represents less than 5% of total plan contributions
- (b) A zone status rating of green indicates the plan is at least 80% funded, yellow indicates between 65% and 80% funded, red indicates less than 65% funded
- (c) Funding improvement plan or rehabilitation plan

Union Plan Contributions

During 2007, the Medical Center was delinquent in remitting certain required contributions to union pension and benefit plans. The delinquent amounts outstanding aggregated approximately \$11.0 million through October 2007. In October 2007, the Medical Center entered into an agreement (the 2007 Agreement) with the union regarding these outstanding balances. Under the Agreement, the Medical Center agreed to a total principal balance of approximately \$11.5 million, which includes accrued interest of approximately \$0.5 million, with the union agreeing to accept monthly principal payments of \$0.6 million over a period of 18 months. As consideration for the modified agreement, the Medical Center agreed on January 27, 2009 to give the union liens on two properties, located in Brooklyn, NY, in the amount of \$4.8 million. Additional interest was accrued on the principal balance at a rate of 1.5% per month and became due with the final principal payment on December 31, 2009.

During 2010 and 2011, the Medical Center was delinquent in remitting certain required contributions to union pension and benefit plans, as well as accrued interest of \$1.7 million on the 2007 agreement. The delinquent amounts outstanding on the required contributions aggregated approximately \$17.9 million through May 2010. In June 2010, the Medical Center entered into an agreement (the "2010 Agreement") with the union regarding these outstanding balances. Under the 2010 Agreement, the Medical Center agreed to a total principal balance of approximately \$24.8 million, which includes accrued interest of approximately \$6.8 million (of which \$1.7 million relates from the modified 2007 agreement). The union agreed to accept monthly principal payments of approximately \$1.2 million over a period of 24 months. Additional interest of approximately \$4.0 million will accrue on the principal balance at a rate of 1.5% per month and is included in the monthly payments.

The outstanding balance of approximately \$15.1 million, which includes \$5.8 million of accrued interest, is included in accrued salaries and related liabilities in the accompanying consolidated balance sheets as of December 31, 2011. The Medical Center is not current on its payments, and pursuant to the agreement, this constitutes an event of default. As such, the outstanding balance has been classified as current as of December 31, 2011.

As a result of the Medical Center's continued delinquent payments, the union terminated all medical and dental benefits to its members effective May 29, 2011. The Medical Center immediately enrolled the union employees into its self-insured medical and dental benefits plan. The cost of the enrolled union members for the year ended December 31, 2011 was \$8.5 million.

10. Insurance Arrangements

Effective July 1, 1983, the Medical Center, together with several other not-for-profit institutions, obtained primary and excess professional liability insurance coverage from third party insurance providers. Effective July 1, 1985, the Medical Center with the same other not-for-profit institutions formed Combined Coordinating Council program, a captive insurance company (the "Company") to provide professional liability and insurance coverage. The Company is organized under the laws of Bermuda, and the Medical Center's voting control represents a 16% ownership interest. Coverage

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provided by the Company was on an occurrence basis through June 30, 2000. Effective July 1, 2000, the Medical Center changed to a claims-made coverage policy. Subsequently, the Medical Center changed back to a modified occurrence basis policy, retrospective to July 1, 2000, and accrued the additional costs associated with this conversion.

Should claim payments under the insurance program exceed current estimates or if investment interest rate assumptions are not achieved, the Company can, under the terms of the policies issued, make further premium assessments on the shareholders. Correspondingly, if claim payments are less than current estimates or if investment interest rate assumptions are favorable, the Medical Center may be entitled to a dividend. The policies also provide that the insured are jointly and severally liable for such assessment through June 30, 2004. Premiums outstanding to the Company for the period prior to July 1, 2004 were \$0.5 million for the year ended December 31, 2010, and are included in accounts payable and accrued expenses in the accompanying consolidated balance sheet. There were no amounts outstanding at December 31, 2011.

The Medical Center was entitled to a dividend from the Company of approximately \$30.3 million in 2006. The Company applied most of these amounts against the premiums payable due to the Company and transferred the balance to the Medical Center's captive cell (see below). In March 2009, the Medical Center was entitled to a dividend from the Company of approximately \$9.5 million. The Company applied \$1.8 million of these amounts against the outstanding balance of the retrospective premiums. In June 2010, the Medical Center was entitled to a dividend from the Company of approximately \$4.1 million, which was included in other revenue. The Company applied \$2.0 million of these amounts against the outstanding balance of the retrospective premiums. During 2010, the Medical Center evaluated the allocation methodology for premiums and unfunded losses, and determined that a 50/50 allocation between the Medical Center and Jamaica is more indicative of claims experience. Due to the change in the allocation methodology, the Medical Center recorded a decrease in malpractice expense of approximately \$0.9 million, which is reflected in supplies and other in the consolidated statement of operations for the year ended December 31, 2010. The allocation percentages may fluctuate based on changes in claim experience. In 2011, the Medical Center was entitled to a dividend from the Company of approximately \$12.3 million, which is included in other revenue. The Company applied \$5.8 million of these amounts against the outstanding balance of the retrospective premiums.

