

# **Partners HealthCare System, Inc. and Affiliates**

**Report on Federal Awards in  
Accordance with OMB Circular A-133  
September 30, 2012  
EIN 04-3230035**

**Partners HealthCare System, Inc. and Affiliates**  
**Report on Federal Awards in Accordance with OMB Circular A-133**  
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**September 30, 2012**

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**Part I**  
**Financial Statements**



## Report of Independent Auditors

To the Board of Directors of  
Partners HealthCare System, Inc. and Affiliates

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in net assets and cash flows present fairly, in all material respects, the financial position of Partners HealthCare System, Inc. and its Affiliates ("Partners HealthCare") at September 30, 2012 and 2011, and the results of their operations, their changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Partners HealthCare's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012 on our consideration of Partners HealthCare's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended September 30, 2012. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

December 14, 2012

**Partners HealthCare System, Inc. and Affiliates**  
**Consolidated Balance Sheets**  
**Years Ended September 30, 2012 and 2011**

<i>(dollars in thousands)</i>	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Current assets		
Cash and equivalents	\$ 486,932	\$ 439,537
Investments	1,256,984	1,256,257
Collateral held under securities lending arrangements	105,985	157,872
Current portion of investments limited as to use	1,735,373	1,309,628
Patient accounts receivable, net of allowance for bad debts (2012 - \$111,850; 2011 - \$101,902)	775,918	729,076
Research grants receivable	121,758	127,210
Other current assets	273,668	276,449
Receivable for settlements with third-party payers	48,265	33,379
Total current assets	<u>4,804,883</u>	<u>4,329,408</u>
Investments limited as to use, less current portion	2,325,279	2,077,403
Long-term investments	890,097	833,815
Pledges receivable, net and contributions receivable from trusts, less current portion	168,096	209,257
Property and equipment, net	3,885,858	3,944,757
Other assets	548,768	110,503
Total assets	<u>\$ 12,622,981</u>	<u>\$ 11,505,143</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Current portion of long-term obligations	\$ 293,322	\$ 294,829
Accounts payable and accrued expenses	603,013	548,829
Accrued compensation and benefits	612,607	555,536
Collateral due under securities lending arrangements	105,985	157,872
Current portion of accrual for settlements with third-party payers	44,759	93,990
Unexpended funds on research grants	171,136	161,777
Total current liabilities	<u>1,830,822</u>	<u>1,812,833</u>
Other liabilities		
Accrual for settlements with third-party payers, less current portion	7,861	6,382
Accrued professional liability	441,404	80,908
Accrued employee benefits	1,625,024	1,241,562
Interest rate swaps liability	398,340	375,202
Accrued other	196,911	195,881
Total other liabilities	<u>2,669,540</u>	<u>1,899,935</u>
Long-term obligations, less current portion	2,839,940	2,338,788
Total liabilities	<u>7,340,302</u>	<u>6,051,556</u>
Commitments and contingencies		
Net assets		
Unrestricted	4,131,437	4,331,876
Temporarily restricted	777,012	783,798
Permanently restricted	374,230	337,913
Total net assets	<u>5,282,679</u>	<u>5,453,587</u>
Total liabilities and net assets	<u>\$ 12,622,981</u>	<u>\$ 11,505,143</u>

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

**Partners HealthCare System, Inc. and Affiliates**  
**Consolidated Statements of Operations**  
**Years Ended September 30, 2012 and 2011**

<i>(dollars in thousands)</i>	<b>2012</b>	<b>2011</b>
<b>Operating revenue</b>		
Net patient service revenue, net of provision for bad debts (2012 - \$123,725 ; 2011 - \$101,118)	\$ 6,828,189	\$ 6,342,273
Direct academic and research revenue	1,176,002	1,175,548
Indirect academic and research revenue	362,595	355,953
Other revenue	614,551	607,338
Total operating revenue	<u>8,981,337</u>	<u>8,481,112</u>
<b>Operating expenses</b>		
Employee compensation and benefits	4,864,713	4,629,275
Supplies and other expenses	2,113,614	1,964,080
Direct academic and research expenses	1,176,002	1,175,548
Depreciation and amortization	418,330	397,199
Interest	103,413	82,193
Asset impairment charge	114,356	-
Total operating expenses	<u>8,790,428</u>	<u>8,248,295</u>
Income from operations	<u>190,909</u>	<u>232,817</u>
Nonoperating gains (expenses)		
Income from investments	136,875	33,512
Change in fair value of nonhedging interest rate swaps	(11,881)	(35,868)
Gifts and other, net of fundraising and other expenses	(44,352)	(39,545)
Academic and research gifts, net of expenses	80,784	72,872
Total nonoperating gains, net	<u>161,426</u>	<u>30,971</u>
Excess of revenues over expenses	352,335	263,788
Other changes in net assets		
Change in net unrealized appreciation on marketable investments	95,701	(115,943)
Change in fair value of hedging interest rate swaps	(11,258)	(67,932)
Funds utilized for property and equipment	62,679	104,648
Change in funded status of defined benefit plans	(700,088)	(244,139)
Other	192	263
Decrease in unrestricted net assets	<u>\$ (200,439)</u>	<u>\$ (59,315)</u>

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

**Partners HealthCare System, Inc. and Affiliates**  
**Consolidated Statements of Changes in Net Assets**  
**Years Ended September 30, 2012 and 2011**

<i>(dollars in thousands)</i>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Net assets at October 1, 2010</b>	<b>\$ 4,391,191</b>	<b>\$ 824,426</b>	<b>\$ 310,891</b>	<b>\$ 5,526,508</b>
Increases (decreases)				
Income from operations	232,817	-	-	232,817
Income (loss) from investments	33,512	(6,490)	449	27,471
Gifts and other	(39,545)	65,326	24,041	49,822
Academic and research gifts, net of expenses	72,872	-	-	72,872
Change in net unrealized appreciation on marketable investments	(115,943)	(20,688)	851	(135,780)
Change in fair value of interest rate swaps				
Nonhedging	(35,868)	-	-	(35,868)
Hedging	(67,932)	-	-	(67,932)
Funds utilized for property and equipment	104,648	(76,827)	-	27,821
Change in funded status of defined benefit plans	(244,139)	-	-	(244,139)
Other	263	(1,949)	1,681	(5)
Change in net assets	<u>(59,315)</u>	<u>(40,628)</u>	<u>27,022</u>	<u>(72,921)</u>
<b>Net assets at September 30, 2011</b>	<b>4,331,876</b>	<b>783,798</b>	<b>337,913</b>	<b>5,453,587</b>
Increases (decreases)				
Income from operations	190,909	-	-	190,909
Income (loss) from investments	136,875	2,980	(211)	139,644
Gifts and other	(44,352)	(10,104)	34,383	(20,073)
Academic and research gifts, net of expenses	80,784	-	-	80,784
Change in net unrealized appreciation on marketable investments	95,701	27,928	900	124,529
Change in fair value of interest rate swaps				
Nonhedging	(11,881)	-	-	(11,881)
Hedging	(11,258)	-	-	(11,258)
Funds utilized for property and equipment	62,679	(26,204)	-	36,475
Change in funded status of defined benefit plans	(700,088)	-	-	(700,088)
Other	192	(1,386)	1,245	51
Change in net assets	<u>(200,439)</u>	<u>(6,786)</u>	<u>36,317</u>	<u>(170,908)</u>
<b>Net assets at September 30, 2012</b>	<b>\$ 4,131,437</b>	<b>\$ 777,012</b>	<b>\$ 374,230</b>	<b>\$ 5,282,679</b>

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

**Partners HealthCare System, Inc. and Affiliates**  
**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2012 and 2011**

<i>(dollars in thousands)</i>	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (170,908)	\$ (72,921)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in funded status of defined benefit plans	700,088	244,139
Asset impairment charge, net of cash portion	112,379	-
Loss on refunding of debt	54	2,613
Change in fair value of interest rate swaps	23,139	103,800
Depreciation and amortization	418,330	397,199
Provision for bad debts	123,725	101,118
Receipt of contributed securities	(23,707)	(28,790)
Loss on disposal of property	1,489	1,627
Net realized and change in unrealized appreciation on investments	(326,822)	44,668
Restricted contributions and investment income	(103,153)	(85,670)
Cash premium received upon issuance of bonds	22,181	12,854
Increase (decrease) in cash resulting from a change in		
Patient accounts receivable	(170,567)	(131,814)
Research grants receivable	5,452	5,302
Other current assets	18,350	(22,668)
Pledges receivable and contributions receivable from trusts	25,592	(47,579)
Other assets	(84,983)	2,926
Accounts payable and accrued expenses	54,184	(48,087)
Accrued compensation and benefits	55,269	26,173
Settlements with third-party payers	(62,638)	56,868
Unexpended funds on research grants	9,359	9,264
Accrued employee benefits and other	(304,956)	6,305
Net cash provided by operating activities	<u>321,857</u>	<u>577,327</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(471,082)	(590,281)
Proceeds from sale of property	913	3,393
Purchase of investments	(1,955,070)	(1,832,903)
Proceeds from sales of investments	1,574,969	1,420,484
Net cash used for investing activities	<u>(850,270)</u>	<u>(999,307)</u>
<b>Cash flows from financing activities</b>		
Payments on long-term obligations	(44,366)	(39,644)
Proceeds from long-term obligations, net of financing costs	576,632	419,642
Decrease in auction rate securities holdings	30,000	-
Deposits into refunding trusts	(89,611)	(231,070)
Restricted contributions and investment income	103,153	85,670
Net cash provided by financing activities	<u>575,808</u>	<u>234,598</u>
Net increase (decrease) in cash and equivalents	47,395	(187,382)
Cash and equivalents at beginning of year	<u>439,537</u>	<u>626,919</u>
Cash and equivalents at end of year	<u>\$ 486,932</u>	<u>\$ 439,537</u>

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



# Partners HealthCare System, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2012 and 2011

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*(dollars in thousands)*

#### 1. Organization and Community Benefit Commitments

Partners HealthCare System, Inc. (PHS) is the sole member of The Massachusetts General Hospital (MGH), Brigham and Women's Health Care, Inc. (BWHC), NSMC HealthCare, Inc. (NSMC), Newton-Wellesley Health Care System, Inc. (NWHCS), Partners Continuing Care, Inc. (PCC) and Partners International Medical Services, LLC (PIMS). PHS appoints the two physicians who are the members of Partners Community HealthCare, Inc. (PCHI). The individual serving as the PHS President and Chief Executive Officer is the sole member of Partners Harvard Medical International, Inc. (PHMI). As more fully described below, effective October 1, 2012, PHS became the sole member of Neighborhood Health Plan, Incorporated (NHP). PHS, together with all of its affiliates, is referred to as "Partners HealthCare."

Partners HealthCare currently operates two tertiary and six community acute care hospitals in eastern Massachusetts, one facility providing inpatient and outpatient mental health services and four facilities providing inpatient and outpatient services in rehabilitation medicine and long-term care. Partners HealthCare also operates physician organizations and practices, a home health agency, nursing homes, and a graduate level program for health professions. Partners HealthCare provides services to patients primarily from the Greater Boston area as well as New England and beyond. In addition, Partners HealthCare is a nonuniversity-based nonprofit private medical research enterprise and is a principal teaching affiliate of the medical and dental schools of Harvard University.

PHS is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). All affiliates of PHS, except for PCHI, PIMS and Newton-Wellesley Physician Hospital Organization, Inc. (NWPHO), are also tax-exempt organizations under Section 501(c)(3) of the IRC. Accordingly, no provision for income taxes related to these tax-exempt entities has been made. PCHI and NWPHO are taxable entities and PIMS is a single member LLC that is disregarded for income tax purposes. As of September 30, 2012, PCHI has available net operating loss carryforwards of approximately \$31,000 for income tax purposes, expiring in 2018 through 2024.

#### Neighborhood Health Plan Acquisition

On September 14, 2012 the Massachusetts Division of Insurance approved the acquisition of NHP by Partners HealthCare effective October 1, 2012. NHP is a licensed, not-for-profit managed care organization founded in 1986 that provides health insurance products to the Medicaid, Commonwealth Care (a health insurance program for uninsured adults who meet income and other eligibility requirements) and commercial populations. NHP is a tax-exempt organization under Section 501(c)(4) of the IRC.

With NHP, Partners HealthCare will have the ability and flexibility to develop innovative patient and family centered models of care and craft new initiatives aimed at better managing care of complex conditions. Both NHP and Partners HealthCare believe that combining the experience and expertise of both organizations will result in a stronger patient experience and address growing needs for care coordination and management, health equity, and the ability to help curb health care costs.

**Partners HealthCare System, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2012 and 2011**

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*(dollars in thousands)*

The effective date of the acquisition is October 1, 2012. The following table presents supplemental pro forma information as if the acquisition of NHP had occurred on October 1, 2010 for the years ended September 30, 2011 and September 30, 2012.

	<b>Unaudited Pro Forma Consolidated Results</b>	
	<b>Years Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
Total operating revenue	10,083,180	9,535,949
Excess of revenues over expenses	355,361	277,014

The unaudited pro forma consolidated results were prepared using the acquisition accounting method and are based on the historical financial information of Partners HealthCare and NHP for the 12-month period ended September 30, 2012 and 2011. The historical financial information has been adjusted to give effect to the pro forma events that are (i) directly attributable to the acquisition and (ii) factually supportable. The unaudited pro forma consolidated results are not necessarily indicative of what the consolidated results actually would have been had the acquisition been completed on October 1, 2010. In addition, the unaudited pro forma consolidated results do not purport to project the future excess of revenues over expenses of the consolidated entity nor do they reflect the expected realization of any cost savings associated with the acquisition. The unaudited pro forma consolidated results reflect the following pro forma adjustments:

- Elimination of interest expense on NHP's surplus note because the note was paid off as part of the acquisition (approximately \$204 in 2012 and \$219 in 2011).
- Reductions of \$562 and \$2,002 of costs incurred in 2012 and 2011, respectively, which are directly attributable to the acquisition, and which do not have a continuing impact on the consolidated operating results. Included in these costs are advisory, legal and regulatory costs incurred by both Partners HealthCare and NHP.

**Community Benefit**

Partners HealthCare's community benefit programs include working with communities to address a number of public health issues including racial disparities, alcohol and substance abuse among young people, infant mortality, domestic violence and cancer. Partners HealthCare provides economic opportunity for low income Boston residents by helping people advance into nursing and other healthcare careers through its public school partnerships and workforce development programs. In addition, twenty-one community health centers are licensed by or affiliated with Partners HealthCare entities and provide high quality, culturally competent primary care and access to Partners HealthCare's hospitals. Partners HealthCare invests in these health centers' infrastructure, programming and operation and also helps with relocation, renovation and other capital requirements.

# Partners HealthCare System, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2012 and 2011

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*(dollars in thousands)*

The Massachusetts Attorney General's Community Benefits Guidelines direct health maintenance organizations and nonprofit acute care hospitals to prepare annual reports documenting the status and level of their community benefit programs and initiatives. These annual reports serve the important purpose of providing the public with access to useful information about these programs and initiatives. Partners HealthCare files its report annually with the Massachusetts Attorney General. The report summarizes community benefit activities on a systemwide basis. In addition, each of the acute care hospitals within Partners HealthCare has a community benefit planning and service delivery structure and files separate community benefit reports. Partners HealthCare's nonacute care hospitals also file community benefit reports annually.

#### **Uncompensated Care**

Partners HealthCare provides care to all patients regardless of their ability to pay. The cost of providing that care is reflected in the statements of operations. The cost related to those patients for which Partners HealthCare receives either partial or no reimbursement for healthcare services provided is summarized as follows:

#### **State Programs**

##### ***Uncompensated Care***

Free care services are partially reimbursed to acute care hospitals through the statewide Health Safety Net (HSN, formerly known as the Uncompensated Care Pool) established by the Massachusetts Health Care Reform Law (Chapter 58 of the Acts of 2006). A portion of the funding for the HSN is paid by hospitals through a statewide hospital assessment levied each year by the Massachusetts Legislature. All acute care hospitals in the state are assessed their share of this total statewide hospital assessment amount (\$160,000 in 2012 and 2011) based on each hospital's charges for private sector payers. Partners HealthCare's hospitals report this assessment as a deduction from net patient service revenue.

Hospitals are reimbursed for free care based on claims for eligible patients and eligible services that are submitted to and adjudicated by the HSN. Rates of payment are based on Medicare rates and payment policies. The HSN is projected to be under-funded by approximately \$133,200 and \$85,000 in 2012 and 2011, respectively, with approximately \$36,400 and \$21,300 in 2012 and 2011, respectively, allocated to Partners HealthCare's hospitals. This shortfall is allocated to hospitals based on their share of total statewide patient care costs. Each hospital's share of the overall state shortfall cannot exceed its total free care reimbursement. Hospitals with a high proportion of free care and government funding receive more favorable reimbursement, including limiting their shortfall allocation to no more than 15% of their payments for free care. In aggregate, Partners HealthCare's acute care hospitals received uncompensated care funding covering 40% of the estimated cost of free care provided in 2012 and 43% of the estimated cost in 2011, excluding the assessment.

##### ***Medicaid***

Medicaid is a means-tested health insurance program jointly funded by state and federal governments. States administer the program and set rules for eligibility, benefits and provider payments within broad federal guidelines. The program provides health care coverage to low-income children and families, pregnant women, long-term unemployed adults, seniors and persons with disabilities. Eligibility is determined by a variety of factors, which include income relative to the federal poverty line, age and immigrant status and assets.

**Partners HealthCare System, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2012 and 2011**

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(dollars in thousands)

Medicaid payments to Partners HealthCare do not cover the full cost of services provided. In aggregate, reimbursement from Medicaid covered 58% and 64% of the estimated cost of services provided in 2012 and 2011.

**Federal Program**

**Medicare**

Medicare is a federally sponsored health insurance program for people age 65 or older, under age 65 with certain disabilities and any age with end-stage renal disease. For many years, Medicare payments have not kept pace with increases in the cost of care provided at many hospitals. Additionally, payments to physicians have seen little or no increases over the past several years. Compounding this shortfall in payments is the shift of care from higher paying inpatient services to lower paying outpatient services.

Consequently, Medicare payments to Partners HealthCare also do not cover the full cost of services provided. In aggregate, reimbursement from Medicare covered 76% of the estimated cost of services provided in 2012 and 75% of the estimated cost of services provided in 2011.

For free care, Medicaid and Medicare, the total estimated cost of services provided by Partners HealthCare exceeded the net reimbursement received under these programs by \$985,545 and \$907,342 for the years ended September 30, 2012 and 2011, respectively. The estimated cost of services provided is either obtained directly from a costing system or based on an entity specific ratio of cost to gross charges. In the latter case, cost is derived by applying this ratio to gross charges associated with providing care to free care, Medicaid and Medicare patients. The following summarizes, by program, the cost of services provided, net reimbursement and cost of services in excess of reimbursement for each year:

	<b>Years Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
Cost of services provided		
Free Care, including assessment payment to HSN of \$53,550 and \$50,553 in 2012 and 2011, respectively	\$ 170,005	\$ 159,453
Medicaid	710,019	684,345
Medicare	2,293,150	2,165,444
	<u>\$ 3,173,174</u>	<u>\$ 3,009,242</u>
Net reimbursement		
Free Care	\$ 37,469	\$ 36,482
Medicaid	408,395	438,107
Medicare	1,741,765	1,627,311
	<u>\$ 2,187,629</u>	<u>\$ 2,101,900</u>
Cost of services in excess of reimbursement		
Free Care	\$ 132,536	\$ 122,971
Medicaid	301,624	246,238
Medicare	551,385	538,133
	<u>\$ 985,545</u>	<u>\$ 907,342</u>

# Partners HealthCare System, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2012 and 2011

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*(dollars in thousands)*

#### **Bad Debts**

In addition to free care and inadequate funding from the Medicaid and Medicare programs, there are significant losses related to self-pay patients who fail to make payment for services rendered or insured patients who fail to remit co-payments and deductibles as required under the applicable health insurance arrangement. The provision for bad debts of \$123,725 in 2012 and \$101,118 in 2011 represents charges for services provided that are deemed to be uncollectible. The estimated cost of providing these services was approximately \$39,936 and \$30,495 for 2012 and 2011, respectively.

## **2. Summary of Significant Accounting Policies**

#### **Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of PHS and its affiliates. Significant interaffiliate accounts and transactions have been eliminated.

#### **Use of Estimates**

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made in the areas of patient accounts receivable, research grants receivable, pledges receivable, investments, receivables and accruals for settlements with third-party payers, accrued professional liability, accrued compensation and employee benefits, interest rate swaps and accrued other.

#### **Fair Value of Financial Instruments**

The fair value of financial instruments approximates the carrying amount reported in the consolidated balance sheets for cash and equivalents, investments, investments limited as to use, collateral held under securities lending arrangements, patient accounts receivable, research grants receivable, accounts payable, collateral due under securities lending arrangements and interest rate swaps. More information can be found in Note 4, Fair Value Measurements.

#### **Cash and Equivalents**

Cash and equivalents represent money market and highly liquid debt instruments with a maturity at the date of purchase of three months or less. Most of Partners HealthCare's banking activity, including cash and equivalents, is maintained with several national banks and from time to time cash deposits exceed federal insurance limits. It is Partners HealthCare's policy to monitor these banks' financial strength on an ongoing basis and no losses have been experienced to date.

#### **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities (marketable investments) are measured at fair value based on quoted market prices. The change in net unrealized appreciation on these marketable investments is excluded from excess of revenues over expenses.

# Partners HealthCare System, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2012 and 2011

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*(dollars in thousands)*

Alternative investments, including hedge funds and private equities, do not have readily ascertainable market values. Alternative investments are valued by the investment manager and assessed for reasonableness by management using the following methodology: investments in securities sold short or traded on a national securities exchange are valued based on quoted market prices; investments in securities that are not traded and restricted securities of public companies are valued based on amounts reported by the fund manager and evaluated by management. The reported value of these investments represents the amount Partners HealthCare would expect to receive if it liquidated its investments at the balance sheet date on a nondistressed basis. Investments in hedge funds, private equity, private debt and other private partnerships (collectively, private partnerships) for which Partners HealthCare owns more than 5% of the overall investment are generally recorded as equity method investments. The change in value of equity method investments is included in excess of revenues over expenses as a component of income from investments. All other investments are recorded at cost.

Income from investments (including realized gains and losses, change in value of equity method investments, interest, dividends and endowment income distributions) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income from investments is reported net of investment-related expenses.

Investments whose cost exceeds fair value are reviewed each quarter to determine whether these investments are other-than-temporarily impaired. Externally managed marketable investments with fair value below cost are considered to be other-than-temporarily impaired and, accordingly, the unrealized depreciation is recognized as realized losses through a write-down in the cost basis of these investments. All other investments are subject to a further review, which considers factors including the anticipated holding period for the investment and the extent and duration of below cost valuation. A similar write-down is recorded when the impairment on these investments has been judged to be other-than-temporary.

Depending on any donor-imposed restrictions on the underlying investments, the amount of the write-down is reported as a realized loss in either temporarily restricted net assets or in excess of revenues over expenses as a component of income from investments, with no adjustment in the cost basis for subsequent recoveries in fair value.

Partners HealthCare has an endowment spending policy for pooled endowment funds. A fixed distribution rate for spending is determined each year which will come from either income and/or net accumulated appreciation in fair value.

#### **Investments Limited as to Use**

Investments limited as to use primarily include assets whose use is contractually limited by external parties as well as assets set aside by the boards (or management) for identified purposes and over which the boards (or management) retain control such that the boards (or management) may, at their discretion, subsequently use such assets for other purposes. Certain investments corresponding to deferred compensation are accounted for such that all income and appreciation (depreciation) is recorded as a direct addition (reduction) to the asset balance and corresponding liability balance.

# Partners HealthCare System, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2012 and 2011

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*(dollars in thousands)*

#### **Securities Loaned**

Investments that have been loaned to another institution are reported as pledged assets within investments in the consolidated financial statements. Cash or investments held by the custodian on behalf of Partners HealthCare as collateral on the securities lending transaction are also reported as assets on the balance sheet. Because the collateral must be returned in the future, a corresponding liability is also reported in the consolidated financial statements.

#### **Derivative Instruments**

Derivatives are recognized on the balance sheet at fair value. Partners HealthCare designates at inception whether the derivative contract is considered hedging or nonhedging for accounting purposes. For hedges, Partners HealthCare formally documents at inception all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various accounting hedges. Partners HealthCare uses its derivatives which are designated as hedging for accounting purposes as cash flow hedges. Cash flow hedges are used to minimize the variability in cash flows of interest-bearing liabilities or forecasted transactions caused by changes in interest rates. Changes in the fair value of derivatives designated for hedging activities that are highly effective as hedges are excluded from excess of revenues over expenses. Hedge ineffectiveness, if any, is recorded in excess of revenues over expenses. For nonhedging derivatives, changes in the fair value are recorded in excess of revenues over expenses.

#### **Patient Accounts Receivable**

Partners HealthCare receives payments for services rendered from federal and state agencies (under the Medicare and Medicaid programs), managed care payers, commercial insurance companies and patients. Patient accounts receivable are reported net of contractual allowances and reserves for denials, uncompensated care and doubtful accounts. The level of reserves is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental and private employer health care coverage and other collection indicators.

#### **Research Grants Receivable**

Partners HealthCare receives research funding from departments and agencies of the U.S. Government, industry and corporate sponsors and other private sponsors. Research grants receivable include amounts due from these sponsors of externally funded research. The amounts have been billed or are billable to the sponsor, or in limited circumstances, represent accelerated spending in anticipation of future funding. Research grants receivable are reported net of reserves for uncollectible accounts.

#### **Property and Equipment**

Property and equipment is reported on the basis of cost less accumulated depreciation. Donated items are recorded at fair value at the date of contribution. All research grants received for capital are recorded in the year of expenditure as a change in net assets. Property and equipment is reviewed for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Depreciation of property and equipment is calculated by use of the straight-line method at rates intended to depreciate the cost of assets over their estimated useful lives, which generally range from three to forty years. 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.

# Partners HealthCare System, Inc. and Affiliates

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In March 2012, Partners HealthCare made a strategic decision related to a change in scope and direction for its clinical information systems. In making that decision, management reassessed information system projects currently underway, including a system-wide patient administrative system, and concluded that certain costs that had been capitalized no longer had future value. Accordingly, an impairment charge of \$114,356, which relates to actual amounts incurred and capitalized in previous periods, has been recorded in the year ended September 30, 2012.

#### **Asset Retirement Obligations**

Asset retirement obligations, reported in accrued other, are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Partners HealthCare records changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original liability estimate. Partners HealthCare reduces these liabilities when the related obligations are settled.

#### **Other Assets**

Other assets consist of long-term receivables, deferred financing costs, intangible assets, prepaid ground rent, malpractice insurance receivables (See Note 10), investments in healthcare related limited partnerships and benefit assets for over-funded defined benefit plans. Deferred financing costs are amortized over the terms of the related obligations. The carrying value of other assets is reviewed if the facts and circumstances suggest that it may be impaired.

#### **Compensated Absences**

In accordance with formal policies concerning vacation and other compensated absences, accruals of \$205,957 and \$196,299 were recorded as of September 30, 2012 and 2011, respectively.

#### **Unexpended Funds on Research Grants**

Research grants received in advance of corresponding grant expenditures are accounted for as a direct addition to investments limited as to use and unexpended funds on research grants.

#### **Self-Insurance Reserves**

Partners HealthCare is generally self-insured for employee healthcare, disability, workers' compensation and certain other employee benefits. These costs are accounted for on an accrual basis to include estimates of future payments for claims incurred.

#### **Net Assets**

Permanently restricted net assets include the historical dollar amounts of gifts and the income and gains on such gifts which are required by donors to be permanently retained. Temporarily restricted net assets include gifts and the income and gains on permanently restricted net assets which can be expended but for which restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, or time restrictions imposed by donors or implied by the nature of the gift (capital projects, pledges to be paid in the future, life income funds) or by interpretations of law (gains available for appropriation but not appropriated in the current period). Unrestricted net assets include all of the remaining net assets of Partners HealthCare. See Note 12 for further information on the composition of restricted net assets.



# Partners HealthCare System, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2012 and 2011

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*(dollars in thousands)*

Realized gains and losses are classified as unrestricted net assets unless they are restricted by the donor or law. Unless permanently restricted by the donor, realized gains and unrealized net appreciation on permanently restricted gifts are classified as temporarily restricted until appropriated for spending by Partners HealthCare in accordance with policies established by Partners HealthCare and the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA). Net losses on permanently restricted endowment funds are classified as a reduction to unrestricted net assets until such time as the fair value of these funds exceeds historical cost.

#### **Gifts and Grants**

Unconditional promises to give cash and other assets to Partners HealthCare are reported at fair value at the date the promise is received. Conditional promises to give are recognized when the conditions are substantially met. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted gifts in the accompanying financial statements.

Gifts of long-lived assets with explicit restrictions that specify use of assets and gifts of cash or other assets that must be used to acquire long-lived assets are reported as additions to temporarily restricted net assets if the assets are not placed in service during the year.

Grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. Partners HealthCare recognizes revenue associated with direct and indirect costs as direct costs are incurred. The recovery of indirect costs is based on predetermined rates for U.S. Government grants and contracts and negotiated rates for other grants and contracts.

#### **Statement of Operations**

All activities of Partners HealthCare deemed by management to be ongoing, major and central to the provision of healthcare services, teaching and research activities are reported as operating revenue and expenses. Other activities are deemed to be nonoperating and include unrestricted gifts (net of fundraising expenses), net change in unexpended academic and research gifts, change in fair value of nonhedging interest rate swaps, and substantially all income (loss) from investments. Academic and research gifts largely consist of donor contributions (and the related investment income including realized gains and losses) designated to support the clinical, teaching or research efforts of a physician or department as directed by the donor. These gifts are reported as unrestricted, net of related support expenses, when donor restrictions are of a general nature that are inherent in the normal activities of the organization.

Partners HealthCare recognizes changes in third-party payer settlements and other estimates in the year of the change in estimate. For the years ended September 30, 2012 and 2011, adjustments to prior year estimates resulted in an increase to income from operations of \$111,169 and \$7,377, respectively. The \$111,169 increase in income from operations for the year ended September 30, 2012 is comprised of \$48,290 in favorable settlements with commercial payers and \$62,879 in favorable settlements from government payers, including \$27,146 associated with Partners HealthCare's share of a Department of Health Services settlement to compensate hospitals nationwide for past underpayments related to an error in Medicare's "rural floor" budget neutrality adjustment.

# Partners HealthCare System, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2012 and 2011

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*(dollars in thousands)*

Effective October 1, 2007, the Centers for Medicare and Medicaid Services (CMS) adopted the MS-DRG patient classification system (MS-DRGs) for inpatient services to better recognize severity of illness in Medicare payment rates for acute care hospitals. The adoption of MS-DRGs resulted in the expansion of the number of diagnosis related groups (DRGs), a system of classifying patients for purposes of inpatient reimbursement. By increasing the number of DRGs and more fully taking into account patients' severity of illness in Medicare payment rates for acute care hospitals, the use of MS-DRGs encourages hospitals to improve their documentation and coding of patient diagnoses. CMS has determined that the adoption of the MS-DRGs has increased aggregate payments to hospitals due to additional documentation and coding without a corresponding increase in actual patient severity of illness.

CMS is required by its enabling statute to maintain budget neutrality by prospectively adjusting the Medicare payment rate to eliminate the effect of changes in DRG classification that do not reflect real changes in case-mix. Congress mandated that CMS recoup any overpayments made to hospitals in 2008 and 2009 resulting from increased coding and documentation. CMS has calculated the overpayments, net of rate reductions already assessed against hospitals, to be 1.9% in 2008 and an additional 2% in 2009. CMS recouped these overpayments through equal rate reductions in 2011 and 2012.

In 2010, Partners HealthCare recorded the estimated overpayment amounts received of \$38,509 as deferred revenue, to be amortized into net patient service revenue in 2011 and 2012 to offset the rate reductions. Management believes this accounting treatment better reflects the financial impact of this rate methodology and more accurately presents the recognition of revenue. For the years ended September 30, 2012 and 2011, amortization amounted to \$19,254 and \$19,255, respectively.

The statement of operations include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses include change in net unrealized appreciation on marketable investments, change in fair value of hedging interest rate swaps, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for acquisition of such assets) and change in funded status of defined benefit plans.

#### **Net Patient Service Revenue**

Partners HealthCare maintains agreements with CMS of the United States Department of Health and Human Services (DHHS) under the Medicare program, The Commonwealth of Massachusetts (the Commonwealth) under the Medicaid program and various managed care payers that govern payment for services rendered to patients covered by these agreements. The agreements generally provide for per case or per diem rates or payments based on discounted charges for inpatient care and discounted charges or fee schedules for outpatient care. Certain contracts also provide for payments that are contingent upon meeting agreed upon quality and efficiency measures.

# Partners HealthCare System, Inc. and Affiliates

## Notes to Consolidated Financial Statements

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(dollars in thousands)

Partners HealthCare recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, Partners HealthCare recognizes revenue on the basis of its standard rates (subject to discounts) for services provided. On the basis of historical experience, a significant portion of Partners HealthCare's uninsured patients are unable or fail to pay for the services provided. Consequently, Partners HealthCare records a provision for bad debts related to uninsured patients in the period the services are provided. For the year ended September 30, 2012, uninsured patients that do not qualify for charity care comprised 3% of net patient service revenue net of contractual allowances and before the provision for bad debts.

Net patient service revenue includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. Contracts, laws and regulations governing the Medicare, Medicaid and HSN programs (Note 1) and managed care payer arrangements 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. A portion of the accrual for settlements with third-party payers has been classified as long-term because such amounts, by their nature or by virtue of regulation or legislation, will not be paid within one year.

#### **Charity Care**

Partners HealthCare provides either full or partial charity care to patients who cannot afford to pay for their medical services based on income and family size. Charity care is generally available to qualifying patients for medically necessary services. Partners HealthCare reports certain bad debts related to emergency services as charity care. Charity care is reported at gross charges with an offsetting allowance, as there is no expectation of collection. Accordingly, there is no net patient service revenue related to charity care.

#### **Other Revenue**

Other revenue includes institutional revenue (for example, billing for services provided to other healthcare providers), royalties and management services.

#### **Adoption of New Accounting Guidance**

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2010-24 (ASU 2010-24), *Presentation of Insurance Claims and Related Insurance Recoveries*, as an amendment to ASC Topic 954. ASU 2010-24 requires that medical malpractice claims, which include costs associated with litigating or settling claims, be accrued when the incidents that give rise to the claims occur and that companies should not net insurance recoveries against the related claim liability. Partners HealthCare adopted ASU 2010-24 as of October 1, 2011. Adoption of ASU 2010-24 had no impact on excess of revenues over expenses. Refer to Note 10, Professional Liability Insurance, for more information.

In August 2010, the FASB issued *Health Care Entities; Measuring Charity Care for Disclosure* (ASU 2010-23), which clarified the disclosure of charity care provided by healthcare organizations, providing that such disclosure should be measured using cost and that related reimbursements recorded should also be separately disclosed. Partners HealthCare had already adopted the provisions of ASU 2010-23 in its financial reporting.

**Partners HealthCare System, Inc. and Affiliates**  
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*(dollars in thousands)*

**Reclassification**

Certain amounts in the 2011 financial statements have been reclassified to conform with the 2012 presentation.

**3. Investments and Investments Limited as to Use**

Investments are either separately invested or included in pooled investment funds. The Partners HealthCare System Pooled Investment Accounts (Partnership) is structured as a single general partnership composed of four investment pools, with PHS and substantially all of its affiliates participating in the pools as partners. Each partner's interest in the Partnership is based on its underlying investments in one or more of the four separate pools. Amounts included in the investment pools are accounted for using the fair value method whereby each partner is assigned a number of units based on the fair value of the assets of a pool at the time of entry of the funds into the pool. Current fair value is used to determine the number of units allocated to additional amounts placed in a pool and to value withdrawals from a pool. Income from investments of the pools, including realized gains and losses, is allocated on a unitized basis to a partner based on the partner's share of units in a pool.

The Partnership invests in private partnerships whose assets include equity, fixed income and other investments. As of September 30, 2012, Partners HealthCare has unfunded commitments of approximately \$348,030 which will be drawn down by the various general partners over the next several years. The maximum annual drawdown is expected to be less than 2% of investments and investments limited as to use.

Investments and investments limited as to use are recorded in the balance sheet as follows:

	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
Current assets		
Investments	\$ 1,256,984	\$ 1,256,257
Current portion of investments limited as to use	1,735,373	1,309,628
	<u>2,992,357</u>	<u>2,565,885</u>
Investments limited as to use, less current portion	2,325,279	2,077,403
Long-term investments	890,097	833,815
	<u>\$ 6,207,733</u>	<u>\$ 5,477,103</u>

**Partners HealthCare System, Inc. and Affiliates**  
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Investments limited as to use consist of the following:

	September 30, 2012		September 30, 2011	
	Current Portion	Long-Term Portion	Current Portion	Long-Term Portion
Internally designated funds				
Reserved for capital expenditures	\$ 804,234	\$ -	\$ 557,475	\$ -
Unexpended academic and research gifts	-	1,932,845	-	1,699,107
Deferred compensation	-	167,397	-	146,429
Other	581,250	185,216	466,216	199,399
	<u>1,385,484</u>	<u>2,285,458</u>	<u>1,023,691</u>	<u>2,044,935</u>
Externally limited funds				
Unexpended funds on research	171,136	-	161,777	-
Contributions held for others	3,428	-	8,116	-
Professional liability trust fund	-	39,821	-	32,468
Held by trustees under debt and other agreements	175,325	-	116,044	-
	<u>349,889</u>	<u>39,821</u>	<u>285,937</u>	<u>32,468</u>
	<u>\$ 1,735,373</u>	<u>\$ 2,325,279</u>	<u>\$ 1,309,628</u>	<u>\$ 2,077,403</u>

Investments and investments limited as to use are reported at either fair value or on the equity or cost methods of accounting. The composition of these investments, segregated between pooled investments and those that are separately invested, is as follows:

	At Fair Value	September 30, 2012		Total
		On Equity Method	On Cost Method	
Pooled investments				
Invested cash equivalents	\$ 50,258	\$ -	\$ -	\$ 50,258
Separately managed investments	2,165,550	-	-	2,165,550
Mutual funds	646,358	-	-	646,358
Commingled funds	522,574	-	-	522,574
Private partnerships	-	690,286	1,700,243	2,390,529
	<u>3,384,740</u>	<u>690,286</u>	<u>1,700,243</u>	<u>5,775,269</u>
Separately invested				
Invested cash equivalents	149,238	-	-	149,238
Equities	16,323	-	9,196	25,519
U.S. Government and domestic fixed income securities	5,169	-	-	5,169
Mutual funds	169,875	-	-	169,875
Other	9,194	-	73,469	82,663
	<u>349,799</u>	<u>-</u>	<u>82,665</u>	<u>432,464</u>
	<u>\$ 3,734,539</u>	<u>\$ 690,286</u>	<u>\$ 1,782,908</u>	<u>\$ 6,207,733</u>

**Partners HealthCare System, Inc. and Affiliates**  
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(dollars in thousands)

Separately managed investments include cash and equivalents of \$281,109, equities of \$395,146 and fixed income securities of \$1,489,295 as of September 30, 2012.

	At Fair Value	September 30, 2011		Total
		On Equity Method	On Cost Method	
Pooled investments				
Invested cash equivalents	\$ 96,455	\$ -	\$ -	\$ 96,455
Separately managed investments	1,912,574	-	-	1,912,574
Mutual funds	424,600	-	-	424,600
Commingled funds	372,376	-	-	372,376
Private partnerships	-	634,061	1,552,506	2,186,567
	<u>2,806,005</u>	<u>634,061</u>	<u>1,552,506</u>	<u>4,992,572</u>
Separately invested				
Invested cash equivalents	215,548	-	-	215,548
Equities	24,548	-	7,136	31,684
U.S. Government and domestic fixed income securities	5,109	-	-	5,109
Mutual funds	148,396	-	-	148,396
Other	8,597	-	75,197	83,794
	<u>402,198</u>	<u>-</u>	<u>82,333</u>	<u>484,531</u>
	<u>\$ 3,208,203</u>	<u>\$ 634,061</u>	<u>\$ 1,634,839</u>	<u>\$ 5,477,103</u>

Separately managed investments include cash and equivalents of \$152,444, equities of \$410,817 and fixed income securities of \$1,349,313 as of September 30, 2011.

For the private partnerships reflected in the balance sheet at cost, the difference (unrecorded net unrealized appreciation) between the value reported by the investment managers and the cost for these investments was \$648,893 and \$509,436 as of September 30, 2012 and 2011, respectively.

**Partners HealthCare System, Inc. and Affiliates**  
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(dollars in thousands)

The fair value and gross unrealized depreciation of investments and investments limited as to use, with a fair value less than cost, that are not deemed to be other-than-temporarily impaired at September 30, 2012 are as follows:

	<b>Less than 12 Months</b>		<b>12 Months or Greater</b>	
	<b>Fair</b>	<b>Gross</b>	<b>Fair</b>	<b>Gross</b>
	<b>Value</b>	<b>Unrealized</b>	<b>Value</b>	<b>Unrealized</b>
		<b>Depreciation</b>		<b>Depreciation</b>
Pooled investments				
Mutual funds	\$ -	\$ -	\$ 113,461	\$ (43,291)
Commingled funds	44,658	(125)	99,956	(6,879)
	<u>44,658</u>	<u>(125)</u>	<u>213,417</u>	<u>(50,170)</u>
Separately invested				
Equities	488	(11)	6,639	(4,129)
U.S. Government and domestic fixed income securities	-	-	1,548	(662)
External trusts	-	-	7,429	(1,173)
	<u>488</u>	<u>(11)</u>	<u>15,616</u>	<u>(5,964)</u>
	<u>\$ 45,146</u>	<u>\$ (136)</u>	<u>\$ 229,033</u>	<u>\$ (56,134)</u>

In addition, for certain private partnerships recorded at cost, gross unrealized depreciation amounted to \$23,919 as of September 30, 2012, with \$18,421 of that amount unrealized for 12 months or greater.

Based on management's quantitative and qualitative assessment, investments whose cost exceeds fair value are not considered to be other-than-temporarily impaired at September 30, 2012. Management believes these investments will recover their values and there is no intention to liquidate these positions.