Effective July 1, 2004, the Medical Center and Jamaica collectively participate in a captive cell malpractice insurance program through the Company. This program provides insurance coverage up to the amount that the participating members have funded in their respective segregated cells. In connection with the program, the Medical Center had on deposit approximately \$0.14 million in 2011 and \$1.7 million in 2010 with the Company. The Medical Center is assessed premiums based on actuarial estimates and these premiums are applied to the Medical Center's segregated cell. On an annual basis, an independent actuary performs an analysis to set the funding requirements for each participating hospital's segregated cell for the upcoming year. The Medical Center is covered by an excess insurance policy after the limits of \$7.5 million per claim and \$25.0 million in the aggregate are reached. As of December 31, 2011 and 2010, the Medical Center had recorded an estimated undiscounted malpractice liability of approximately \$187.2 million and \$157.8 million, respectively, based on an independent actuarial calculation.

The Medical Center is also self-insured for workers' compensation and annually charges to operations amounts representing the estimated liability related to claims resulting from incidents that occur each year. The liability of approximately \$23.2 million and \$17.3 million related to workers' compensation claims is actuarially determined as of December 31, 2011 and 2010, respectively, based on a discount rate of 4%.

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Under current accounting guidance it is the Medical Center's policy to accrue an estimate of the ultimate cost of claims under all insurance policies whether the policy is fully insured or a self-insurance policy. In addition, any insurance recoverable under such policies is recorded as a receivable.

Amounts recognized as anticipated insurance recoveries related to the malpractice claims approximate \$26.9 million at December 31, 2011. Insurance recoveries are measured on the same basis as the liability subject to the need for valuation allowance for uncollectible amounts. The Medical Center also recorded incurred related insurance recoveries of \$2.5 million as of December 31, 2011.

11. Related-Party Transactions

The balances due from (to) the Medical Center's related organizations at December 31 are as follows (in thousands):

	2011	2010
Institute (a)	\$ 85,795	\$ 71,433
Amboy (b)	3,664	3,084
Residence (c)	272	291
Urban (d)	4,889	4,296
BFCC (d)	8,233	7,769
Linroc (e)	-	525
BHMC Enterprise (e)	1,205	1,205
MediSys and affiliate (f)	7,306	4,309
	<u>111,364</u>	<u>92,912</u>
Reserve on due from affiliates (g)	111,364	89,912
Due from affiliates, net	<u>\$ -</u>	<u>\$ 3,000</u>
Rockreal (c)	\$ (1,624)	\$ (1,629)
MediSys and affiliates (f)	(35,543)	(19,045)
Due to affiliates	<u>\$ (37,167)</u>	<u>\$ (20,674)</u>

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The Medical Center provides related organizations with certain general, administrative, plant, and ancillary department services on a cost basis for operations. These amounts are included in other revenue in the accompanying consolidated statements of operations and changes in net deficit and were as follows for the years ended December 31 (in thousands)

	2011	2010
Institute (a)	\$ 34,570	\$ 35,063
Amboy (b)	278	278
Urban (d)	854	834
BFCC (d)	3,246	3,359
Residence (c)	286	279
MediSys and affiliate (f)	2,130	1,762
Total support provided	<u>\$ 41,364</u>	<u>\$ 41,575</u>