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Investment income and gains (losses) from cash and equivalents, investments (including long-term) and investments limited as to use are comprised of the following:

	<b>Years Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>Unrestricted</b>		
Dividends, interest and other income	\$ 58,122	\$ 52,117
Endowment income distributions, net of reinvested gains	30,714	28,020
Net realized gains (losses) on investments		
Realized gains	158,560	202,563
Other-than-temporary impairment	(41,099)	(84,887)
Change in value of equity method investments	46,856	(47,554)
Recovery (losses) on endowment funds	2,324	(1,857)
Total investment activity included in excess of revenues over expenses	<u>255,477</u>	<u>148,402</u>
Change in net unrealized appreciation on marketable investments	<u>95,701</u>	<u>(115,943)</u>
Total unrestricted investment activity	<u>351,178</u>	<u>32,459</u>
<b>Temporarily restricted</b>		
Dividends and interest income	3,738	4,498
Endowment income distributions	(36,668)	(33,388)
Net realized gains (losses) on investments		
Realized gains	30,695	52,109
Other-than-temporary impairment	(6,709)	(17,753)
	<u>(8,944)</u>	<u>5,466</u>
Change in value of equity method investments	11,924	(11,956)
Change in net unrealized appreciation on marketable investments	30,252	(22,545)
(Recovery) losses on endowment funds	(2,324)	1,857
	<u>39,852</u>	<u>(32,644)</u>
Total temporarily restricted investment activity	<u>30,908</u>	<u>(27,178)</u>
<b>Permanently restricted</b>		
Dividends and interest income	47	2
Net (losses) realized gains on investments	(258)	447
Change in net unrealized appreciation on marketable investments	900	851
Total permanently restricted investment activity	<u>689</u>	<u>1,300</u>
	<u>\$ 382,775</u>	<u>\$ 6,581</u>



**Partners HealthCare System, Inc. and Affiliates**  
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Investment income (loss) included in operating results and excess of revenues over expenses is comprised of the following:

	<b>Years Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
Investment income included in operations and reported in		
Other revenue	\$ 10,997	\$ 10,477
Investment income included in nonoperating gains (expenses) and reported in		
Income from investments	136,875	33,512
Academic and research gifts, net of expenses	<u>107,605</u>	<u>104,413</u>
Total investment activity included in excess of revenues over expenses	<u>\$ 255,477</u>	<u>\$ 148,402</u>

**Securities Lending**

The Partnership may lend securities to qualified financial institutions through a program administered by the Partnership custodian. All loans are callable at any time and are fully collateralized. Income is earned based on the collateral held and invested during the period of lending. Cash collateral requirements are 102% and 105% for domestic and foreign securities, respectively. The custodian continually monitors borrowers' creditworthiness and protects against borrower default through full indemnification. If a borrower failed to return a loaned security whose market value has increased over the amount in collateral, the custodian will cover the difference. The custodian will also cover operational losses, such as the failure of the borrower to make substitute dividend payments to the lender.

The fair value of loaned securities and related collateral at September 30, 2012 and 2011 is as follows:

	<b>2012</b>		<b>2011</b>	
	<b>Loaned Securities</b>	<b>Collateral</b>	<b>Loaned Securities</b>	<b>Collateral</b>
Equities, U.S. government, domestic and foreign fixed income securities	<u>\$ 102,785</u>	<u>\$ 105,985</u>	<u>\$ 151,454</u>	<u>\$ 157,872</u>

Income generated by the Partnership from securities lending arrangements was \$490 and \$291 for the years ended September 30, 2012 and 2011, respectively.

# Partners HealthCare System, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2012 and 2011

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#### 4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (also referred to as exit price). Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. In determining fair value, the use of various valuation approaches, including market, income and cost approaches, is permitted.

##### **Fair Value Hierarchy**

A fair value hierarchy has been established based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the reporting entity's assumptions about the inputs market participants would use. The fair value hierarchy requires the reporting entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. In addition, for hierarchy classification purposes, the reporting entity should not look through the form of an investment to the nature of the underlying securities held by an investee.

The hierarchy is described below.

- Level 1 Valuations using quoted prices in active markets for identical assets or liabilities. Valuations of these products do not require a significant degree of judgment. Level 1 assets and liabilities primarily include debt and equity securities that are traded in an active exchange market.
- Level 2 Valuations using observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; broker or dealer quotations; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities primarily include debt securities with quoted prices that are traded less frequently than exchange-traded instruments as well as debt securities and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3 Valuations using unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the reporting entity's assumptions about the assumptions market participants would use as well as those requiring significant management judgment.

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**Valuation Techniques**

Pooled investments (except for private partnerships, which are reported on either the equity method or cost method of accounting), separately invested cash equivalents, debt and equity securities, and collateral held under securities lending arrangements are classified within Level 1 or Level 2 of the fair value hierarchy as they are valued using quoted market prices, broker or dealer quotations, or other observable pricing sources. Certain types of investments are classified within Level 3 of the fair value hierarchy because they have little or no market activity and therefore have little or no observable inputs with which to measure fair value.

The valuation of interest rate swaps is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities.

The following tables summarize fair value measurements at September 30, 2012 and 2011 for financial assets and liabilities measured at fair value on a recurring basis:

	Fair Value at September 30, 2012	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Pooled investments				
Invested cash equivalents	\$ 50,258	\$ 8,742	\$ 41,516	\$ -
Separately managed investments	2,165,550	1,270,525	895,025	-
Mutual funds	646,358	646,358	-	-
Commingled funds	522,574	-	522,574	-
	<u>3,384,740</u>	<u>1,925,625</u>	<u>1,459,115</u>	<u>-</u>
Separately invested				
Invested cash equivalents	149,238	149,238	-	-
Equities	16,323	14,027	2,296	-
U.S. Government and domestic fixed income securities	5,169	3,749	1,420	-
Mutual funds	169,875	169,875	-	-
Other	9,194	121	-	9,073
	<u>349,799</u>	<u>337,010</u>	<u>3,716</u>	<u>9,073</u>
	<u>\$ 3,734,539</u>	<u>\$ 2,262,635</u>	<u>\$ 1,462,831</u>	<u>\$ 9,073</u>
Collateral held under securities lending arrangements	<u>\$ 105,985</u>		<u>\$ 105,985</u>	
<b>Liabilities</b>				
Interest rate sw a ps	<u>\$ 398,340</u>		<u>\$ 398,340</u>	

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	Fair Value at September 30, 2011	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Pooled investments				
Invested cash equivalents	\$ 96,455	\$ 26,216	\$ 70,239	\$ -
Separately managed investments	1,912,574	1,091,142	821,432	-
Mutual funds	424,600	424,600	-	-
Commingled funds	372,376	-	372,376	-
	<u>2,806,005</u>	<u>1,541,958</u>	<u>1,264,047</u>	<u>-</u>
Separately invested				
Invested cash equivalents	215,548	215,548	-	-
Equities	24,548	20,343	2,298	1,907
U.S. Government and domestic fixed income securities	5,109	3,599	1,510	-
Mutual funds	148,396	148,396	-	-
Other	8,597	121	-	8,476
	<u>402,198</u>	<u>388,007</u>	<u>3,808</u>	<u>10,383</u>
	<u>\$ 3,208,203</u>	<u>\$ 1,929,965</u>	<u>\$ 1,267,855</u>	<u>\$ 10,383</u>
Collateral held under securities lending arrangements	\$ 157,872		\$ 157,872	
<b>Liabilities</b>				
Interest rate swaps	\$ 375,202		\$ 375,202	

For the years ended September 30, 2012 and 2011, the changes in the fair value of the assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	2012	2011
Balance at beginning of year	\$ 10,383	\$ 11,321
Total gains (losses)		
Dividends and interest income	58	49
Net realized gains on investments	581	468
Change in net unrealized appreciation on investments	86	405
Purchases	9	4
Sales	(2,044)	(1,864)
Balance at end of year	<u>\$ 9,073</u>	<u>\$ 10,383</u>

The net unrealized gain on Level 3 investments held at September 30, 2012 was \$575.

**Partners HealthCare System, Inc. and Affiliates**  
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**5. Pledges Receivable and Contributions Receivable from Trusts**

Pledges receivable represent unconditional promises to give and are net of allowances for uncollectible amounts. Pledges are recorded at the present value of their estimated future cash flows. Pledges collectible within one year are classified as other current assets, net of allowances, and total \$109,766 and \$94,197 as of September 30, 2012 and 2011, respectively. Estimated cash flows due after one year are discounted using published treasury bond and note yields that are commensurate with estimated collection risks. The blended discount rate was 0.4% and 0.6% for 2012 and 2011, respectively. Pledges are expected to be collected as follows:

	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
Amounts due		
Within one year	\$ 128,865	\$ 119,913
In one to five years	136,811	181,895
In more than five years	18,418	19,770
Total pledges receivable	<u>284,094</u>	<u>321,578</u>
Less: Unamortized discount	2,566	4,254
	<u>281,528</u>	<u>317,324</u>
Less: Allowance for uncollectibles	29,452	42,075
Net pledges receivable	<u>252,076</u>	<u>275,249</u>
Contributions receivable from trusts	25,786	28,205
	<u>\$ 277,862</u>	<u>\$ 303,454</u>

**6. Property and Equipment**

Property and equipment consists of the following:

	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
Land and land improvements	\$ 160,838	\$ 157,601
Buildings and building improvements	4,854,254	4,700,716
Equipment	1,276,372	1,286,770
Construction in progress	490,567	466,432
	<u>6,782,031</u>	<u>6,611,519</u>
Accumulated depreciation	(2,896,173)	(2,666,762)
Property and equipment, net	<u>\$ 3,885,858</u>	<u>\$ 3,944,757</u>

Depreciation expense for the years ended September 30, 2012 and 2011 was \$415,593 and \$389,738, respectively. Interest costs, net of interest earned, aggregating \$16,754 and \$20,800 were capitalized in 2012 and 2011, respectively.

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For the years ended September 30, 2012 and 2011, fully depreciated assets with an original cost of \$186,182 and \$170,282, respectively, were written off.

**7. Long-Term Obligations**

Long-term obligations issued by PHS and its affiliates consist of the following:

	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
Massachusetts Health and Educational Facilities Authority (Authority) Revenue Bonds		
Partners HealthCare System Series B, average fixed interest rate of 5.25%, final maturity in 2012	\$ -	\$ 72,831
Partners HealthCare System Series C, average fixed interest rate of 5.00%, final maturity in 2013	3,960	12,857
Partners HealthCare System Series D, variable interest rate of 0.18% and 0.11% at September 30, 2012 and 2011, respectively, final maturity in 2038	103,500	104,655
Partners HealthCare System Series E, average fixed interest rate of 5.00%, final maturity in 2023	5,633	22,937
Partners HealthCare System Series F, issued in multiple subseries, average fixed interest rate of 5.00%, variable interest rate of 0.29% and 0.38% at September 30, 2012 and 2011, respectively, final maturity in 2040	378,097	384,242
Partners HealthCare System Series G, issued in multiple subseries, average fixed interest rate of 4.91%, variable interest rate of 0.36% at September 30, 2012 and 2011, final maturity in 2047	454,084	461,627
Partners HealthCare System Series H, variable interest rate of 0.16% and 0.20% at September 30, 2012 and 2011, respectively, final maturity in 2042	171,154	171,148
Partners HealthCare System Series I, issued in multiple subseries, average fixed interest rate of 4.75%, variable interest rate of 0.17% and 0.10%, at September 30, 2012 and 2011, respectively, final maturity in 2044	228,792	229,148
Partners HealthCare System Series J, average fixed interest rate of 4.99%, final maturity in 2039	491,118	508,599
Partners HealthCare System Series P, variable interest rate of 0.18% and 0.11% at September 30, 2012 and 2011, respectively, final maturity in 2027	150,000	150,000
Massachusetts Development Finance Agency (Agency) Revenue Bonds		
Partners HealthCare System Series K, issued in multiple subseries, average fixed interest rate of 4.19%, variable interest rate of 0.44% and 0.40% at September 30, 2012 and 2011, respectively, final maturity in 2046	434,775	435,453
Partners HealthCare System Series L, average fixed interest rate of 4.92%, final maturity in 2041	352,937	-
Partners HealthCare System Series 2007 taxable bonds, fixed interest rate of 6.26%, final maturity in 2037	100,000	100,000
Partners HealthCare System Series 2011 taxable bonds, fixed interest rate of 3.44%, final maturity in 2021	250,000	-
Other obligations	7,125	6,952
Capital lease obligations	2,087	3,168
Total long-term obligations net of premiums and discounts	<u>3,133,262</u>	<u>2,663,617</u>
Less current portion	293,322	294,829
Less auction rate securities held	-	30,000
	<u>\$ 2,839,940</u>	<u>\$ 2,338,788</u>

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As of September 30, 2012 and 2011, respectively, Partners HealthCare was holding \$0 and \$30,000 of the Series F and Series G Revenue Bonds issued as auction rate securities (ARS). Although not legally extinguished, the bonds held by Partners HealthCare have been reflected as extinguished under generally accepted accounting principles.

Aggregate maturities and payments of long term obligations during the next five years and thereafter, and other amounts classified as current liabilities, are as follows:

	<b>Scheduled Maturities</b>	<b>Bonds Supported by Partners HealthCare Liquidity</b>	<b>Total</b>
2013	\$ 51,662	\$ 241,660	\$ 293,322
2014	45,321	-	45,321
2015	55,760	-	55,760
2016	63,295	-	63,295
2017	64,124	-	64,124
Thereafter	2,611,440	-	2,611,440
	<u>\$ 2,891,602</u>	<u>\$ 241,660</u>	<u>\$ 3,133,262</u>

The scheduled maturities represent annual payments as required under debt repayment schedules. The current portion of long-term obligations includes the payments scheduled to be made in 2013 along with variable rate bonds supported by Partners HealthCare liquidity. The variable rate bonds supported by Partners HealthCare liquidity provide the bondholder with an option to tender the bonds to Partners HealthCare. Accordingly, these bonds are classified as a current liability.

The fair value of long-term obligations was \$3,377,755 and \$2,796,802 as of September 30, 2012 and 2011, respectively. The carrying amount of the variable rate debt is a reasonable estimate of its fair value. The fair value of the fixed rate debt is estimated based on quoted market prices for the same or similar issues.

Interest expense approximates interest paid, net of capitalized interest, during the years ended September 30, 2012 and 2011.

**Taxable Bonds**

In December 2011, PHS issued Partners HealthCare System Taxable Bonds Series 2011 of \$250,000. The bond proceeds, net of issuance costs of \$1,632, were used to make a voluntary contribution to Partners HealthCare's defined benefit pension plans.

**Agency Revenue Bonds**

In January 2012, PHS issued Partners HealthCare System Series L Revenue Bonds of \$331,320 plus bond premium of \$22,181. The bond proceeds, net of issuance costs of \$3,056, were used to finance certain capital projects totaling \$260,834 and to refund a portion of Partners HealthCare System Series B Revenue Bonds (\$73,205), a portion of Partners HealthCare System Series C

# Partners HealthCare System, Inc. and Affiliates

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Revenue Bonds (\$5,279) and a portion of Partners HealthCare System Series E Revenue Bonds (\$11,127) all of which were issued as fixed rate bonds.

In January 2011, PHS issued Partners HealthCare System Series K Revenue Bonds of \$423,165 plus bond premium of \$12,854. The bond proceeds, net of issuance costs of \$3,523, were used to finance certain capital projects totaling \$201,331 and to refund a portion of Partners HealthCare System Series C Revenue Bonds (\$32,467) that were issued as fixed rate bonds, and a portion of Partners HealthCare System Series D Revenue Bonds (\$198,698) that were issued as VRDBs. The Series K Bonds were issued in multiple subseries, including \$100,000 of VRDBs supported by standby bond purchase agreements, \$74,775 of index floating rate bonds, \$118,195 of term rate bonds and \$130,195 of fixed rate bonds.

As of September 30, 2012, approximately \$10,370 of refunded revenue bonds, which are considered extinguished for accounting purposes, remain outstanding and will be fully redeemed in 2013.

Partners HealthCare Series 2007 and 2011 taxable bonds, the Authority's Series B through J bonds and the Agency's Series K and L bonds and the Series P loan to PHS, (collectively, PHS Bonds) are unsecured general obligations of PHS supported by guarantees from BWHC, The Brigham and Women's Hospital, Inc. (BWH), MGH and The General Hospital Corporation (the General) which may be suspended under certain conditions.

PHS bond agreements contain certain covenants, including a minimum debt service coverage ratio and limitations on additional indebtedness and asset transfers.

#### **Credit Agreement**

Partners HealthCare maintains a \$150,000 Credit Agreement (the Agreement) with several banks that provides access to same day funds. Advances under the Agreement bear a variable rate of interest based on the London Interbank Offered Rate (LIBOR). There were no amounts outstanding under the Agreement as of September 30, 2012. The Agreement expires in June 2017.

#### **Derivatives - Interest Rate Swaps**

Partners HealthCare uses derivative financial instruments principally to manage interest rate risk and has entered into derivatives to lock in fixed rates for anticipated issuances and refundings of debt. By using derivative financial instruments to manage the risk of changes in interest rates, Partners HealthCare exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty has a liability to Partners HealthCare, which creates credit risk. Partners HealthCare minimizes its credit risk by entering into derivative agreements with several counterparties and requiring the counterparty to post collateral for the benefit of Partners HealthCare based on the credit rating of the counterparty and the fair value of the derivative contract. When the fair value of a derivative contract is negative, Partners HealthCare has a liability to the counterparty and, therefore, it does not possess credit risk. Under certain circumstances Partners HealthCare may be required to post collateral for the benefit of the counterparty. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.



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Partners HealthCare utilizes interest rate swaps to manage fluctuations in cash flows resulting from interest rate risk on certain of its variable rate revenue bonds. These bonds expose Partners HealthCare to variability in interest payments due to changes in interest rates. Management believes that it is prudent to limit the variability of its interest payments. To meet this objective and to take advantage of low interest rates, Partners HealthCare entered into various interest rate swap agreements involving the exchange of fixed rate payments by Partners HealthCare for variable rate payments from several counterparties based on a percentage of LIBOR.

The following is a summary of the outstanding positions under these interest rate swap agreements at September 30, 2012:

<b>Effective Date</b>	<b>Notional Amount</b>	<b>Maturity</b>	<b>Rate Paid</b>	<b>Rate Received</b>	<b>Hedging Status</b>
5/1/03	\$ 150,000	7/1/35	4.40%	67% 1-month LIBOR	Nonhedging
7/1/03	27,100	7/1/15	5.11%	67% 6-month LIBOR	Hedging
7/1/05	150,000	7/1/40	3.63%	67% 1-month LIBOR	Nonhedging
7/1/05	49,700	7/1/25	5.11%	67% 6-month LIBOR	Hedging
7/1/07	150,000	7/1/42	3.46%	67% 1-month LIBOR	Nonhedging
7/1/09	100,000	7/1/44	3.71%	67% 1-month LIBOR	Hedging
7/1/11	100,000	7/1/46	3.74%	67% 1-month LIBOR	Hedging
7/1/13	100,000	7/1/48	3.80%	67% 1-month LIBOR	Hedging
7/1/15	100,000	7/1/50	3.80%	67% 1-month LIBOR	Hedging
7/1/17	100,000	7/1/52	3.74%	67% 1-month LIBOR	Hedging

Partners HealthCare designates its interest rate swaps that are used to minimize the variability in cash flows of interest-bearing liabilities or forecasted transactions caused by changes in interest rates as hedging instruments at the inception of each contract, with the intention of maintaining hedge accounting treatment over the term of the agreement. However, circumstances may arise whereby the variability in cash flows exceeds the threshold for hedging qualification or the structure of the bonds is changed, resulting in de-designation of the hedge. Partners HealthCare de-designated \$450,000 of its interest rate swaps when they ceased to qualify for hedge accounting.

Hedging swaps are designated as cash flow hedges; accordingly, the change in fair value of the effective portion of the hedge is reflected as a change in unrestricted net assets and the ineffective portion of the hedge is reflected as a component of nonoperating gains (expenses) in the consolidated statements of operations. Nonhedging swaps are either swaps that have been de-designated as hedges or not designated as hedging instruments at the inception of the agreement; accordingly, the change in fair value is recorded as a component of nonoperating gains (expenses) in the consolidated statements of operations.

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The fair value of interest rate swaps is as follows:

<b>Balance Sheet Location</b>	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
<b>Derivatives designated as hedging instruments</b>		
Interest rate swaps liability	\$ 223,788	\$ 210,354
<b>Derivatives not designated as hedging instruments</b>		
Interest rate swaps liability	174,552	164,848
	<u>\$ 398,340</u>	<u>\$ 375,202</u>

The effects of interest rate swaps on the consolidated statements of operations are as follows:

<b>Statement of Operations Location</b>	<b>Amount of Gain (Loss) Recognized in Changes in Unrestricted Net Assets Years Ended September 30,</b>		<b>Amount of Gain (Loss) Recognized in Excess of Revenues Over Expenses Years Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Derivatives designated as hedging instruments</b>				
Change in fair value of hedging interest rate sw aps	\$ (12,076)	\$ (68,750)	\$ -	\$ -
Amortization of sw aption premiums	-	-	1,471	1,483
Hedge ineffectiveness	-	-	(2,830)	534
<b>Derivatives not designated as hedging instruments</b>				
Change in fair value of nonhedging interest rate sw aps	-	-	(9,704)	(37,067)
Reclassification of net asset balance upon hedge de-designation	818	818	(818)	(818)
	<u>\$ (11,258)</u>	<u>\$ (67,932)</u>	<u>\$ (11,881)</u>	<u>\$ (35,868)</u>

Partners HealthCare's interest rate swaps contracts contain provisions that require collateral to be posted if the fair value of the swaps exceeds certain thresholds. The collateral thresholds reflect the current credit ratings issued by major credit rating agencies on Partners HealthCare's and the counterparty's debt. Declines in Partners HealthCare's or the counterparty's credit ratings would result in decreases in the collateral thresholds and consequently, the potential for additional collateral postings by Partners HealthCare or the counterparty. As of September 30, 2012 and 2011, the aggregate fair value of all interest rate swaps was a liability of \$398,340 and \$375,202, respectively, for which Partners HealthCare had posted collateral of \$133,383 and \$115,777, respectively. Partners HealthCare has established procedures to ensure that liquidity is available to meet collateral posting requirements.

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Upon the occurrence of certain events of default or termination events identified in the derivative contracts, either Partners HealthCare or the counterparty could terminate the contracts in accordance with their terms. Termination results in the payment of a termination amount by one party that attempts to compensate the other party for its economic losses. If interest rates at the time of termination are lower than those specified in the derivatives contract, Partners HealthCare will make a payment to the counterparty. Conversely, if interest rates at such time are higher, the counterparty will make a payment to Partners HealthCare.