Details of the services provided and received are listed below

- (a) The Medical Center and the Institute have agreed to a cost allocation methodology based upon the Medical Center's Medicaid cost report to allocate management, administrative, and ancillary services
- (b) Amboy provides parking facilities for employees of the Medical Center. Amboy purchases management services from the Medical Center
- (c) The Medical Center charges Rockreal and Residence a management fee for general and administrative operating services
- (d) The Medical Center charges BFCC and Urban for general and administrative expenses
- (e) The Medical Center charges Linroc and BHMC Enterprises for general and administrative expenses
- (f) Amounts due to MediSys and affiliates, net, represent amounts due to MediSys for management fees of approximately \$6.0 million per year for the years ended December 31, 2011 and 2010. Also included are amounts due to Jamaica Hospital, Flushing Hospital, Peninsula Hospital, Peninsula Nursing Home (through August 22, 2011), MediSys Ambulance, and Brookdale, Rx, Inc., affiliated entities whose sole corporate member is MediSys, relating to medical and management services provided
- (g) In management's opinion, the collectibility of these amounts due from affiliates is uncertain, therefore, these amounts have been fully reserved in the accompanying consolidated financial statements. However, the Medical Center and its affiliates fully expect these obligations will be settled in the future. In February 2011, the Institute borrowed \$3.0 million from their operating escrow account in order to pay the Medical Center for purchased services related to 2010 and prior. The balance of \$3.0 million due to the Medical Center from the Institute is not reserved for and is classified as current due from affiliates in the accompanying consolidated balance sheets as of December 31, 2010. These amounts were paid by the Institute to the Medical Center in fiscal year 2011.

The Brookdale Hospital Medical Center and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

12. Functional Expenses

The Medical Center provides healthcare and related services primarily within its geographic location in Brooklyn, New York. Expenses related to providing such services included in the accompanying consolidated statements of operations and changes in net deficiency are as follows for the years ended December 31 (in thousands):

	2011	2010
Healthcare services	\$ 500,523	\$ 498,574
Administrative and general services	71,566	63,165
	<u>\$ 572,089</u>	<u>\$ 561,739</u>

13. Commitments and Contingencies

On March 10, 2011, the former Chief Executive Officer (CEO) of the Medical Center, was charged in a criminal complaint filed in the United States District Court for the Southern District of New York, with conspiracy to commit honest services mail fraud by paying or offering to pay bribes to former New York State elected officials in exchange for these legislators undertaking official action to benefit the Company as opportunities arose. The former CEO's employment was terminated on March 14, 2011.

The former CEO subsequently was indicted for mail fraud, wire fraud, conspiracy to violate and conspiracy to commit honest services mail and wire fraud. All the charges arose out of the same facts and circumstances underlying the complaint against him. The former CEO was tried on the charges against him and found guilty on September 12, 2011. He was sentenced primarily to three years in prison on May 7, 2012.

Following the former CEO's termination, and prior to his indictment, the Board of Trustees of MediSys ("the Board") retained the services of former United States Attorney and United States magistrate judge, Zachary Carter, and his law firm, Dorsey & Whitney, to review and make recommendations to the Board regarding, among other things, MediSys' business standards, ethical practices and compliance policies, programs and procedures, including all internal controls, and those of its constituent entities. Mr. Carter completed that process and in February, 2012 reported his findings and recommendations to the Board. The Report concludes that written compliance policies of all of the MediSys entities express a commitment to providing care and services to patients in an ethical manner and in compliance with all applicable laws and that their policies and procedures, in both scope and content, compare favorably with effective compliance policies in place at similarly sized hospital systems. The Report also concludes that Mr. Carter and his team found no broader wrongdoing or complicity in any wrongdoing, nor evidence of systemic corruption or of a culture tolerant of corruption.

Future interpretations or enforcement of laws, rules and regulations governing the healthcare industry could subject the Medical Center's current business practices to allegations of impropriety or illegality or could require the Medical Center to make changes in our facilities, equipment, personnel, services and capital expenditure programs, increase our operating expenses and distract our management. If the Medical Center fails to comply with these extensive laws and government regulations, the Medical Center could become ineligible to receive government program payments (including exclusion from Medicare and Medicaid programs), suffer civil and

The Brookdale Hospital Medical Center and Subsidiary

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

criminal penalties, or be required to make significant changes to our operations. In addition, the Medical Center could be forced to expend considerable resources responding to an investigation or other enforcement action under these laws or regulations.

14. Fair Values of Financial Instruments

All financial instruments in the consolidated financial statements are at fair value except for the long-term debt.

The carrying amounts and fair values of the Medical Center's long-term debt at December 31, 2011 and 2010 is as follows (in thousands):

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	\$ 59,295	\$ 59,588	\$ 67,900	\$ 68,207

The carrying value of the Medical Center's remaining debt approximates its fair value.

15. Concentration of Credit Risk

The Medical Center provides healthcare services through its inpatient and outpatient care facilities located in Brooklyn, New York, and various surrounding boroughs of New York City. The Medical Center grants credit to patients, substantially all of whom are local residents. The Medical Center generally does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, HMOs, and commercial insurance policies).