**Derivatives - Other**

Partners HealthCare also enters into options and futures primarily as hedges on securities and indices primarily related to foreign currency. Forward contracts are used as currency hedges. These agreements are limited in use and generally do not exceed one year and are included in separately invested investments.

**8. Commitments**

**Leases**

Partners HealthCare has capital and noncancelable operating leases for certain buildings and equipment. Minimum future lease commitments under noncancelable leases for the next five years and thereafter are as follows:

	<b>Capital Leases</b>	<b>Operating Leases</b>
2013	\$ 1,126	\$ 170,060
2014	833	157,082
2015	252	142,767
2016	-	170,891
2017	-	109,146
Thereafter	-	443,969
Total lease payments	<u>2,211</u>	<u>\$ 1,193,915</u>
Less amount representing interest	<u>124</u>	
Capital lease obligations at September 30, 2012	<u>\$ 2,087</u>	

Rental expense under operating leases approximated \$169,317 in 2012 and \$162,895 in 2011.

**Construction Projects**

BWH is constructing a building (the Brigham Building for the Future or BBF) and a parking garage (the Brigham Patient Parking project or BPP). The BBF will expand research and clinical space on the BWH campus, with a focus on the Neuroscience and Musculoskeletal programs, and increase flexibility for future campus redevelopment while allowing for lease consolidation. Phase 1 of the project, which involves preparing the site and constructing two smaller facilities to be used by the Commonwealth, is substantially complete with accumulated costs of \$69,890 as of September 30, 2012 and outstanding contracts of \$6,783. The associated land is leased to BWH by the Commonwealth through 2105. Planning for Phase 2 (construction of the BBF) is ongoing with construction to begin in 2013. Phase 2 cost is expected to be approximately \$499,000, with occupancy scheduled for late 2017.

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BPP locates a 400 space parking facility under BWH's 15 Francis Street entrance. BPP eliminates a parking shortage on campus and also satisfies commitments to the community and regulators. BPP includes a "greening" landscaped park over the garage as required by the City of Boston. BPP's total project cost is expected to be approximately \$63,500. Construction is underway with accumulated costs of approximately \$14,556 as of September 30, 2012 and outstanding construction contracts of approximately \$29,098, with the garage opening scheduled for late 2013.

In October 2005, PHS paid \$4,750 in exchange for the development rights to certain parcels of land in Charlestown, Massachusetts (Yards End), the planned site of a new facility for Spaulding Rehabilitation Hospital Corporation (Spaulding). As of September 30, 2012, costs incurred in connection with the new facility approximated \$170,898 with approximately \$28,257 in outstanding construction contracts. The total project cost is expected to be approximately \$225,000 with occupancy scheduled for 2013.

**9. Pension and Postretirement Healthcare Benefit Plans**

Substantially all employees of Partners HealthCare are covered under various noncontributory defined benefit pension plans and various defined contribution pension plans. In addition, certain affiliates provide subsidized healthcare benefits for retired employees on a self-insured basis, with the benefit obligation being partially funded. These retiree healthcare benefits are administered through an insurance company and are accounted for on the accrual basis, which includes an estimate of future payments for claims incurred.

Total expense for these plans consists of the following:

	<b>Years Ended</b>	
	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
Defined benefit plans	\$ 172,800	\$ 174,282
Defined contribution plans	131,781	125,449
Postretirement healthcare benefit plans	8,875	8,297
	<u>\$ 313,456</u>	<u>\$ 308,028</u>

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Information regarding benefit obligations, plan assets, funded status, expected cash flows and net periodic benefit cost follows within this footnote.

**Benefit Obligations**

Change in Benefit Obligations	Defined Benefit Pension Plans		Postretirement Healthcare Benefit Plans	
	2012	2011	2012	2011
Benefit obligations at beginning of year	\$ 3,346,936	\$ 2,999,341	\$ 113,682	\$ 101,267
Service cost	190,453	180,806	4,730	4,365
Interest cost	184,042	171,716	5,561	5,083
Plan amendments	2,278	3,202	-	-
Actuarial loss	796,201	71,026	14,733	1,762
Benefits paid	(74,249)	(72,526)	(4,816)	(4,577)
Expenses paid	(4,497)	(6,629)	-	-
Employee contributions	-	-	6,454	5,782
Benefit obligations at end of year	<u>\$ 4,441,164</u>	<u>\$ 3,346,936</u>	<u>\$ 140,344</u>	<u>\$ 113,682</u>

The accumulated benefit obligation for all defined benefit pension plans at the end of 2012 and 2011 was \$4,148,507 and \$3,129,352, respectively.

Weighted-Average Assumptions Used to Determine End of Year Benefit Obligation	Defined Benefit Pension Plans		Postretirement Healthcare Benefit Plans	
	2012	2011	2012	2011
Discount rate	4.15%	5.30%	2.65% - 4.15%	4.15% - 5.30%
Rate of compensation increase				
Professional staff	4.45%	4.45%	N/A	N/A
Other than professional staff	3.00% - 3.50%	3.00% - 3.50%	N/A	N/A
Healthcare cost trend rate for next year	N/A	N/A	7.00%	7.50%
Rate to which the cost trend rate is to decline	N/A	N/A	5.00%	5.00%
Year that rate reaches the ultimate trend rate	N/A	N/A	2017	2017

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effect:

	One-Percentage-Point Increase	One-Percentage-Point Decrease
Effect on postretirement benefit obligation	\$ 1,294	\$ (1,193)

**Partners HealthCare System, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
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(dollars in thousands)

**Plan Assets**

Change in Plan Assets	Defined Benefit Pension Plans		Postretirement Healthcare Benefit Plans	
	2012	2011	2012	2011
Fair value of plan assets at beginning of year	\$ 2,368,991	\$ 2,261,997	\$ 33,334	\$ 27,302
Actual return on plan assets	310,042	10,667	6,194	250
Employer contributions	514,597	175,482	4,816	4,577
Employee contributions	-	-	6,454	5,782
Benefits paid	(74,249)	(72,526)	(4,816)	(4,577)
Expenses paid	(4,497)	(6,629)	-	-
Fair value of plan assets at end of year	<u>\$ 3,114,884</u>	<u>\$ 2,368,991</u>	<u>\$ 45,982</u>	<u>\$ 33,334</u>

The assets of the defined benefit pension plans are aggregated in a single master trust (Master Trust) and managed as one asset pool. The investment objective for the Master Trust is to achieve the highest reasonable total return after considering (i) plan liabilities, (ii) funding status and projected cash flows, (iii) projected market returns, valuations and correlations for various asset classes and (iv) Partners HealthCare's ability and willingness to incur market risk.

Oversight of the management of Partners HealthCare's investable assets, including the Master Trust, is provided by the Investment Committee of the PHS Board of Directors. The Committee seeks to add incremental returns by manager selection and asset allocation (increasing/decreasing allocations within allowable ranges based on current and projected valuations). The Committee is supported by a professional staff, an outside investment consultant and a pension actuarial consultant.

Partners HealthCare utilizes a policy benchmark allocation that balances projected returns, correlations and volatility of various asset classes within the overall risk tolerance. The allocations are actively managed based on relative valuations among and within asset classes and the perceived ability of managers to outperform passive benchmarks. Exposure by asset class is the sum of the net exposures reported by each manager. Asset performance is monitored monthly and the portfolio is rebalanced if asset classes exceed explicit ranges.

**Partners HealthCare System, Inc. and Affiliates**  
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The following table presents the policy benchmark allocation components (and allowable ranges) and the reported exposures of the Master Trust:

	September 30, 2012		September 30, 2011	
	Policy Benchmarks	Reported Exposures	Policy Benchmarks	Reported Status
Domestic equity	24 %	25 %	22 %	17 %
Foreign developed equity	20	22	22	18
Emerging markets equity	6	13	6	10
Private equity	10	10	10	10
Total equity (+/- 15%)	60 %	70 %	60 %	55 %
Fixed income (+/- 10%)	20	8	20	20
Inflation defensive (+/- 10%)	10	6	10	7
Cash and other (+/- 10%)	10	16	10	18
	100 %	100 %	100 %	100 %

Inflation defensive strategies include investments in real estate assets, commodities, timber and inflation protection bonds. Other exposures include currency and volatility based strategies.

Within the Master Trust, assets are allocated to managers with investment mandates that may range from a single sub-asset class to very broad mandates; with restrictions that range from long-only to unconstrained; and with management structures ranging from separately managed funds to mutual/commingled funds to private partnerships. Less market sensitive managers employ absolute return, long/short equity and diversified strategies, which in the aggregate are expected to generate positive returns on a consistent basis. Investment risks (concentration, correlation, valuation, liquidity, leverage, mandate compliance, etc.) are measured at the manager level as well as the pool level. The active risk of the Master Trust is determined by a statistical regression of the most recent two (2) year return series to that of the policy benchmark.

The following table presents the capital allocations by manager mandate within the Master Trust. Some managers, particularly Real assets and Less market sensitive managers, invest allocated capital among multiple policy benchmark asset classes.

	September 30, 2012		September 30, 2011	
	Dollars	Percentage	Dollars	Percentage
Traditional U.S. equity	\$ 435,240	14 %	\$ 277,916	12 %
Traditional foreign developed equity	303,320	10	354,587	15
Traditional emerging markets equity	346,731	11	197,301	8
Private equity	219,446	7	179,604	8
Real assets	321,706	10	273,148	11
Less market sensitive managers	1,005,007	32	737,876	31
Fixed income managers	483,434	16	348,559	15
	\$ 3,114,884	100 %	\$ 2,368,991	100 %

**Partners HealthCare System, Inc. and Affiliates**  
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The postretirement healthcare benefit plans assets are commingled funds, with the objective of achieving returns to satisfy plan obligations and with a level of volatility commensurate with Partners HealthCare's overall financial profile.

The following table presents plan assets, by form of ownership, as of September 30, 2012 and 2011 measured at fair value on a recurring basis using the fair value hierarchy defined in Note 4:

	Fair Value at September 30, 2012	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Defined Benefit Pension Plans</b>				
Invested cash equivalents	\$ 5,053	\$ 5,053	\$ -	\$ -
Separately managed investments	636,901	463,234	173,667	-
Mutual funds	403,749	403,749	-	-
Commingled funds	351,562	-	351,562	-
Private partnerships	1,717,619	-	963,376	754,243
	<u>3,114,884</u>	<u>872,036</u>	<u>1,488,605</u>	<u>754,243</u>
<b>Postretirement Healthcare Benefit Plans</b>				
Commingled funds	45,982	3,748	38,924	3,310
Total plan assets	<u>\$ 3,160,866</u>	<u>\$ 875,784</u>	<u>\$ 1,527,529</u>	<u>\$ 757,553</u>

	Fair Value at September 30, 2011	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Defined Benefit Pension Plans</b>				
Invested cash equivalents	\$ 38,976	\$ 38,976	\$ -	\$ -
Separately managed investments	475,085	324,664	150,421	-
Mutual funds	157,353	157,353	-	-
Commingled funds	240,171	-	240,171	-
Private partnerships	1,457,406	-	842,368	615,038
	<u>2,368,991</u>	<u>520,993</u>	<u>1,232,960</u>	<u>615,038</u>
<b>Postretirement Healthcare Benefit Plans</b>				
Commingled funds	33,334	1,670	28,361	3,303
Total plan assets	<u>\$ 2,402,325</u>	<u>\$ 522,663</u>	<u>\$ 1,261,321</u>	<u>\$ 618,341</u>



**Partners HealthCare System, Inc. and Affiliates**  
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*(dollars in thousands)*

In evaluating the level at which Partners HealthCare's private partnerships have been classified within the fair value hierarchy, management has assessed factors including, but not limited to price transparency, the ability to redeem these investments at net asset value at the measurement date, and the existence or absence of certain restrictions at the measurement date. Investments in private partnerships generally have limited redemption options for investors and, subsequent to final closing, may or may not permit subscriptions by new or existing investors. These entities may also have the ability to impose gates, lockups, and other restrictions on an investor's ability to readily redeem out of their investment interest in the fund. At September 30, 2012 and 2011, certain private partnerships where Partners HealthCare has the ability and the right to redeem interests within the next twelve months have been classified as Level 2 investments in the plan assets' fair value table.

During the years ended September 30, 2012 and 2011, the change in the fair value of the plan assets measured using significant unobservable inputs (Level 3) is comprised of the following:

	<b>2012</b>	<b>2011</b>
Balance at beginning of year	\$ 618,341	\$ 543,460
Total gains		
Dividends and interest income	2,984	2,965
Net realized gains on investments	21,307	6,972
Change in net unrealized appreciation on investments	28,244	37,011
Purchases	111,867	53,606
Sales	(26,043)	(23,711)
Transfers in (out) of Level 3	853	(1,962)
Balance at end of year	<u>\$ 757,553</u>	<u>\$ 618,341</u>

The net unrealized gain on Level 3 investments held at September 30, 2012 was \$221,980.

**Partners HealthCare System, Inc. and Affiliates**  
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(dollars in thousands)

**Funded Status**

The funded status of the plans recognized in the balance sheet and the amounts recognized in unrestricted net assets, follows:

End of Year	Defined Benefit Pension Plans		Postretirement Healthcare Benefit Plans	
	2012	2011	2012	2011
Fair value of plan assets at measurement date	\$ 3,114,884	\$ 2,368,991	\$ 45,982	\$ 33,334
Benefit obligations at measurement date	(4,441,164)	(3,346,936)	(140,344)	(113,682)
Funded status	<u>\$ (1,326,280)</u>	<u>\$ (977,945)</u>	<u>\$ (94,362)</u>	<u>\$ (80,348)</u>
<b>Amounts recognized in the balance sheet consist of</b>				
Noncurrent assets	\$ -	\$ -	\$ 1,157	\$ 543
Current liabilities	(2,597)	(718)	(3,636)	(3,715)
Long-term liabilities	(1,323,683)	(977,227)	(91,883)	(77,176)
	<u>\$ (1,326,280)</u>	<u>\$ (977,945)</u>	<u>\$ (94,362)</u>	<u>\$ (80,348)</u>
<b>Amounts not yet recognized in net periodic benefit cost and included in unrestricted net assets consist of</b>				
Actuarial net loss (gain)	\$ 1,636,265	\$ 946,565	\$ 30,525	\$ 20,571
Prior service cost (credit)	13,192	12,760	(62)	(62)
	<u>\$ 1,649,457</u>	<u>\$ 959,325</u>	<u>\$ 30,463</u>	<u>\$ 20,509</u>
<b>Amounts recognized in unrestricted net assets consist of</b>				
Current year actuarial (gain) loss	\$ 723,124	\$ 262,448	\$ 11,026	\$ 3,544
Amortization of actuarial gain (loss)	(33,424)	(22,597)	(1,091)	(903)
Current year prior service cost (credit)	2,278	3,203	-	-
Amortization of prior service (cost) credit	(1,846)	(1,577)	21	21
	<u>\$ 690,132</u>	<u>\$ 241,477</u>	<u>\$ 9,956</u>	<u>\$ 2,662</u>

At the end of 2012 and 2011, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with an accumulated benefit obligation in excess of plan assets were as follows:

Accumulated Benefit Obligation in Excess of Plan Assets	2012	2011
Projected benefit obligation	\$ 4,441,164	\$ 3,346,936
Accumulated benefit obligation	4,148,507	3,129,352
Fair value of plan assets	3,114,884	2,368,991

**Partners HealthCare System, Inc. and Affiliates**  
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**Expected Cash Flows**

Information about the expected cash flows for the defined benefit and postretirement healthcare benefit plans is as follows:

	<b>Defined Benefit Pension Plans</b>	<b>Postretirement Healthcare Benefit Plans</b>	
Expected employer contributions			
2013	\$ 472,897	\$	5,819
			<b>Medicare Subsidy</b>
Expected benefit payments (receipts)			
2013	\$ 174,147	\$	6,124
2014	175,920	6,675	(305)
2015	194,827	7,099	(291)
2016	209,074	7,503	(274)
2017	226,375	7,972	(255)
2018–2022	1,364,888	33,325	(236)
			(877)

**Net Periodic Benefit Cost**

	<b>Defined Benefit Pension Plans</b>		<b>Postretirement Healthcare Benefit Plans</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Service cost	\$ 190,453	\$ 180,806	\$ 4,730	\$ 4,365
Interest cost	184,042	171,716	5,561	5,083
Expected return on plan assets	(236,965)	(202,414)	(2,486)	(2,033)
Amortization of				
Prior service cost (credit)	1,846	1,577	(21)	(21)
Actuarial net (gain) loss	33,424	22,597	1,091	903
Net periodic benefit cost	<u>\$ 172,800</u>	<u>\$ 174,282</u>	<u>\$ 8,875</u>	<u>\$ 8,297</u>

Amounts expected to be amortized from unrestricted net assets into net periodic benefit cost during the year ending September 30, 2013 are as follows:

	<b>Defined Benefit Pension Plans</b>	<b>Postretirement Healthcare Benefit Plans</b>
Actuarial net loss	\$ 106,484	\$ 1,781
Prior service cost (credit)	2,182	(21)

**Partners HealthCare System, Inc. and Affiliates**  
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(dollars in thousands)

Weighted-Average Assumptions Used to Determine Net Periodic Pension and Postretirement Cost	Defined Benefit Pension Plans		Postretirement Healthcare Benefit Plans	
	2012	2011	2012	2011
Discount rate	5.30%	5.50%	4.15% - 5.30%	4.00% - 5.50%
Expected return on plan assets	8.25%	8.25%	7.50%	7.50%
Rate of compensation increase				
Professional staff	4.45%	4.95%	N/A	N/A
Other than professional staff	3.00% - 3.50%	3.00% - 4.00%	N/A	N/A
Healthcare cost trend rate for this year	N/A	N/A	7.50%	8.00%
Rate to which the cost trend rate is to decline	N/A	N/A	5.00%	5.00%
Year that rate reaches the ultimate trend rate	N/A	N/A	2017	2017

Partners HealthCare uses a long term return assumption which is validated annually by obtaining long term asset return, volatility and correlation projections for relevant asset class indexes; modifying volatility and correlations to reflect the actual historical experience of the active managers; calculating the expected return using benchmark weights and indexes; and comparing the return assumption to the sum of the expected return and the historical outperformance of the actual return versus the benchmark. Partners HealthCare regularly monitors the active risk of the Master Trust by a statistical regression of the return series of the actual portfolio to that of the policy benchmark.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effect:

	One-Percentage-Point Increase	One-Percentage-Point Decrease
Effect on service and interest cost	\$ 70	\$ (65)

**10. Professional Liability Insurance**

Partners HealthCare insures substantially all of its professional and general liability risk on a claims-made basis in cooperation with other healthcare organizations in the Greater Boston area through a captive insurance company, Controlled Risk Insurance Company Ltd. (CRICO). PHS owns 10% of CRICO. The investment is accounted for on the cost basis of accounting. The policies cover claims made during their respective terms, but not those occurrences for which claims may be made after expiration of the policy, except for certain tail liabilities which CRICO has assumed on an occurrence basis through December 31, 2012. Management intends to renew its coverage on a claims-made basis and has no reason to believe that it will be prevented from such renewal.

Partners HealthCare follows the accounting policy of establishing reserves to cover the ultimate costs of medical malpractice claims, which include costs associated with litigating or settling claims. The liability also includes an estimated tail liability, established to cover all malpractice claims incurred but not reported to the insurance company as of the end of the year. The total malpractice liability of \$441,404 at September 30, 2012 is presented as accrued professional liability in the consolidated balance sheets. These reserves have been recorded on a discounted basis using an interest rate of 2.75% and 3.75% at September 30, 2012 and 2011, respectively.

# Partners HealthCare System, Inc. and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2012 and 2011

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*(dollars in thousands)*

Partners HealthCare also recognizes an insurance receivable from CRICO, at the same time that it recognizes the liability, measured on the same basis as the liability, subject to the need for a valuation allowance for uncollectible amounts. The insurance receivable of \$351,382 at September 30, 2012 is reported as a component of other assets in the consolidated balance sheets.

Management is not aware of any claims against Partners HealthCare or factors affecting CRICO that would cause the expense for professional liability risks to vary materially from the amount provided.

#### **11. Concentration of Credit Risk**

Financial instruments that potentially subject Partners HealthCare to concentration of credit risk consist of patient accounts receivable, research grants receivable, pledges receivable, certain investments and interest rate swaps.

Partners HealthCare receives a significant portion of its payments for services rendered from a limited number of government and commercial third-party payers, including Medicare, Medicaid, Blue Cross and Blue Shield of Massachusetts, Harvard Pilgrim Health Care and Tufts Health Plan. Research funding is provided through many government and private sponsors. Pledges receivable are due from multiple donors. Partners HealthCare assesses the credit risk for pledges based on history and the financial wherewithal of donors, most of which are individuals or organizations well known to Partners HealthCare.

Investments, which include government and agency securities, stocks and corporate bonds, and private partnerships and other investments are not concentrated in any corporation or industry or with any single counterparty. Alternative investments are less liquid than Partners HealthCare's other investments. The reported values of the alternative investments may differ significantly from the values that would have been used had a ready market for those securities existed. These instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments and nondisclosure of portfolio composition.

Partners HealthCare minimizes the credit risk it is exposed to under interest rate swap agreements by utilizing several counterparties and requiring the counterparties to post collateral for the benefit of Partners HealthCare when the fair value of the swap is positive. Partners HealthCare minimizes its counterparty risk by contracting with six counterparties, none of which accounts for more than 30% of the aggregate notional amount of the swap contracts.

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(dollars in thousands)

**12. Restricted Net Assets**

Restricted net assets are available for the following purposes:

	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
Temporarily restricted		
Charity care	\$ 95,576	\$ 91,123
Buildings and equipment	121,584	131,300
Clinical care, research and academic	559,852	561,375
	<u>777,012</u>	<u>783,798</u>
Permanently restricted		
Charity care	\$ 19,326	\$ 19,101
Buildings and equipment	2,433	2,433
Clinical care, research and academic	352,471	316,379
	<u>\$ 374,230</u>	<u>\$ 337,913</u>

**Endowment**

Partners HealthCare's endowment consists of over 1,000 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the boards to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the boards to function as endowments, are classified and reported as restricted or unrestricted based on the existence or absence of donor-imposed restrictions.

Partners HealthCare has interpreted UPMIFA as requiring the preservation of the value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Partners HealthCare classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Partners HealthCare in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Partners HealthCare considers several factors in making a determination to appropriate or accumulate donor-restricted endowment funds. These factors include: the duration and preservation of the fund; the purposes of the organization and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the organization; and the investment policies of the organization.

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(dollars in thousands)

**Endowment Funds with Deficits**

From time to time, the value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts. When such endowment deficits exist, they are classified as a reduction to unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$1,231 and \$3,556 at September 30, 2012 and 2011, respectively. These deficits resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions or subsequent endowment additions.

The following presents the endowment net asset composition by type of fund as of September 30, 2012 and 2011 and the changes in endowment assets for the years ended September 30, 2012 and 2011:

<b>Endowment Net Asset Composition by Type of Fund as of September 30, 2012</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ (1,231)	\$ 433,316	\$ 359,985	\$ 792,070
Board-designated endowment funds	854,968	-	-	854,968
Total funds	<u>\$ 853,737</u>	<u>\$ 433,316</u>	<u>\$ 359,985</u>	<u>\$ 1,647,038</u>
<b>Changes in Endowment Net Assets for the Year Ended September 30, 2012</b>				
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets at September 30, 2011	<u>\$ 794,151</u>	<u>\$ 404,753</u>	<u>\$ 323,736</u>	<u>\$ 1,522,640</u>
Investment return				
Investment income	3,808	3,868	56	7,732
Net realized and unrealized appreciation (depreciation)	85,996	62,513	561	149,070
Total investment return	89,804	66,381	617	156,802
Contributions	11,295	135	34,387	45,817
Appropriation of endowment assets for expenditure	(37,005)	(37,319)	-	(74,324)
Other changes	(4,508)	(634)	1,245	(3,897)
Total changes	<u>59,586</u>	<u>28,563</u>	<u>36,249</u>	<u>124,398</u>
Endowment net assets at September 30, 2012	<u>\$ 853,737</u>	<u>\$ 433,316</u>	<u>\$ 359,985</u>	<u>\$ 1,647,038</u>
<b>Endowment Net Asset Composition by Type of Fund as of September 30, 2011</b>				
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$ (3,556)	\$ 404,753	\$ 323,736	\$ 724,933
Board-designated endowment funds	797,707	-	-	797,707
Total funds	<u>\$ 794,151</u>	<u>\$ 404,753</u>	<u>\$ 323,736</u>	<u>\$ 1,522,640</u>

**Partners HealthCare System, Inc. and Affiliates**  
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<b>Changes in Endowment Net Assets for the Year Ended September 30, 2011</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets at October 1, 2010	\$ 805,480	\$ 431,757	\$ 298,168	\$ 1,535,405
Investment return				
Investment income	3,262	3,667	13	6,942
Net realized and unrealized appreciation (depreciation)	6,344	2,955	(208)	9,091
Total investment return	9,606	6,622	(195)	16,033
Contributions	5,384	-	24,082	29,466
Appropriation of endowment assets for expenditure	(34,715)	(33,431)	-	(68,146)
Other changes	8,396	(195)	1,681	9,882
Total changes	(11,329)	(27,004)	25,568	(12,765)
Endowment net assets at September 30, 2011	\$ 794,151	\$ 404,753	\$ 323,736	\$ 1,522,640

**Conditional Pledge**

During 2009, the General signed an agreement (Ragon Agreement) with The Massachusetts Institute of Technology (MIT), The President and Fellows of Harvard College (Harvard) and The Phillip T. and Susan M. Ragon Foundation (Ragon Foundation) to establish the Phillip T. and Susan M. Ragon Institute (Ragon Institute) as a joint research center of the General, MIT and Harvard with the purpose of harnessing the potential of the immune response to combat and conquer human diseases, integrating biomedical research with emerging engineering technologies (with the main initial focus being the development of an AIDS vaccine) and educating and training scientists. The Ragon Foundation committed to provide funding for the Ragon Institute of \$100,000 over ten years through the General (as the administrative home for the Ragon Institute), beginning retroactively on January 1, 2008. The Ragon Foundation has the ability to slow, suspend or eliminate funding based on restrictions described in the Ragon Agreement. Additionally, any funding not paid by December 31, 2017 will no longer be due by the Ragon Foundation. Due to the conditions within the Ragon Agreement, funding is recognized when received, with no pledge receivable recorded for the balance of the commitment.

Through September 30, 2012, total funding of \$54,000 was received, with \$10,000 received for the year ended September 30, 2012, and total net expenses of \$38,331 were incurred, including \$9,980 for the year ended September 30, 2012. As of September 30, 2012, unspent funding of \$15,669 has been recorded as temporarily restricted net assets, to be released to unrestricted net assets after qualifying expenses have been incurred.



**Partners HealthCare System, Inc. and Affiliates**  
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*(dollars in thousands)*

**13. Functional Expenses**

Total operating expenses by function are as follows:

	<b>Years Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
Healthcare services	\$ 6,449,354	\$ 5,926,833
Research and academic	1,538,597	1,531,501
General and administrative	802,477	789,961
	<u>\$ 8,790,428</u>	<u>\$ 8,248,295</u>

**14. Contingencies**

Partners HealthCare is subject to complaints, claims and litigation which have risen in the normal course of business. In addition, Partners HealthCare is subject to reviews and investigations by various federal and state government agencies to assure compliance with applicable laws, some of which are subject to different interpretations. Governmental review of compliance by healthcare institutions, including Partners HealthCare, has increased.

**15. Subsequent Events**

Partners HealthCare has assessed the impact of subsequent events through December 14, 2012, the date the audited financial statements were issued. During this period, there were no subsequent events that require adjustment to the audited financial statements. In November 2012, Partners HealthCare issued \$400,000 Senior Notes in a private placement with institutional investors, the proceeds of which will be used for general corporate purposes, at a fixed rate of 4.11% with principal due in 2052. Other than the issuance of the Senior Notes and the acquisition described in Note 1, there were no other events that require disclosure in the notes to the audited financial statements.

## **Schedule of Expenditures of Federal Awards**

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	CFDA #	BWH	MGH	McLean	Other	Grand Total
<b>Department of Commerce</b>						
Measurement and Engineering Research and Standards	11.609	\$ -	\$ 48,733	\$ -	\$ -	\$ 48,733
Department of Commerce		-	48,733	-	-	48,733
<b>Department Of Defense</b>						
Air Force Defense Research Sciences Program	12.800		2,540,347			2,540,347
Basic and Applied Scientific Research	12.300	225,176	607,858			833,034
Basic Scientific Research	12.431		223,301			223,301
Basic, Applied, and Advanced Research in Science and Engineering	12.630	55,572				55,572
Military Medical Research and Development	12.420	6,162,976	18,110,895	1,270,071	428,870	25,972,812
Research and Technology Development	12.910		1,453,537	40,519		1,494,056
Department Of Defense		6,443,724	22,935,938	1,310,590	428,870	31,119,122
<b>Department of Education</b>						
National Institute on Disability and Rehabilitation Research	84.133				343,961	343,961
Department of Education		-	-	-	343,961	343,961
<b>Department of Health and Human Services</b>						
Advancing System Improvements to Support Targets for Healthy People 2010	93.088	5,714				5,714
Aging Research	93.866	11,562,528	14,518,474		520,743	26,601,745
Alcohol Research Programs	93.273	64,981	437,420	1,087,429		1,589,830
Allergy, Immunology and Transplantation Research	93.855	32,619,237	48,600,633			81,219,870
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	9,585,173	5,053,166		644,801	15,283,140
Assistance for Torture Victims	93.604		352,288			352,288
Assistance Programs for Chronic Disease Prevention and Control	93.945		254,766			254,766
Biomedical Research and Research Training	93.859	11,339,110	16,282,322	348,292		27,969,724
Biomedical Research Technology	93.371	41,157				41,157
Biometry and Risk Estimation-Health Risks from Environmental Exposures	93.115	399,996				399,996
Blood Diseases and Resources Research	93.839	7,876,832	2,759,030			10,635,862
Cancer Biology Research	93.396	3,595,204	5,770,436			9,365,640
Cancer Cause and Prevention Research	93.393	24,454,079	7,525,591			31,979,670
Cancer Centers Support Grants	93.397	3,048,500				3,048,500
Cancer Construction	93.392		461,370			461,370
Cancer Control	93.399	175,328	2,867,286			3,042,614
Cancer Detection and Diagnosis Research	93.394	9,595,191	10,435,199			20,030,390
Cancer Research Manpower	93.398	304,115	471,093			775,208
Cancer Treatment Research	93.395	19,446,466	12,879,835			32,326,301
Cardiovascular Diseases Research	93.837	39,663,990	23,543,230		300,891	63,508,111
Center for Medical Rehabilitation Research	93.929				13,226	13,226
Centers for Disease Control and Prevention _Investigations and Technical Assistance	93.283		518,253			518,253
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	1,804,997				1,804,997
Child Health and Human Development Extramural Research	93.865	3,429,989	10,298,277			13,728,266
Comparative Medicine, Instrumentation, Research Infrastructure	93.351	842,611	1,956,789			2,799,400
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	15,339,026	31,910,399			47,249,425
Digestive Diseases and Nutrition Research	93.848		885,333			885,333
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	12,693,241	19,743,368			32,436,609
Drug Abuse and Addiction Research Programs	93.279	18,589	9,642,257	10,036,142		19,696,988
Emergency Medical Services for Children	93.127	228,339				228,339
Environmental Health	93.113	2,866,837	(1,040)			2,865,797
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	8,666,859	46,875,911	862,329		56,405,099

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	CFDA #	BWH	MGH	McLean	Other	Grand Total
Food and Drug Administration_Research	93.103		(2,438)			(2,438)
Human Genome Research	93.172	3,839,318	501,250			4,340,568
International Research and Research Training	93.989	55,811				55,811
Kidney Diseases, Urology and Hematology Research	93.849	194	393,898			394,092
Lung Diseases Research	93.838	34,055,795	3,951,874			38,007,669
Maternal and Child Health Federal Consolidated Programs	93.110		3,937,833			3,937,833
Medical Library Assistance	93.879	981,692	209,747			1,191,439
Mental Health Research Career/Scientist Development Awards	93.281		260,007			260,007
Mental Health Research Grants	93.242	6,845,979	22,655,735	9,279,037		38,780,751
Minority Health and Health Disparities Research	93.307	411,433				411,433
National Center for Research Resources	93.389	691,835	1,074,165			1,766,000
National Center on Sleep Disorders Research	93.233	5,890,560				5,890,560
National Institutes of Health Contracts	93.	7,968,628	10,796,670	955,052	3,788	19,724,138
Nursing Research	93.361	533,597	625,322			1,158,919
Occupational Safety and Health Program	93.262	258,629				258,629
Oral Diseases and Disorders Research	93.121	3,664,538	1,435,487			5,100,025
Population Research	93.864	164,631	701,266			865,897
Recovery Act – Comparative Effectiveness Research - AHRQ	93.715	936,488	3,746,792			4,683,280
Research and Training in Complementary and Alternative Medicine	93.213	1,112,124	9,413,431			10,525,555
Research on Healthcare Costs, Quality and Outcomes	93.226	3,087,734	1,034,151			4,121,885
Research Related to Deafness and Communication Disorders	93.173	784,275	1,359,662			2,143,937
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243		60,341			60,341
Trans-NIH Recovery Act Loan Repayment Support	93.704	3,611,030				3,611,030
Trans-NIH Recovery Act Research Support	93.701	16,126,907	12,392,523	1,795,653	255,860	30,570,943
Trans-NIH Research Support	93.310	1,875,681	7,969,642			9,845,323
Vision Research	93.867	1,658,699	2,115,981			3,774,680
Department of Health and Human Services		314,223,667	358,675,025	24,363,934	1,739,309	699,001,935
<b>Department of Homeland Security</b>						
Assistance to Firefighters Grant	97.044	582,020				582,020
Aviation Research Grants	97.069	(7,379)				(7,379)
Department of Homeland Security		574,641	-	-	-	574,641
<b>National Aeronautics and Space Administration</b>						
Aerospace Education Services Program	43.001	700,113	316,172			1,016,285
Exploration	43.003		174,110			174,110
Technology Transfer	43.002	35,675				35,675
National Aeronautics and Space Administration		735,788	490,282	-	-	1,226,070
<b>National Science Foundation</b>						
Biological Sciences	47.074		69,374			69,374
Computer and Information Science and Engineering	47.070	140,809	19,728			160,537
Education and Human Resources	47.076		588	340,574		341,162
Engineering Grants	47.041	41,936	424,735		17,767	484,438
Mathematical and Physical Sciences	47.049		357,461			357,461
Social, Behavioral, and Economic Sciences	47.075		395,053			395,053
Trans-NSF Recovery Act Research Support	47.082	145,096	970,696			1,115,792
National Science Foundation		327,841	2,237,635	340,574	17,767	2,923,817
Total Research and Development Direct Program Cluster		\$ 322,305,661	\$ 384,387,613	\$ 26,015,098	\$ 2,529,907	\$ 735,238,279

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
<b>Agency for International Development</b>								
USAID Foreign Assistance for Programs Overseas	Eastern Virginia Medical School	98.001	GPO-A-00-08-00005-00	\$ 76,329	\$ -	\$ -	\$ -	\$ 76,329
	Eastern Virginia Medical School	98.001	PPA-09-034	73,366				73,366
	Eastern Virginia Medical School	98.001	PPC-11-127	11,753				11,753
	International AIDS Vaccine Initiative (I	98.001	GPO-A-00-06-00006-00		(57,949)			(57,949)
	International Union Against Tuberculosis	98.001		32,937				32,937
Agency for International Development				194,385	(57,949)	-	-	136,436
<b>Department of Commerce</b>								
Advanced Technology Program	Anima Cell Metrology	11.612	70NANB7H7011		1,627			1,627
Department of Commerce				-	1,627	-	-	1,627
<b>Department Of Defense</b>								
Basic and Applied Scientific Research	Johns Hopkins University	12.300	2000869430	117,138				117,138
	Sundry	12.300			24,317			24,317
	Texas A&M University	12.300	N00014-12-1-0187		5,762			5,762
Basic Scientific Research	Trustees of Boston University	12.431	W911NF-11-2-0056		314,405			314,405
Basic, Applied, and Advanced Research in Science and Engineering	Boston University	12.630	W911NF-06-2-0040		(31,608)			(31,608)
	Massachusetts Institute of Technology	12.630	FA9550-07-1-0101		(606)			(606)
	Massachusetts Institute of Technology	12.630	FA9550-10-1-0551		48,278			48,278
Military Medical Research and Development	AdMeTech	12.420	W81XWH-09-1-0552	(1,652)				(1,652)
	Baylor Research Institute	12.420	NTI-TRA-09-055		3,685			3,685
	Beth Israel Deaconess Medical Center	12.420	W81XWH-09-1-0695	36,448				36,448
	Boston University	12.420	DAMD17-02-2-0006	(83)				(83)
	Brigham and Women's Hospital, Inc.	12.420	W81XWH-08-2-0159		144,063		17,657	161,720
	Brigham and Women's Hospital, Inc.	12.420					(1,270)	(1,270)
	Center for Integration of Medicine and I	12.420	W81XWH09-2-001				4,821	4,821
	Center for Integration of Medicine and I	12.420	W84XWH-09-2-001				95,491	95,491
	Center for Integration of Medicine and I	12.420					24,496	24,496
	Children's Hospital Medical Center, Cinc	12.420	W81XCWH-09-1-0135		60,250			60,250
	Children's Hospital Medical Center, Cinc	12.420	W81XWH-04-1-0273		(2,488)			(2,488)
	Children's Hospital of Boston	12.420	W81XWH-09-2-0001	17,693				17,693
	Children's Hospital of Boston	12.420	W81XWH-11-2-0041		35,468			35,468
	CIMIT	12.420	DAMD17-02-2-0006	(113,662)				(113,662)
	CIMIT	12.420	W81XWH-07-2-0011	959				959
	CIMIT	12.420	W81XWH-08-2-0126			205,173		205,173
	CIMIT	12.420	W81XWH-09-02-0001	(1,169)				(1,169)
	CIMIT	12.420	W81XWH-09-2-0001	558,419			81,827	640,246
	CIMIT	12.420	W81XWH-09-2-001	48,683				48,683
	CIMIT	12.420					47,685	47,685
	CIMIT - Center for the Integration of Me	12.420	DAMD17-02-2-0006		17,616			17,616
	CIMIT - Center for the Integration of Me	12.420	W81XWH-09-2-0001	105,327	(21,006)			84,321
	CIMIT - Center for the Integration of Me	12.420					5,059	5,059
	Cincinnati Children's Hospital Medical C	12.420	W81XCWH1010116		60,006			60,006
	Dana Farber Cancer Institute	12.420	W81XWH-09-1-0150		76,904			76,904
	Dana Farber Cancer Institute	12.420	W81XWH-11-1-0379	73,434				73,434
	Energid	12.420	W81XWH-09-C-0080		11,240			11,240
	GlaxoSmithKline	12.420	W81XWH-08-1-0322	14,755				14,755
	Harvard School of Public Health	12.420		9,272				9,272
	Henry M Jackson Foundation	12.420	W81XWH-07-2-0067		22,020			22,020
	Henry M Jackson Foundation	12.420			40,840			40,840
	Mass General Hospital-CIMIT	12.420	W81XWH-07-2-0011	1,415				1,415
	Mass General Hospital-CIMIT	12.420	W81XWH-09-2-0001	55,953				55,953
	Massachusetts General Hospital	12.420	W81XWH-07-2-0011	40,813				40,813
	McLean Hospital Corporation	12.420	W81XWH-08-1-0496	77,115				77,115

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	Northeastern University	12.420					17,133	17,133
	NorthShore University HealthSystem Resea	12.420	W81XWH-11-2-0032	(1,641)				(1,641)
	NorthShore University HealthSystem Resea	12.420	W81XWH-11-2-0131	75,925				75,925
	Organogenesis, Inc.	12.420	W81XWH-08-2-0032		461,861			461,861
	President and Fellow s of Harvard College	12.420	W81XWH-10-2-0161		72,505			72,505
	President and Fellow s of Harvard College	12.420	W81XWH-11-1-0529	18,458				18,458
	President and Fellow s of Harvard College	12.420	W81XWH-11-2-0076		29,206			29,206
	Regents of the University of Calif. SD	12.420	W81XWH-08-2-0159				29,917	29,917
	Rutgers University	12.420	W81XWH-08-2-0034	11,692	30,173			41,865
	Samueli Institute For Information Biolog	12.420	W81XWH-10-1-1011		43,453			43,453
	Spaulding Rehabilitation Hospital	12.420	PY 074968/W81XWH-08-2		71,027			71,027
	Spaulding Rehabilitation Hospital	12.420	W81XWH-08-2-0159	171,520				171,520
	Spaulding Rehabilitation Hospital	12.420	W81XWH-10-1-1043		120,459			120,459
	Stratatech Corporation	12.420	W81XWH-12-C-0063		58,444			58,444
	The Geneva Foundation	12.420	W81XWH-06-2-0033		32,913			32,913
	The Michael Stern Parkinson's Research F	12.420	W81XWH-05-1-0555			(168,993)		(168,993)
	Ultra Diagnostics, Inc.	12.420	W81XWH-08-1-0152	450,969				450,969
	University of California at San Diego	12.420	W81XWH-08-2-0159	757,195			659,934	1,417,129
	University of California at San Diego	12.420					484,535	484,535
	University of Delaware	12.420	28370				168,351	168,351
	University of Pittsburgh	12.420	W81XWH-12-2-0024		11,900			11,900
	University of Rochester	12.420	W81XWH-07-1-0007	(2)				(2)
	University of Texas, MD Anderson Cancer	12.420	W81XWH-10-1-000101		116			116
	Veterans Education and Research Associat	12.420	W81XWH-11-1-0073		497,427			497,427
Research and Technology Development	Massachusetts Institute of Technology	12.910	N66001-11-1-4182	49,671				49,671
Uniformed Services University Medical								
Research Projects	Henry M Jackson Foundation	12.750	HU0001-11-1-0023	12,442				12,442
Department Of Defense				2,587,087	2,238,630	36,180	1,635,636	6,497,533
<b>Department of Education</b>								
National Institute on Disability and Rehabilitation								
Research	Carolinas Medical Center	84.133	H133A070042				5,469	5,469
	Carolinas Medical Center	84.133	H133A080035				115,658	115,658
	Craig Hospital	84.133	H133A060038				14,987	14,987
	JFK JOHNSON REHABILITATION INSTITUTE	84.133	H133A070030				10,263	10,263
	University of New Hampshire	84.133	H133A100031		11,306			11,306
Department of Education				-	11,306	-	146,377	157,683
<b>Department of Energy</b>								
Office of Science Financial Assistance Program	Northeastern University	81.049	#DE-SC0005251	76,245				76,245
Department of Energy				76,245	-	-	-	76,245
<b>Department of Health and Human Services</b>								
ACA Grants for New and Expanded Services								
under the Health Center Program	Regina Villa Associates, Inc.	93.527		1,619				1,619
Affordable Care Act Streamlined surveillance								
for ventilator-associated pneumonia	Harvard Pilgrim Health Care	93.540	U54CK000172		8,158			8,158
Aging Research	Boston University	93.866	5R01A G008122-22		81,757			81,757
	Boston University	93.866	5R01A G009661-15		(533)			(533)
	Boston University	93.866	5R01A G031896-03		173,325			173,325
	Brigham and Women's Hospital, Inc.	93.866	2P01A G015379-14		86,649			86,649
	Brigham and Women's Hospital, Inc.	93.866	2R01A G027435-06		121,426			121,426
	Brigham and Women's Hospital, Inc.	93.866	5P01A G015379-10		(32,977)			(32,977)
	Brigham and Women's Hospital, Inc.	93.866	5P01A G015379-14		1,255,689			1,255,689
	Brigham and Women's Hospital, Inc.	93.866	5R01A G027435-04		160,723			160,723
	Brigham and Women's Hospital, Inc.	93.866	5R01A G027435-05		118,694			118,694
	Broad Institute, inc.	93.866	1R01A G036836-01A1	1,266				1,266