Significant concentrations of gross accounts receivable for services to patients include the following at December 31:

	2011	2010
Medicare	11 %	12 %
Medicaid	18	20
Managed care (including Medicare and Medicaid) and commercial carriers	57	51
Self-pay patients	12	14
Other	2	3
	<u>100 %</u>	<u>100 %</u>

The Brookdale Hospital Medical Center and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

16. Other Revenue

Other revenue consists of the following for the years ended December 31 (in thousands)

	2011	2010
CCC dividend income (Note 10)	\$ 12,280	\$ 4,073
Grant income	4,842	4,601
Investment income	743	727
Pharmacy	7,815	5,068
Physician billing	12,568	13,267
Rental income	4,154	4,100
Services provided to related organizations (Note 11)	41,364	41,575
Other	8,636	9,537
	<u>\$ 92,402</u>	<u>\$ 82,948</u>

17. Subsequent Events

The Medical Center has performed an evaluation of subsequent events through August 30, 2012, which is the date the consolidated financial statements were issued

On March 22, 2012, the Board of Trustees voted to interview and appoint a Chief Restructuring Officer to effect a withdrawal of MediSys Health Network, Inc. as sole member of the Medical Center. On April 16, 2012, the Board accepted the resignations of the former President and Chief Executive Officer and the former Executive Vice President and Chief Financial Officer, and appointed a new management team consisting of a President/Chief Executive Officer/Chief Restructuring Officer, Chief Operating Officer, and Chief Financial Officer.

On May 25, 2012, the Medical Center acquired a loan in the amount of \$18.5 million from the New York State Health Facility Restructuring Program at an interest rate of 1.0%. Interest is payable on a quarterly basis beginning July 1, 2012. The entire outstanding principal balance is payable on April 1, 2014 or by a declaration of acceleration by DASNY, whichever occurs first.

Additional Data

Software ID:

Software Version:

EIN: 11-1631746

Name: BROOKDALE HOSPITAL MEDICAL CENTER

Form 990, Special Condition Description:

Special Condition Description

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ALEX ROVT VICE CHAIRMAN	1 00	X		X				0	0	0
ALLEN B SWERDLICK TRUSTEE	1 00	X						0	0	0
ALVIN I KAHN MD CHAIRMAN	40 00	X		X				298,166	0	67,567
ASCHER L MESTEL MD TRUSTEE	1 00	X						0	0	0
DARRYL TOWNS TRUSTEE	1 00	X						0	0	0
DAVID R WILKES TRUSTEE	1 00	X						0	0	0
DAVID SCHLANG TRUSTEE	1 00	X						0	0	0
DIANE SIMON TRUSTEE	1 00	X						0	0	0
EDWARD BIRNBAUM TRUSTEE	1 00	X						0	0	0
EDWIN SCHULMAN TRUSTEE	1 00	X						0	0	0
HUGH GREENBERG TRUSTEE	1 00	X						0	0	0
IRINA BENFELD TRUSTEE	1 00	X						0	0	0
LAURENCE C ZALE VICE CHAIRMAN	1 00	X		X				0	0	0
LESLIE STEPHEN TRUSTEE	1 00	X						0	0	0
LEWIS MARSHALL TRUSTEE	1 00	X		X				397,392	0	65,948
LOWELL M RUBIN TRUSTEE	1 00	X						0	0	0
RC HUGH NELSON TRUSTEE	1 00	X						0	0	0
RICHARD FOGLER TRUSTEE	1 00	X						604,002	0	84,305
RICHARD RADUTZKY SECRETARY	1 00	X		X				0	0	0
STEVEN PLOTNICK ESQ TRUSTEE	1 00	X						0	0	0
BRUCE J FLANZ PRESIDENT & CEO	10 00			X				0	1,526,121	72,500
DAVID P ROSEN PRIOR PRESIDENT & CEO	10 00			X				0	355,277	4,793
DAVID SCHACHNE TRUSTEE/TREASURER	1 00			X				0	0	0
MOUNIR F DOSS EXECUTIVE VICE PRESIDENT & CFO	10 00			X				0	1,366,746	12,435
ARASH GOHARI RADIOLOGIST	40 00					X		514,291	0	29,503

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ARTHUR FINK MD RADIOLOGIST	40 00					X		498,322	0	76,657
ERIC S MINKIN MD RADIOLOGIST	40 00					X		461,873	0	75,448
FREDERICK GULMI RADIOLOGIST	40 00					X		449,541	0	57,608
MAYANK SHUKLA PEDIATRCIAN	40 00					X		509,886	0	55,586