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	Broad Institute, inc.	93.866	5R01AG015819-14	13,310				13,310
	Broad Institute, inc.	93.866	5R01AG036042-03	13,089				13,089
	Broad Institute, inc.	93.866	5R01AG030146-05	2,263				2,263
	Burnham Institute	93.866	5R21AG032044-02		6,195			6,195
	California Pacific Medical Center	93.866	R01AG026720	64,979				64,979
	CIMIT	93.866	1U01AG032699-01	(3,599)				(3,599)
	CIMIT	93.866	3R01AG032349-02S1	(9,941)				(9,941)
	CIMIT	93.866	5P01AG036694-03	176,364				176,364
	CIMIT	93.866	5P50AG005134-28	75,972				75,972
	CIMIT	93.866	5P50AG005134-29	67,292				67,292
	CIMIT	93.866	5R01AG032349-03	(1,140)				(1,140)
	CIMIT	93.866	5R01AG034554-04	59,883				59,883
	CIMIT	93.866	5U01AG012531-19	18,042				18,042
	CIMIT	93.866	5U01AG032699-04	99,143				99,143
	CIMIT	93.866	5U01AG032700-05	59,864				59,864
	Cold Spring Harbor Laboratories	93.866	1R01AG040209-01	44,274				44,274
	Columbia University	93.866	5R01AG007370-20		(12,906)			(12,906)
	Columbia University	93.866	5R01AG034189-03		18,105			18,105
	Fred Hutchinson Cancer Research Center	93.866	5U01AG032699-04		50,648			50,648
	Harvard School of Public Health	93.866	5U01AG027669-06	403,464				403,464
	Hebrew Rehabilitation Center for Aged	93.866	4R37AG025037-07	11,982				11,982
	Hebrew Rehabilitation Center for Aged	93.866	5P01AG031720-03	45,115				45,115
	Joslin Diabetes Center	93.866	5R01AG034165-02	87,164				87,164
	Koronis Biomedical Technologies Corporat	93.866	2R44AG029036-02A1				136,927	136,927
	Mass General Hospital-CIMIT	93.866	5P50AG005134-25	(14,697)				(14,697)
	Massachusetts Institute of Technology	93.866	5R01AG029601-04	(173)				(173)
	National Bureau of Economic Research	93.866	P01AG031098		213,897			213,897
	NCIRE-	93.866	5U01AG024904-07	35,982				35,982
	President and Fellow s of Harvard College	93.866	5P01AG032953-04		145,910			145,910
	President and Fellow s of Harvard College	93.866	5P30A1060354-08	36,418				36,418
	President and Fellow s of Harvard College	93.866	5P30A1060354-09	106,524				106,524
	President and Fellow s of Harvard College	93.866	5R01AG011085-19	108,725				108,725
	President and Fellow s of Harvard College	93.866	5T32AG000222-20		45,728			45,728
	Regents of the University of Calif. SD	93.866	5U01AG010483-21	50,042				50,042
	Regents of the University of California	93.866	5R01AG032306-03		203,898			203,898
	Regents of the University of California	93.866	5U01AG024904-07	93,528				93,528
	Regents of the University of Michigan	93.866	1R01AG040138-01		42,567			42,567
	Research Foundation for Mental Hygeine,	93.866	5R01AG016381-08			3		3
	Rush University Medical Center	93.866	1R01AG042210-01	727				727
	Rush University Medical Center	93.866	5R01AG015819-14	132,043				132,043
	Rush University Medical Center	93.866	5R01AG030146	195,469				195,469
	Rush University Medical Center	93.866	5R01AG036042-03	172,725				172,725
	Spaulding Rehabilitation Hospital	93.866	1R01AG032052-01A2		(5,733)			(5,733)
	Tufts University	93.866	R01-AG033016		165			165
	Tufts University School of Medicine	93.866	5R01AG018844-08				(958)	(958)
	University of California at San Diego	93.866	5P01AG02006-07		50,078			50,078
	University of California at San Diego	93.866	5R01AG022381-09		243,909			243,909
	University of California at San Diego	93.866	5U01AG010483-19	1,304				1,304
	University of California at San Diego	93.866	U01AG024904	(4,462)				(4,462)
	University of California at San Diego	93.866	U01AG10483	72				72
	University of California at Santa Barbar	93.866	5U01AG033931-05	81,692				81,692
	University of Connecticut Health Center	93.866	2R01AG22092-06A1	184,201				184,201
	University of North Carolina, Chapel Hill	93.866	7R01AG023178-05	(826)				(826)
	University of Pennsylvania	93.866	5U01AG032984-03		35,434			35,434

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	University of Pittsburgh	93.866	1R01AG026463-05		4,207			4,207
	University of Pittsburgh	93.866	5U01AG012553-17		16,171			16,171
	University of Washington - Seattle	93.866	5U01AG016976-10		(2,050)			(2,050)
	University of Washington - Seattle	93.866	5U01AG016976-12		(18)			(18)
	University of Washington - Seattle	93.866	5U01AG016976-14		20,787			20,787
	University of Wisconsin	93.866	1R01AG029624-01	16,079				16,079
	Vanderbilt Medical Center	93.866	R01AG035117		16,392			16,392
	Vanderbilt University	93.866	1R01AG035117-02	49,969				49,969
	Washington University	93.866	5U01AG032438-03		95,995			95,995
AIDS Education and Training Centers	University of Massachusetts at Worcester	93.145	6H4AHA00050-11-01	14,171				14,171
Alcohol Research Programs	Research Foundation for Mental Hygiene,	93.273	HHSN-275-2009-00019C		49,322			49,322
	Trustees of Boston University	93.273	1R21AA018395-01A1		7,913			7,913
	Trustees of Boston University	93.273	2R01AA007112-25		455,486			455,486
	Wayne State University	93.273	5R21AA020037		11,142			11,142
Allergy, Immunology and Transplantation Research	Avid Therapeutics, Inc.	93.855	IR43A084295-01	(107)				(107)
	Baylor Research Institute	93.855	5U19A1057234-09		23,141			23,141
	Baylor Research Institute	93.855	5U19A057234-09		16,011			16,011
	Baylor Research Institute	93.855	U19A057234		206,299			206,299
	Baylor University	93.855	5U19A057234-08		97,516			97,516
	Beth Israel Deaconess Medical Center	93.855	5F01A041521-16	108,811				108,811
	Beth Israel Deaconess Medical Center	93.855	5U01A069412-04A2	(13,547)				(13,547)
	Beth Israel Deaconess Medical Center	93.855	5U19A066305-05	(3,601)				(3,601)
	Beth Israel Deaconess Medical Center	93.855	5U19A078526-05	615,600				615,600
	Beth Israel Deaconess Medical Center	93.855	5UM1A069412-06	334,025				334,025
	Beth Israel Deaconess Medical Center	93.855	7U01A069412-03	(7,355)				(7,355)
	Boston Biomedical Research Institute	93.855	1R01A087452-01		(16,127)			(16,127)
	Boston Biomedical Research Institute	93.855	1R01A090866-01		(85,540)			(85,540)
	Brandeis University	93.855	1R01A093459-01	40,401				40,401
	Brigham and Women's Hospital, Inc.	93.855	1R56A081949-01A2		11,317			11,317
	Brigham and Women's Hospital, Inc.	93.855	5F30A060354-08		2,930			2,930
	Brigham and Women's Hospital, Inc.	93.855	5R01A093723-02		64,187			64,187
	Brigham and Women's Hospital, Inc.	93.855	5U01A063623-05		(3,682)			(3,682)
	Brigham and Women's Hospital, Inc.	93.855	5U01A063623-06		(45)			(45)
	Brigham and Women's Hospital, Inc.	93.855	5U01A063623-09		216,683			216,683
	Brigham and Women's Hospital, Inc.	93.855	5U19A070352-04		(317)			(317)
	Brigham and Women's Hospital, Inc.	93.855	5U19A076217-03		(113)			(113)
	Brigham and Women's Hospital, Inc.	93.855	7UM1A068636-07		152,302			152,302
	Broad Institute, inc.	93.855	5U01A074575-02		257,547			257,547
	Children's Hospital of Boston	93.855	1R01A099204-01	74,686				74,686
	Children's Hospital of Boston	93.855	1R01A100114-01	19,019				19,019
	Children's Hospital of Boston	93.855	1U01A077816-02		(3,659)			(3,659)
	Children's Hospital of Boston	93.855	5R01A037901-12	(77,994)				(77,994)
	Children's Hospital of Boston	93.855	5R01A070820-05	21,420				21,420
	Children's Hospital of Boston	93.855	5U01A077816-04	5,553	37,202			42,755
	Children's Hospital of Boston	93.855	5U19A067854-07	29,724				29,724
	Children's Hospital of Boston	93.855	R01A037691-17A1	22,241				22,241
	CIMIT	93.855	5F30A060354-08	2,717				2,717
	CIMIT	93.855	5R01A058736-08	135,547				135,547
	CIMIT	93.855	5R01A058736-09	74,745				74,745
	CIMIT	93.855	5R37A1042006-16	69,628				69,628
	CIMIT	93.855	5R37A042006-16	77,348				77,348
	CIMIT	93.855	5U01A069472-05	34,585				34,585
	Columbia University	93.855	2R01A064569-06		23,144			23,144
	Columbia University	93.855	5R01A084903-03		38,818			38,818

The accompanying notes are an integral part of this schedule.



**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	Columbia University	93.855	5U54A1057158-07S6	43,846				43,846
	Dana Farber Cancer Institute	93.855	1R01A1101897-01		383			383
	Dana Farber Cancer Institute	93.855	3U19A1057330-05S1	(8,191)				(8,191)
	Dana Farber Cancer Institute	93.855	5P01A1045757-13	477,272				477,272
	Dana Farber Cancer Institute	93.855	5U19A1067751-05	(11,930)				(11,930)
	Dartmouth Medical School	93.855	2P01AG019783-08		6,654			6,654
	Duke University	93.855	5U19A1067854-05		(61,922)			(61,922)
	Duke University	93.855	5U19A1067854-06	420				420
	Duke University	93.855	5U19A1067854-07		83,303			83,303
	Duke University Medical Center	93.855	5U19A1056363-07	21,278				21,278
	Emory University	93.855	5P01A1080192-03		432,532			432,532
	Emory University	93.855	5U19A1051731-08		(1,570)			(1,570)
	Emory University	93.855	5U19A1051731-10		209,523			209,523
	Emory University	93.855	S372451		(127,510)			(127,510)
	FHI 360	93.855	5UM1A1068619-07		19,226			19,226
	Fraunhofer CMI	93.855	5R01A1090815-03	204,819				204,819
	Fred Hutchinson Cancer Research Center	93.855	5U01A1068614-02	256,470				256,470
	Fred Hutchinson Cancer Research Center	93.855	5U01A1068614-06	687,536				687,536
	Fred Hutchinson Cancer Research Center	93.855	5UM1A1068614-06	174,552				174,552
	Fred Hutchinson Cancer Research Center	93.855	5UM1A1068614-07	67,876				67,876
	Georgetown University	93.855	5U01A1034994-18	89,339				89,339
	Harvard Global Health Institute	93.855	5P30A1060354-08		64,089			64,089
	Harvard Medical School	93.855	1P01A1078897-04		421,568			421,568
	Harvard Medical School	93.855	3U54A1057159-05S1	8,952				8,952
	Harvard Medical School	93.855	5P01A1054904-09		704,703			704,703
	Harvard Medical School	93.855	5P01A1056299-08	168,420				168,420
	Harvard Medical School	93.855	5P30A106035404		2			2
	Harvard Medical School	93.855	5U01A1069412-02	(2,118)				(2,118)
	Harvard Medical School	93.855	5U54A1057159-08	595,491				595,491
	Harvard Medical School	93.855	5U54A1057159-09	168,259				168,259
	Harvard Medical School	93.855	5U54A1057159-09	409,388				409,388
	Harvard Medical School Centers for Aids	93.855	5P30A1060354-09		148,587			148,587
	Harvard School of Public Health	93.855	5R01A1083036-03	15,507				15,507
	Harvard School of Public Health	93.855	5T32A1007433-18		4,153			4,153
	Harvard School of Public Health	93.855	5U01A1066454-06	3,796				3,796
	Harvard School of Public Health	93.855	5U01A1068616-05	115,996				115,996
	Harvard School of Public Health	93.855	5U01A1069456-04	(22,246)				(22,246)
	Harvard University Center for AIDS Resea	93.855	2P30A1060354-07		(3,101)			(3,101)
	Harvard University Center for AIDS Resea	93.855	5P30A1060354-07		21,559			21,559
	Harvard University Center for AIDS Resea	93.855	5P30A1060354-08		54,323			54,323
	Harvard University Center for AIDS Resea	93.855	P30A1060354-07		2,508			2,508
	Mass General Hospital-CIMIT	93.855	5U01A1069472-06	578,044				578,044
	Massachusetts Eye and Ear Infirmary	93.855	2P01A1083214-04		740,458			740,458
	Minitube of America, Inc	93.855	5R41A1082853-02		14,516			14,516
	Mount Sinai Medical Center	93.855	5U01A1063594-08	64,237				64,237
	Mount Sinai School of Medicine	93.855	5R01A1089246-03	132,787				132,787
	Mount Sinai School of Medicine	93.855	5U01A1070107-05	122,590	58,193			180,783
	Mount Sinai School of Medicine	93.855	HHSN272200900032C	(7,433)				(7,433)
	North Carolina State University	93.855	9R01A1071915-05		352,156			352,156
	Northeastern University	93.855	5R01A1076372-02		151,702			151,702
	Ohio State University	93.855	R21A1095987	14,109				14,109
	President and Fellow s of Harvard College	93.855	1U01A1091429-01A1	71,426				71,426
	President and Fellow s of Harvard College	93.855	2P30A1060354-06		740			740
	President and Fellow s of Harvard College	93.855	2P30A1060354-07		2,025			2,025

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	President and Fellow s of Harvard College	93.855	2F30A1060354-08		161,430			161,430
	President and Fellow s of Harvard College	93.855	2F30A1060354-09		493,908			493,908
	President and Fellow s of Harvard College	93.855	2R01A1024643-23A1	119,165				119,165
	President and Fellow s of Harvard College	93.855	2U54A1057159-08		104,306			104,306
	President and Fellow s of Harvard College	93.855	5F01A1054904-09		694,795			694,795
	President and Fellow s of Harvard College	93.855	5F01A1056299-08	310,212				310,212
	President and Fellow s of Harvard College	93.855	5F30A1060354-08	59,044	139,623			198,667
	President and Fellow s of Harvard College	93.855	5F30A1060354-09	22,018	20,336			42,354
	President and Fellow s of Harvard College	93.855	5U54A1057159-08	20,199				20,199
	President and Fellow s of Harvard College	93.855	5U54A1057159-09		138,151			138,151
	President and Fellow s of Harvard College	93.855	R21A1087493-02	17,340				17,340
	Regents of the University of California	93.855	N01-A1-15416	82,085				82,085
	Scripps Research Institute	93.855	1UM1A1100663-01		129,068			129,068
	Social and Scientific Systems, Inc.	93.855	1U01A1068636-01	(80,217)	290,867			210,650
	Social and Scientific Systems, Inc.	93.855	5UM1A1068636-06	425,941				425,941
	Social and Scientific Systems, Inc.	93.855	BRS-ACURE-S-11-00008		861			861
	Social and Scientific Systems, Inc.	93.855	U01A1068636-06		294,530			294,530
	Social and Scientific Systems, Inc.	93.855	UM1A1068636-06	160,722	51,148			211,870
	Universal Stabilization Technologies, In	93.855	5R21A1094508-02	24,264				24,264
	University of Florida	93.855	P01A1042288		(123,647)			(123,647)
	University of Kentucky Research Foundati	93.855	5R01A1068119-04		6,713			6,713
	University of Maryland at Baltimore	93.855	1R01A1087452		80,272			80,272
	University of Maryland at Baltimore	93.855	5U01A1087624-02		14,531			14,531
	University of Maryland at Baltimore	93.855	7R01A1090866-09		210,278			210,278
	University of Pennsylvania	93.855	5F01A1041521-13	21				21
	University of Pittsburgh	93.855	1R01A1097361-01	37,807				37,807
	University of Pittsburgh, School of Medi	93.855	1R21A109775901	15,426				15,426
	University of Texas	93.855	5R01A1053067-09	44,946				44,946
	University of Texas Health Science Cente	93.855	2U19A1070412-06	3,793	49,775			53,568
	University of Texas Medical Branch at Ga	93.855	5R01A1079154-03	(14,138)				(14,138)
	University of Texas Southw estern Medical	93.855	5U01A1077853-03	95,803				95,803
	Vanderbilt University	93.855	5R01A1077505-04		188,566			188,566
	Yale University	93.855	5F01A1039671-17	523,755				523,755
	Yale University	93.855	5U19A1089992-03	61,980				61,980
	Yale University	93.855	7U19A1070352-05		(19,817)			(19,817)
Applied Toxicological Research and Testing	University of California at Los Angeles	93.114	5R01ES013717-05	(517)				(517)
ARRA - Emergency Medical Services for Children	Columbia University	93.418	1S02MC19289-01-00	177,761				177,761
ARRA - Strategic Health IT Advanced Research	President and Fellow s of Harvard College	93.728	90TR0001/01		635,931			635,931
Projects (SHARP)	The University of Texas Health Science	93.728	90TR0004-01	52,524				52,524
ARRA Accelerating Adoption of Comparative	Children's Hospital of Boston	93.726	1R18AE000029-01	129,615				129,615
Effectiveness Research (CER)	Harvard Pilgrim Health Care	93.726	1R18AE000026-01	43,373				43,373
Arthritis, Musculoskeletal and Skin Diseases	Boston University	93.846	5R01AR056291-05	135,623				135,623
Research	Broad Institute, inc.	93.846	R01AR059648	7,081				7,081
	New England Research Institute, Inc.	93.846	R01-AR056992	47,932				47,932
	Stanford University	93.846	7R01AR057837-02	373,777				373,777
	The University of Texas Health Science	93.846	1R01AR057837-01A1	(238,279)				(238,279)
	University of California at San Francisco	93.846	N01A115416		(637)			(637)
	University of Colorado Health Sciences C	93.846	5R01AR055104-24	164,468				164,468
	University of Michigan	93.846	R01AR062066		23,512			23,512
	University of North Carolina, Chapel Hill	93.846	5R01AR056328-03		7,030			7,030
	University of Oklahoma Health Sciences C	93.846	1R01AR060604-01		12,020			12,020

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
Assistance for Torture Victims	Gulf Coast Jewish Family Services, Inc.	93.604	ZT0075		(7,165)			(7,165)
Assistance Programs for Chronic Disease								
Prevention and Control	Mount Sinai School of Medicine	93.945	5U01DP000340-05		(5,818)			(5,818)
Biomedical Research and Research Training	Beth Israel Deaconess Medical Center	93.859	2R01GM073894-05A2	26,737				26,737
	Brigham and Women's Hospital, Inc.	93.859	1R01GM086433		43,863			43,863
	Brigham and Women's Hospital, Inc.	93.859	5P01GM061354-09			547,494		547,494
	Broad Institute	93.859	5R01GM095672-02	8,938				8,938
	Georgia State University	93.859	5R01GM081749-04		(900)			(900)
	Harvard Pilgrim Health Care	93.859	1U01GM076672		(3,132)			(3,132)
	Harvard Pilgrim Health Care	93.859	3U01GM076672-04S1	5,854				5,854
	Harvard School of Public Health	93.859	5U54GM088558-03	370,041				370,041
	Mayo Clinic	93.859	5U19GM061388-13		13,080			13,080
	Northwestern University	93.859	R01GM086886		99,795			99,795
	President and Fellows of Harvard College	93.859	1R01GM098549-01		108,483			108,483
	President and Fellows of Harvard College	93.859	1U54GM088558-01		(794)			(794)
	President and Fellows of Harvard College	93.859	5U54GM088558-03		7,273			7,273
	President and Fellows of Harvard College	93.859	P01GM099117		6,215			6,215
	Pressure Biosciences	93.859	R43GM079059-02	(15,125)				(15,125)
	Regents of the University of California	93.859	7U01GM076672-05		63,143			63,143
	Tufts University	93.859	5R01GM084205-03	27,573				27,573
	University of California, Santa Cruz	93.859	5R01GM056062-09		48,313			48,313
	University of Chicago	93.859	R01GM087558		261,600			261,600
	University of Cincinnati	93.859	5R01GM084186-05		36,285			36,285
	University of Pittsburgh	93.859	5P50GM076659-05	21,660	17,896			39,556
	University of Texas Medical Branch at Galveston	93.859	5P01GM066312-04		(1,930)			(1,930)
	University of Virginia	93.859	5R01GM081510-03	(14)				(14)
	University of Virginia	93.859	R01GM084545-02		15,423			15,423
Biomedical Research Technology	NCIRE-	93.371	5P41EB015904-05		69,921			69,921
	QCMetrics	93.371	5R44RR019014-04				10,073	10,073
Blood Diseases and Resources Research	Baylor College of Medicine	93.839	5U54HL081007-05		(2,382)			(2,382)
	Beth Israel Deaconess Medical Center	93.839	5R01HL092125-04	29,795				29,795
	Boston Medical Center	93.839	2U54HL070819-08	94,841				94,841
	Brigham and Women's Hospital, Inc.	93.839	1R01HL095722		23,061			23,061
	Center for Blood Research, Inc.	93.839	5P01HL056949-14	78,222				78,222
	Children's Hospital	93.839	5P01HL059561-14	328,432				328,432
	Children's Hospital	93.839	5U01HL072291-10	48,816				48,816
	Children's Hospital of Boston	93.839	2P01HL032262-30	353,477				353,477
	Children's Hospital of Boston	93.839	5K12HL087164-05	12,074				12,074
	Children's Hospital of Boston	93.839	5P01HL032262-29	(84,301)				(84,301)
	Children's Hospital of Boston	93.839	5P01HL059561-14		35,482			35,482
	Children's Hospital of Boston	93.839	P01HL095489-02	671,670				671,670
	Duke Clinical Research Institute	93.839	5U01HL087229-03		378			378
	Duke University	93.839	5R01HL101382-03	1,695	107,986			109,681
	Duke University	93.839	5U01HL087229-03	162,052				162,052
	Harvard University	93.839	7R01HL097794-02		288,615			288,615
	National Marrow Donor Program	93.839	U01HL69249		484			484
	New England Research Institute, Inc.	93.839	U01HL065238	(114,434)				(114,434)
	Washington University	93.839	1U01HL088476-03	(11,221)				(11,221)
	Washington University	93.839	5U01HL088476-03	60,049	283,223			343,272
Cancer Biology Research	Beth Israel Deaconess Medical Center	93.396	4R01CA130895-03		33,828			33,828
	Brigham and Women's Hospital, Inc.	93.396	2U01CA084301-11		211,717			211,717
	Brigham and Women's Hospital, Inc.	93.396	5P01CA120964-05		13,004			13,004
	Children's Hospital of Boston	93.396	5P01CA045548-24	38,855				38,855
	Dana Farber Cancer Institute	93.396	2P01CA117969-06		509,374			509,374

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	Dana Farber Cancer Institute	93.396	5P01CA080111-14	7,055				7,055
	Dana Farber Cancer Institute	93.396	5P01CA089021-10	20,176				20,176
	Dana Farber Cancer Institute	93.396	5P01CA117969-03		(107,810)			(107,810)
	Dana Farber Cancer Institute	93.396	5R01CA092433-10	22,788				22,788
	Dana Farber Cancer Institute	93.396	5R01CA131945-05	86,474				86,474
	Dana Farber Cancer Institute	93.396	5R01CA140594-04		379,465			379,465
	Dana Farber Cancer Institute	93.396	5R01CA151898-03	12,958				12,958
	Dana Farber Cancer Institute	93.396	P01CA117969		106,591			106,591
	Harvard Medical School	93.396	5R01CA127990-05		123,900			123,900
	Indiana University	93.396	5R01CA155332-02		48,351			48,351
	Johns Hopkins University	93.396	5R01CA142691-03	38,068				38,068
	Molecular Insight Pharmaceuticals, Inc	93.396	2R44CA157090-02		104,545			104,545
	Mount Sinai School of Medicine	93.396	2P01CA080058-12		210,751			210,751
	University of Pennsylvania	93.396	3U01CA143056-03		23,152			23,152
	University of Pennsylvania	93.396	3U01CA143056-03S1		229,423			229,423
	University of Texas Southwestern Medical	93.396	1U01CA141576-02		93,120			93,120
	University of Wisconsin - Madison	93.396	U01CA141583-03	267,520				267,520
	Vanderbilt University	93.396	5R01CA151566-03		219,825			219,825
Cancer Cause and Prevention Research	Baylor College of Medicine	93.393	7R01CA139020-03	3,715				3,715
	Case Western Reserve University	93.393	U54CA116867	(6,213)				(6,213)
	CIMIT	93.393	5R01CA137178-03	92,748				92,748
	Columbia University	93.393	5R01CA127532-05	94,889				94,889
	Dana Farber Cancer Institute	93.393	4R01CA122737-03	3,941				3,941
	Dana Farber Cancer Institute	93.393	4R01CA136851-03		49,495			49,495
	Dana Farber Cancer Institute	93.393	5R01CA124908-06	386,350				386,350
	Dana Farber Cancer Institute	93.393	5R01CA126596-05		151,997			151,997
	Dana Farber Cancer Institute	93.393	5R01CA151993-03	104,645				104,645
	Florida State University	93.393	5R01CA069222-11	23,082				23,082
	Fred Hutchinson Cancer Research Center	93.393	5U01CA137088-03	312,411				312,411
	Harvard Medical School	93.393	5R01CA101034-4	(705)				(705)
	Harvard School of Public Health	93.393	5P01CA55075-20	55,685				55,685
	Harvard School of Public Health	93.393	5R01CA050385-24	1,233,468				1,233,468
	Harvard School of Public Health	93.393	5R01CA067262-16	172,798				172,798
	Imperial College of Science, London	93.393	5R01CA114205-06	6,622				6,622
	Imperial College of Science, London	93.393	7R01CA114205-03	106,772				106,772
	International Agency for Research on Can	93.393	1U01CA155340-01A1	378,661				378,661
	Massachusetts Institute of Technology	93.393	2R01CA108854-07	20,127				20,127
	MAYO CLINIC ROCHESTER	93.393	5R01CA140286-03	99,958				99,958
	Memorial Sloan-Kettering Institute Cance	93.393	1U01CA152959-02		111,564			111,564
	Molecular Insight Pharmaceuticals, Inc	93.393	1R43CA157090-01		(44,832)			(44,832)
	President and Fellow s of Harvard College	93.393	5R01CA050597-17	123,665				123,665
	President and Fellow s of Harvard College	93.393	5R01CA092824-10		103,246			103,246
	President and Fellow s of Harvard College	93.393	5R01CA095589-09	82,662				82,662
	President and Fellow s of Harvard College	93.393	5U19CA148065-02	121,851				121,851
	Regents of the University of Minnesota	93.393	1R21CA137242-02	9,118				9,118
	Temple University	93.393	1R01CA158361-01A1		27,591			27,591
	Trustees of Dartmouth College	93.393	1P01CA154292-01A1	51,881				51,881
	Trustees of Dartmouth College	93.393	5R01CA103642-07	(3,545)				(3,545)
	University of California at San Francisco	93.393	5P01CA130818-03	14,257				14,257
	University of Massachusetts at Amherst	93.393	7U01CA049449-23	384,920				384,920
	University of Minnesota	93.393	U01CA088204		(950)			(950)
	University of Minnesota	93.393	U01CA088204-09		(1,032)			(1,032)
	University of Pennsylvania	93.393	2R01CA083115-06		(1,381)			(1,381)
	University of Pittsburgh	93.393	1R01CA141596-03		30,829			30,829

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	University of Texas Health Science Center	93.393	1R01CA155388-01A1	19,682				19,682
	University of Texas, MD Anderson Cancer	93.393	5R01CA119215-05	(22,963)				(22,963)
	University of Texas, MD Anderson Cancer	93.393	5R01CA139020-02	(11,945)				(11,945)
	University of Texas, MD Anderson Cancer	93.393	5U19CA148127-02	73,745				73,745
	University of Vermont	93.393	1R21CA137650-01A2	3,633				3,633
	Wake Forest University Health Sciences	93.393	2P50AT002782-06	34,818				34,818
	Washington University	93.393	5R01CA127435-04	8,918				8,918
Cancer Centers Support Grants	Beth Israel Deaconess Medical Center	93.397	1U54CA163191-01		347,067			347,067
	Beth Israel Deaconess Medical Center	93.397	2P50CA101942-06A1		(9,652)			(9,652)
	Beth Israel Deaconess Medical Center	93.397	2P50CA101942-07		58,278			58,278
	Beth Israel Deaconess Medical Center	93.397	5P50CA101942-04		(28,041)			(28,041)
	Beth Israel Deaconess Medical Center	93.397	5P50CA101942-07		(5,945)			(5,945)
	Beth Israel Deaconess Medical Center	93.397	5P50CA101942-08	368,331				368,331
	Beth Israel Deaconess Medical Center	93.397	5P50CA101942-09	61,964	394,768			456,732
	Brigham and Women's Hospital, Inc.	93.397	3P50CA105009-04S1		15,108			15,108
	Brigham and Women's Hospital, Inc.	93.397	5P50CA093683-09		210,273			210,273
	Brigham and Women's Hospital, Inc.	93.397	5P50CA105009-05		(30,384)			(30,384)
	Dana Farber Cancer Institute	93.397	1P50CA127003-05		222,008			222,008
	Dana Farber Cancer Institute	93.397	1U54CA156732-02		14,610			14,610
	Dana Farber Cancer Institute	93.397	2P50CA090578		254,701			254,701
	Dana Farber Cancer Institute	93.397	3P30CA006516-46S5	955,778	45,602			1,001,380
	Dana Farber Cancer Institute	93.397	3P50CA089393-09S2		(50,953)			(50,953)
	Dana Farber Cancer Institute	93.397	3P50CA089393-09S4		(823)			(823)
	Dana Farber Cancer Institute	93.397	5P20CA090578-09		161,783			161,783
	Dana Farber Cancer Institute	93.397	5P30CA006516-41		4			4
	Dana Farber Cancer Institute	93.397	5P30CA006516-45	(32)	(1)			(33)
	Dana Farber Cancer Institute	93.397	5P30CA006516-45S3		(765)			(765)
	Dana Farber Cancer Institute	93.397	5P30CA006516-46	194,804	(11,304)			183,500
	Dana Farber Cancer Institute	93.397	5P30CA006516-47		1,070,710			1,070,710
	Dana Farber Cancer Institute	93.397	5P50CA089393-08		(1,570)			(1,570)
	Dana Farber Cancer Institute	93.397	5P50CA089393-09		(10,767)			(10,767)
	Dana Farber Cancer Institute	93.397	5P50CA089393-10	205	(453)			(248)
	Dana Farber Cancer Institute	93.397	5P50CA090381-10	257,977	30,562			288,539
	Dana Farber Cancer Institute	93.397	5P50CA090578-07		17,597			23,792
	Dana Farber Cancer Institute	93.397	5P50CA090578-09	148,453	231,878			380,331
	Dana Farber Cancer Institute	93.397	5P50CA100707-09	9,839				9,839
	Dana Farber Cancer Institute	93.397	5P50CA127003-04		172,405			172,405
	Dana Farber Cancer Institute	93.397	5P50CA127003-05	27,804	188,643			216,447
	Dana Farber Cancer Institute	93.397	5U54CA156732-02	27,759	92,612			120,371
	Dana Farber/Harvard Cancer Center	93.397	5P30CA06516-44	1,572				1,572
	Dana Farber/Harvard Cancer Center	93.397	5P50CA100707-09		89,346			89,346
	Dana Farber/Harvard Cancer Center	93.397	5P50CA127003-05	84,828				84,828
	Dana Farber/Harvard Cancer Center	93.397	5P01CA089393-09		(2,878)			(2,878)
	Dartmouth College	93.397	U54CA163307-01	389,684				389,684
	Massachusetts Institute of Technology	93.397	5U54CA126515-05		45,981			45,981
	Massachusetts Institute of Technology	93.397	5U54CA143874-03	90,971				90,971
	Massachusetts Institute of Technology	93.397	5U54CA151884-02	127,894				127,894
	MD Anderson Cancer Center	93.397	1U54CA163125-01		126,504			126,504
	MD Anderson Cancer Center	93.397	5P50CA083639-10		(1,037)			(1,037)
	President and Fellows of Harvard College	93.397	1U54CA155626-02	578,892				578,892
	President and Fellows of Harvard College	93.397	5U54CA155626-02	232,348				232,348
	The Methodist Hospital Research Institute	93.397	7U54CA143837		117,891			117,891
	The Methodist Hospital Research Institute	93.397	7U54CA143837-03		9,914			9,914
	University of Texas	93.397	1U54CA143837-01		(16,988)			(16,988)

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
Cancer Control	University of Texas, MD Anderson Cancer	93.397	1U54CA163125-01			23,921		23,921
	Washington University	93.397	1U54CA155496-01	16,263				16,263
	American College of Radiology	93.399	5U10CA021661-20			38		38
	Brigham and Women's Hospital, Inc.	93.399	5U01CA086381-10			(6,511)		(6,511)
	Brigham and Women's Hospital, Inc.	93.399	5U01CA086381-10S1			3,406		3,406
	Dana Farber Cancer Institute	93.399	P50CA148596	28,366				28,366
	Mass General Hospital-CIMIT	93.399	1R01CA119388-02	(107,090)				(107,090)
	Massachusetts Institute of Technology	93.399	5U54CA119349-05	19		(31)		(12)
	Massachusetts Institute of Technology	93.399	5U54CA151884-02			182,842		182,842
	National Childhood Cancer Foundation	93.399	5U10CA055861-10	16,345				16,345
	President and Fellow s of Harvard College	93.399	1P50CA148596-01	253,206				253,206
	President and Fellow s of Harvard College	93.399	1P50CA148596-03			42,051		42,051
	President and Fellow s of Harvard College	93.399	P50CA148596			35,010		35,010
	University of California at Irvine	93.399	5U54CA105480-05			(1,561)		(1,561)
	University of Texas, MD Anderson Cancer	93.399	2P50CA083639-11			66,705		66,705
	University of Texas, MD Anderson Cancer	93.399	5P50CA083639-12			34,803		34,803
	Cancer Detection and Diagnosis Research	AmberGen, Inc.	93.394	1R43CA137986-01A1	(1,346)			
American College of Radiology		93.394	5U01CA080098	16,913				16,913
American College of Radiology		93.394	5U01CA080098-10			330		330
American College of Radiology		93.394	5U01CA080098-11			17,078		17,078
Ascension Technology Corporation		93.394		32,422				32,422
Beth Israel Deaconess Medical Center		93.394	5R01CA138211-04	56,331				56,331
Brigham and Women's Hospital, Inc.		93.394	2R01CA120528-06			52,842		52,842
Brigham and Women's Hospital, Inc.		93.394	5R01CA120528-05			(115)		(115)
Brigham and Women's Hospital, Inc.		93.394	5R01CA131044-04			7,896		7,896
Broad Institute, inc.		93.394	1U24CA160034-01			141,421		141,421
Broad Institute, inc.		93.394	6U24CA126476-06			(49,244)		(49,244)
Children's Research Institution		93.394	7R01CA124377-05	101,703				101,703
Dana Farber Cancer Institute		93.394	5R01CA161026-02	66,241				66,241
Dana Farber Cancer Institute		93.394	5R21CA130297-02	6,789				6,789
Dana Farber Cancer Institute		93.394	5R33CA155554-02	10,221				10,221
Fred Hutchinson Cancer Research Center		93.394	5P01CA091955-10	81,021				81,021
Georgetow n University Medical Center		93.394	5R01CA124377-03	(11,340)				(11,340)
Harvard Medical School		93.394	U24CA143845	7,737				7,737
Mass General Hospital-CIMIT		93.394	5R01CA115746-05	189				189
Massachusetts Institute of Technology		93.394	5R01CA097966-05	102				102
Massachusetts Institute of Technology		93.394	5R01CA979660-5	108				108
Northeastern University		93.394	U01CA151452			151,982		151,982
Oregon Health & Science University (OHSU)		93.394	1U01CA154602-01A1			14,304		14,304
Physical Sciences, Inc.		93.394	2R44CA117218-03			(3,440)		(3,440)
Physical Sciences, Inc.		93.394	4R44CA114896-02A1			133,433		133,433
Robin Medical, Inc.		93.394	5R44CA116980-04			1,318		1,318
University of Chicago		93.394	5U24CA114725-05	5,140				5,140
University of Chicago		93.394	U24CA114725-05	2,250				2,250
University of Texas Southw estern Medical		93.394	1R01CA154475-01	43,697				43,697
Dana Farber Cancer Institute		93.398	1K07CA140790-01	6,942				6,942
Beth Israel Deaconess Medical Center		93.395	5R01CA152330-02	76,478				76,478
Boston University		93.395	5R01CA149561-02	109,173				109,173
Brigham and Women's Hospital, Inc.	93.395	5R01CA108633-04			(9,508)		(9,508)	
Brigham and Women's Hospital, Inc.	93.395	7U01CA031946-29			372,902		372,902	
Columbia University	93.395	7P01CA111519-05			33,593		33,593	
Dana Farber Cancer Institute	93.395	1R01CA133799-01A1			(967)		(967)	
Dana Farber Cancer Institute	93.395	1R01CA135257			126,079		126,079	
Dana Farber Cancer Institute	93.395	5P01CA066996-15	405,616				405,616	

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	Dana Farber Cancer Institute	93.395	5P01CA068484-14		(11,127)			(11,127)
	Dana Farber Cancer Institute	93.395	5P01CA068484-15	(46,652)				(46,652)
	Dana Farber Cancer Institute	93.395	5P01CA092625-10	99,554				99,554
	Dana Farber Cancer Institute	93.395	5P01CA142106-09	46,994				46,994
	Dana Farber Cancer Institute	93.395	5P01CA142536-02	40,863				40,863
	Dana Farber Cancer Institute	93.395	5R01CA106370-07	27,405	18,939			46,344
	Dana Farber Cancer Institute	93.395	5R01CA125690-03		(1,104)			(1,104)
	Dana Farber Cancer Institute	93.395	5R01CA135257-04	58,062				58,062
	Dana Farber Cancer Institute	93.395	5R21CA132279-02	34,253				34,253
	Dana Farber Cancer Institute	93.395	5U01CA062490-19			270,392		270,392
	Dana Farber Cancer Institute	93.395	5U01CA081452-08			(1,916)		(1,916)
	Dana Farber Cancer Institute	93.395	5U10CA032102-32	27,969				27,969
	Fidelity Foundation	93.395			12,329			12,329
	Frontier Science & Technology Research F	93.395	3U10CA086802-13S1		24,034			24,034
	Frontier Science & Technology Research F	93.395	U10CA021115-38		11,210			11,210
	Gynecologic Oncology Group	93.395	U10CA27469-32		11,738			11,738
	Johns Hopkins University	93.395	5U01CA137443-04		134,288			134,288
	Johns Hopkins University	93.395	U01CA137443		50,278			50,278
	National Childhood Cancer Foundation	93.395	5U10CA098543-08		7,723			7,723
	National Childhood Cancer Foundation	93.395	CA098543-09		3,838			3,838
	Opto Sonics, Inc.	93.395	5R44CA114839	1,956				1,956
	President and Fellow s of Harvard College	93.395	1R01CA152312-01A1		21,692			21,692
	President and Fellow s of Harvard College	93.395	5P01CA139980-02		166,735			166,735
	Rensselaer Polytechnic Institute	93.395	5R01CA116743-05		(17,210)			(17,210)
	University of Chicago	93.395	U10CA037447		39,995			39,995
	University of Massachusetts at Lowell	93.395	R01CA137108-01		113,871			113,871
	University of Pennsylvania	93.395	1-R01-CA158301-01		269,603			269,603
	University of Pennsylvania	93.395	5R01CA118871-03/05		57,445			57,445
	University of Pennsylvania	93.395	5R01CA122569-04	5,196				5,196
	University of Pennsylvania	93.395	5R01CA135509-04		(12,637)			(12,637)
	University of Pittsburgh	93.395	1R03CA141086-02		3,178			3,178
	University of Texas, MD Anderson Cancer	93.395	5P01CA108631-04	5,813				5,813
	University of Texas, MD Anderson Cancer	93.395	5P01CA108631-05	2,060				2,060
	University of Virginia	93.395	1R01CA137071-01R		5,933			5,933
Cardiovascular Diseases Research	Albert Einstein College of Medicine	93.837	5R01HL075619-06	24,884				24,884
	Beth Israel Deaconess Medical Center	93.837	1R01HL082717-10	34,352				34,352
	Beth Israel Deaconess Medical Center	93.837	1R01HL109634-01	250,384				250,384
	Beth Israel Deaconess Medical Center	93.837	1R21HL097061-01A2		64,204			64,204
	Beth Israel Deaconess Medical Center	93.837	2T32HL007734-16	34,986				34,986
	Beth Israel Deaconess Medical Center	93.837	5P01HL076540-08	90,864				90,864
	Beth Israel Deaconess Medical Center	93.837	5R01HL091757-05	5,640				5,640
	Beth Israel Deaconess Medical Center	93.837	5R01HL094555-04	171,683				171,683
	Beth Israel Deaconess Medical Center	93.837	5U01HL072737-06	71,824				71,824
	Boston University	93.837	5R01HL093328-04	79,886				79,886
	Boston University Medical Center	93.837	5R01HL092577-04		287,402			287,402
	Boston University School of Medicine	93.837	5T32HL07224-35	57,450				57,450
	Brigham and Women's Hospital, Inc.	93.837	1U01HL084904-01		234,505			234,505
	Brigham and Women's Hospital, Inc.	93.837	5R01HL091157-04		203,182			203,182
	Brigham and Women's Hospital, Inc.	93.837	5R01HL094390-04		96,914			96,914
	Brigham and Women's Hospital, Inc.	93.837	5R01HL099073-03		56,096			56,096
	Brigham and Women's Hospital, Inc.	93.837	5U01HL065962-09		(29)			(29)
	Brigham and Women's Hospital, Inc.	93.837	5U01HL084877-05		27,736			27,736
	Brigham and Women's Hospital, Inc.	93.837	5U01HL084904-04		3,146			3,146
	Brigham and Women's Hospital, Inc.	93.837	U01HL084904		9,199			9,199

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	Case Western Reserve University	93.837	1R01HL106410-01	(5,847)				(5,847)
	Case Western Reserve University	93.837	1R21HL108226-01	40,805				40,805
	Children's Hospital of Boston	93.837	1U01HL098147-02	318,921				318,921
	Children's Hospital of Oakland	93.837	5U19HL069757-11	88,441				88,441
	Children's Hospital of Philadelphia (The	93.837	5P20HL101820-02	60,622				60,622
	CIMIT	93.837	1R01HL098280-01	98,682				98,682
	CIMIT	93.837	1R01HL107268-01	97,718				97,718
	CIMIT	93.837	1R01HL109506-01A1	16,690				16,690
	CIMIT	93.837	1R01HL112746-01	7,635				7,635
	CIMIT	93.837	1R01HL96738-02	249,978				249,978
	CIMIT	93.837	1U10HL110337-01	170,702				170,702
	CIMIT	93.837	4R01HL095123-03	44,264				44,264
	CIMIT	93.837	5P01HL018646-34	95,852				95,852
	CIMIT	93.837	5P30DK057521-13	9,024				9,024
	CIMIT	93.837	5R01HL102780-02	195,479				195,479
	Columbia University	93.837	1R01HL109711-01		50,975			50,975
	Draper Laboratory	93.837	5R21HL106585-02	100,785				100,785
	Duke Clinical Research Institute	93.837	1U01HL084904-01	128,108				128,108
	Duke Clinical Research Institute	93.837	5U01HL084904-03		54,129			54,129
	Duke Clinical Research Institute	93.837	5U01HL084904-04	32,057				32,057
	Duke Clinical Research Institute	93.837	U01HL084904-04	30,177				30,177
	Duke University	93.837	2U10HL084904-06	59,639	1,428			61,067
	Duke University	93.837	4R01HL098237-03		352			352
	Duke University	93.837	5U01HL084904	65,879				65,879
	Duke University	93.837	5U01HL084904-05	147,264	24,263			171,527
	E.P. Limited	93.837	2R44HL063535-04A2	118,567				118,567
	Emory University	93.837	5U01HL105561-02		101,281			101,281
	E-Trolz, Inc.	93.837	1R43HL110427-01	72,275				72,275
	Fred Hutchinson Cancer Research Center	93.837	5R01HL05065-02	67,013				67,013
	Fred Hutchinson Cancer Research Center	93.837	5U01HL100395-03		217,469			217,469
	George Washington University	93.837	R01HL101274-01A1		330,974			330,974
	Harvard Medical School	93.837	2R01HL080494	46,410				46,410
	Harvard Medical School	93.837	U01HL098166	12,508				12,508
	Harvard Pilgrim Health Care	93.837	5R01HL064925-09	143,515				143,515
	Harvard Pilgrim Health Care	93.837	5R01HL096905	132,921				132,921
	Harvard School of Public Health	93.837	5R01HL080644-04	(8,270)				(8,270)
	Harvard School of Public Health	93.837	5R01HL085710-05	30,688				30,688
	Lawrence Berkeley National Laboratory	93.837	5R01HL091495-04	71,362				71,362
	Mass General Hospital-CIMIT	93.837	5U01HL080731-05	(44,953)				(44,953)
	Medical College of Ohio	93.837	5U01HL071550-05		(20,899)			(20,899)
	Medical University of South Carolina	93.837	5R01HL086576-03	(15)				(15)
	Mount Sinai School of Medicine	93.837	1R01HL071988-01-A1		70			70
	Mount Sinai School of Medicine	93.837	5U01HL088942-05		308,437			308,437
	Mt. Sinai Medical	93.837	7U01HL088942-03	63,015				63,015
	New England Research Institute, Inc.	93.837	5U01HL072291-09	54,999				54,999
	New York University Medical Center	93.837	1U01HL105907-01	47,146				47,146
	Northeastern University	93.837	R21HL098750-02		9,715			9,715
	Ohio State University	93.837	1R21HL106487-01	65,000				65,000
	Pennsylvania State University	93.837	1R21HL112114-01	42,970				42,970
	Pennsylvania State University	93.837	5U10HL098115-02	173,416				173,416
	Pennsylvania State University	93.837	5U10HL098115-03	55,224				55,224
	President and Fellows of Harvard College	93.837	1R01HL113587-01	9,389				9,389
	President and Fellows of Harvard College	93.837	5R01HL035464-22	159,655				159,655
	President and Fellows of Harvard College	93.837	5R01HL080644-07	93,709				93,709

The accompanying notes are an integral part of this schedule.



**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	President and Fellow s of Harvard College	93.837	T21HL007623-25	57,850				57,850
	Radikal Therapeutics, Inc.	93.837	1R43HL108370-01		34,254			34,254
	Regents of the University of California	93.837	1R01HL091495-04		193,086			193,086
	Rhode Island Hospital	93.837	5U01HL077221		(5,434)			(5,434)
	Social and Scientific Systems, Inc.	93.837	1R01HL095132-01	(1,169)				(1,169)
	The University of Texas Health Science	93.837	5R01HL102830-02	84,642				84,642
	Tufts University	93.837	1R01HL106160-02		47,564			47,564
	University of California at Riverside	93.837	1R01HL089940-01A2	83,485				83,485
	University of California at San Diego	93.837	1U54HL108460-01	131,567				131,567
	University of Cape Tow n	93.837	HHSN268200900030C	279,820				279,820
	University of low a	93.837	1R01HL083475-05		35,084			35,084
	University of Maryland	93.837	5U01HL099997-02		236,702			236,702
	University of Maryland	93.837	5U01HL099997-04		122,230			122,230
	University of Pittsburgh	93.837	1R01HL077398-05		249			249
	University of Pittsburgh	93.837	5R01HL082541-06	(5,748)				(5,748)
	University of Pittsburgh	93.837	5R01HL089750-04	111,712				111,712
	University of Toledo	93.837	5U01HL071556-02--		82			82
	University of Toledo	93.837	5U01HL715560-07		(15,329)			(15,329)
	University of Washington	93.837	5R01HL088456-05		27,484			27,484
	University of Washington	93.837	5R01HL091244-03	27,426				27,426
	Vanderbilt University	93.837	5RL1HL092551-05	(394)				(394)
	Vanderbilt University	93.837	5U19HL65962-11		107,796			107,796
	Vanderbilt University	93.837	5U19HL65962-12	80,868				80,868
	Washington University	93.837	5U01HL087071-06		64,600			64,600
	Washington University Medical Center	93.837	5R01HL062181-11	19,485				19,485
	Yale University	93.837	5R01HL081153-04	80,705				80,705
	Yale University	93.837	5U34HL105285-02	12,652				12,652
Center for Medical Rehabilitation Research	Columbia University	93.929	5U01HD042823-05				5	5
	University of Washington - Seattle	93.929	1R21HD058049-01A2				(7)	(7)
Centers for Disease Control and Prevention Investigations and Technical Assistance	Association of American Medical Colleges	93.283	U36/CCU319276		162,637			162,637
	Association of American Medical Colleges	93.283		137,619				137,619
	Harvard School of Public Health	93.283	U90TP124242-05		(5,937)			(5,937)
	Trustees of Boston University	93.283	5U01DD000522-03		4,064			4,064
Centers of Excellence Child Health and Human Development Extramural Research	Harvard Medical School	93.157	6D34HP16868-03-01		31,872			31,872
	Boston Medical Center	93.865	4R00HD056160-02		10,489			10,489
	Boston University	93.865	5R01HD064595-03	21,572				21,572
	Boston University	93.865	5R01HD067270-02	35,124				35,124
	Children's Hospital	93.865	2R21HD05872-02		105,202			105,202
	Children's Hospital of Boston	93.865	5U01HD045991-08	(15)				(15)
	Children's Hospital of Boston	93.865	5U01HD045991-10	55,751	28,510			84,261
	CIMIT	93.865	2U54HD028138-21	415,581				415,581
	CIMIT	93.865	5P01HD068250-02	180,569				180,569
	Cincinnati Children's Hospital Medical C	93.865	1R01HD059140-01		(277)			(277)
	Health Research, Inc.	93.865	R01HD061916-03	457,520				457,520
	Indiana University	93.865	5R01HD064850-03	142,800				142,800
	Judge Baker Children's Center	93.865	1R01HD060986-01A2			43,243		43,243
	Mass General Hospital-CIMIT	93.865	5R01HD055150-05	(12,186)				(12,186)
	Mass General Hospital-CIMIT	93.865	5U54HD028138-20	(285)				(285)
	President and Fellow s of Harvard College	93.865	2R01HD044391-06	(682)				(682)
	President and Fellow s of Harvard College	93.865	5R01HD057941-03		13,928			13,928
	President and Fellow s of Harvard College	93.865	5R01HD061265-02		25,228			25,228
	Rehabilitation Institute of Chicago	93.865	R24HD050821-06				166,199	166,199

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	RTI INTERNATIONAL	93.865	5U01HD063036-02	665,220				665,220
	Simbex, LLC	93.865	5R24HD065703-02		6,016			6,016
	Trustees of Boston University	93.865	1R01HD064595-01		54,146			54,146
	Trustees of Boston University	93.865	1R01HD067270-01		118,815			118,815
	Trustees of Boston University	93.865	5R24HD065688-02				90,078	90,078
	University of Delaware	93.865	5R01HD050679-03REVI				(11,665)	(11,665)
	University of Massachusetts Medical Cent	93.865	1R21HD057806-01		(1,311)			(1,311)
	University of Virginia	93.865	1R01HD068440-02		32,021			32,021
	Wadsworth Center	93.865	R01HD061916-01	(269,558)				(269,558)
Diabetes, Digestive, and Kidney Diseases Extramural Research	Beth Israel Deaconess Medical Center	93.847	1R01DK084202-01A1			16,100		16,100
	Beth Israel Deaconess Medical Center	93.847	1R24DK083938-01		(7,033)			(7,033)
	Beth Israel Deaconess Medical Center	93.847	1R24DK092158-01	107,258	84,295			191,553
	Beth Israel Deaconess Medical Center	93.847	1U19DK080652-04		128,140			128,140
	Beth Israel Deaconess Medical Center	93.847	5P01DK080665-05	311,629				311,629
	Beth Israel Deaconess Medical Center	93.847	5U01DK082919-04		110,446			110,446
	Beth Israel Deaconess Medical Center	93.847	5U19DK080652-05		410,670			410,670
	Boston Medical Center	93.847	5P30DK046200-18	20,031	(3,605)			16,426
	Boston Medical Center	93.847	5P30DK046200-19		25,031			25,031
	Boston Medical Center	93.847	5P30DK046200-20		25,376			25,376
	Boston Medical Center	93.847	5R01DK088782-02	135,474				135,474
	Boston Obesity Nutrition Research @ BMC	93.847	5P30DK046200-19		83,486			83,486
	Brigham and Women's Hospital, Inc.	93.847	1R21DK089378-02		21,583			21,583
	Brigham and Women's Hospital, Inc.	93.847	5R01DK084064-02		59,557			59,557
	Brigham and Women's Hospital, Inc.	93.847	5R01DK088214-02		80,395			80,395
	Broad Institute, inc.	93.847	6U01DK085526-01		13,580			13,580
	Case Western Reserve University	93.847	DK094157		442,642			442,642
	Case Western Reserve University	93.847	N01-DK-62203		(81,743)			(81,743)
	Children's Hospital	93.847	5P30DK049216-18		68,064			68,064
	Children's Hospital of Boston	93.847	2P30DK034854-26	28,471				28,471
	Children's Hospital of Boston	93.847	5P30DK034854-25	(4,296)				(4,296)
	Children's Hospital of Boston	93.847	5P30DK034854-27	327,199				327,199
	Children's Hospital of Boston	93.847	5R01DK084001-03	208,830				208,830
	Children's Hospital of Boston	93.847	5R01DK087992-02	88,627				88,627
	Children's Hospital of Boston	93.847	5U19DK080652-05	35,471				35,471
	CIMIT	93.847	1R01DK092143-01	25,851				25,851
	CIMIT	93.847	1R21DK089378-02	74,082				74,082
	CIMIT	93.847	2P30DK057521-11	(9,583)				(9,583)
	CIMIT	93.847	3P30DK057521-11S1	(10,380)				(10,380)
	CIMIT	93.847	5P30DK057521-12	56,430				56,430
	CIMIT	93.847	5R01DK049302-02	87,546				87,546
	CIMIT	93.847	5R01DK088214-02	131,784				131,784
	Geisinger Clinic	93.847	5R01DK082551-04	86,642				86,642
	George Washington University	93.847	5U01DK061230-10		580,351			580,351
	George Washington University	93.847	5U01DK061230-11		253			253
	Georgia Health Sciences University	93.847	5U24DK076169-05		32,206			32,206
	Harvard Medical School	93.847	5P01DK056246-09		(135,972)			(135,972)
	Indiana University	93.847	1R21DK084403-01A1		(6,489)			(6,489)
	Joslin Diabetes Center	93.847	5P30DK036836-24		(19)			(19)
	Kaiser Foundation Research Institute	93.847	1R01DK085070-01		105,445			105,445
	Maine Medical Center	93.847	1R24DK092759-01		314,882			314,882
	Massachusetts Institute of Technology	93.847	R01DK081923-04		172,277			172,277
	Medical College of Georgia	93.847	5Y24DK076169-05		(20,177)			(20,177)
	Montreal Heart Institute	93.847	5U01DK062432-11		68,613			68,613

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5F32DK093195-02	66,448				66,448
	New England Research Institute, Inc.	93.847	1R01DK080786-01A2		21,400			21,400
	Nivarta, Inc.	93.847	1R43DK092122-01		34,665			34,665
	President and Fellows of Harvard College	93.847	1R01DK090435-01A1	104,959				104,959
	President and Fellows of Harvard College	93.847	3P01DK056246-10S1		(94,395)			(94,395)
	President and Fellows of Harvard College	93.847	5P01DK056246-12		962,559			962,559
	President and Fellows of Harvard College	93.847	5R01DK082486-03	169,573				169,573
	President and Fellows of Harvard College	93.847	5R01DK088718-03	64,901				64,901
	President and Fellows of Harvard College	93.847	5U01DK089536		85,000			85,000
	Regents of the University of California	93.847	1R01DK084978-02		27,268			27,268
	Regents of the University of California	93.847	5R21DK091916-02		5,467			5,467
	Trustees of Boston University	93.847	5R01DK085633-03		982,749			982,749
	Tufts University School of Medicine	93.847	5P30DK046200-19		6,822			6,822
	University of Alabama, Birmingham	93.847	2U01DK063788-08		34,429			34,429
	University of Iowa	93.847	1R24DK091211-01	13,337				13,337
	University of New Mexico	93.847	1R01DK083424-01A1	20,701				20,701
	University of North Carolina, Chapel Hill	93.847	1R21DK080408-01		(743)			(743)
	University of North Carolina, Chapel Hill	93.847	1U01DK092239-01		16,747			16,747
	University of Oklahoma Health Sciences Center	93.847	5R01DK082766-02		69,959			69,959
	University of Pennsylvania	93.847	5U01DK060990-11	14,121				14,121
	University of Pittsburgh	93.847	1R01DK077906-01A2	1,570				1,570
	University of Pittsburgh	93.847	5R01DK081345-03		6,164			6,164
	University of Pittsburgh	93.847	5U01DK075803-03	(4,891)				(4,891)
	University of Texas Southwestern Medical Center	93.847	2U01DK058369-11		76,608			76,608
	University of Washington	93.847	1R01DK088762-01	369,483				369,483
	Vanderbilt University	93.847	2U01DK072473-07	260,125	419,577			679,702
Digestive Diseases and Nutrition Research	Children's Hospital of Boston	93.848	5P30DK034854-24	1,152				1,152
	Children's Hospital of Boston	93.848	5P30DK034854-25	(16,373)				(16,373)
	Montreal Heart Institute	93.848	5R01DK064869-09		203,455			203,455
Discovery and Applied Research for Technological Innovations to Improve Human Health	Boston University	93.286	1R21EB009493-01A2	99,629				99,629
	Brigham and Women's Hospital, Inc.	93.286	2U54EB005149-06		236,100			236,100
	Brigham and Women's Hospital, Inc.	93.286	5U54EB005149-05		508			508
	CIMIT	93.286	5R01EB012521-02	130,806				130,806
	Dana Farber Cancer Institute	93.286	1R21EB010085-01A1	53,524				53,524
	Johns Hopkins University	93.286	5R21EB009900-02	(242)				(242)
	Massachusetts Institute of Technology	93.286	5R01EB003805-05	(158,331)				(158,331)
	Massachusetts Institute of Technology	93.286	5R01EB007942-04		64,188			64,188
	Northeastern University	93.286	1R01EB009327-01		52,835			52,835
	President and Fellows of Harvard College	93.286	5R01EB013042-02		255,741			255,741
	President and Fellows of Harvard College	93.286	5R01EB014703-02		307,930			307,930
	Sunnybrook Health Science Center	93.286	7R01EB003268-10	80,052				80,052
	University of California at San Diego	93.286	5R01EB000790-07		476,891			476,891
	University of California at San Diego	93.286	5R01EB009282-02		72,636			72,636
	University of California at San Diego	93.286	5R01EB012597-02	229,976				229,976
	University of California at San Francisco	93.286	R01EB009756-03		212,392			212,392
	University of Cincinnati	93.286	5U54EB007954-05		177,762			177,762
	University of Virginia	93.286	1R01EB010023-01A1		251,247			251,247
Drug Abuse and Addiction Research Programs	Boston University	93.279	5R01DA017904-04		(33)			(33)
	CIMIT	93.279	1R01DA030992-01			4,635		4,635
	CIMIT	93.279	5K24DA030443-02	16,156				16,156
	Mass General Hospital-CIMIT	93.279	5U01DA019378-04			(15)		(15)
	McLean Hospital Corporation	93.279	1R21DA031925-01A1		3,309			3,309
	McLean Hospital Corporation	93.279	5R01DA029141-02		227,495			227,495

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	McLean Hospital Corporation	93.279	5U10DA015831-05		(38,543)			(38,543)
	McLean Hospital-Internal	93.279	3U01DA015831-10S3		180,343			180,343
	MGH Internal	93.279	5R01DA022276-03			25,306		25,306
	Mount Sinai School of Medicine	93.279	5P01DA008227-18			59,714		59,714
	Northeastern University	93.279	1R01DA26795-01					76,556
	Northeastern University	93.279	5R37DA023142			127,909		127,909
	President and Fellow s of Harvard College	93.279	5R01DA025618-03	12,622				12,622
	Regents of the University of California	93.279	1R01DA031056-01A1		33,050			33,050
	Trustees of Boston University	93.279	1R21DA027181-01A1		1,985			1,985
	University of Hawaii	93.279	5R01DA019912-05		70,112			70,112
	University of Massachusetts at Worcester	93.279	1R01DA031081-01A1		32,753			32,753
	University of Medicine and Dentistry of	93.279	1R21DA020771-01-A1		1,429			1,429
	University of Pennsylvania	93.279	1R01DA033641-01		51,219			51,219
	University of Pennsylvania	93.279	5R01DA022339-06		200,487			200,487
	Weill-Cornell Medical College	93.279	5R01DA027379-03		78,002			78,002
Environmental Health	Board of Trustees U of Illinois	93.113	1P20ES018163-01	46,476				46,476
	Broad Institute	93.113	1U01ES017155-01		528			528
	Broad Institute, inc.	93.113	U01ES017155		451,517			451,517
	Children's Hospital of Boston	93.113	5R01ES016283-05	76,579				76,579
	Columbia University	93.113	1R01ES019547-02		35,646			35,646
	Harvard Pilgrim Health Care	93.113	5R01ES016314-03	22,669				22,669
	Harvard School of Public Health	93.113	5P01ES009825-10	37,340				37,340
	Harvard School of Public Health	93.113	5R01ES013967-04	38,583				38,583
	Harvard School of Public Health	93.113	5R01ES014433-05	111,696				111,696
	Harvard School of Public Health	93.113	5R01ES014663-04	10,681				10,681
	Johns Hopkins University	93.113	1P01ES018176-03		4,141			4,141
	President and Fellow s of Harvard College	93.113	2R01ES009718-13		1,036			1,036
	President and Fellow s of Harvard College	93.113	3R01ES017588-02S1	147,139				147,139
	President and Fellow s of Harvard College	93.113	5P30ES000002-48	12,057				12,057
	President and Fellow s of Harvard College	93.113	5R01ES009411-07	87,127				87,127
	President and Fellow s of Harvard College	93.113	5R01ES014370-07	20,024				20,024
	President and Fellow s of Harvard College	93.113	5R01ES015172-06	227,334				227,334
	President and Fellow s of Harvard College	93.113	5R01ES019188-03	61,330				61,330
	President and Fellow s of Harvard College	93.113	5R21ES019712-02	9,503				9,503
	Trustees of Dartmouth College	93.113	5P20ES018175-02	13,721				13,721
	Tufts University	93.113	1R01ES008314-01		10,623			10,623
	Tufts University	93.113	U01ES020888		70,097			70,097
	University of Michigan	93.113	5R01ES018872-03	234,392				234,392
Extramural Research Programs in the Neurosciences and Neurological Disorders	Beth Israel Deaconess Medical Center	93.853	4R01NS039466-07	(26,292)				(26,292)
	Boston University	93.853	1R01NS072023-01A1		222,863			222,863
	Boston University	93.853	1R21NS073679-01A1	207,324				207,324
	Boston University Medical Center	93.853	5R01NS078337-02	239,138				239,138
	Brigham and Women's Hospital, Inc.	93.853	2P01NS024279-20A2		(508)			(508)
	Brigham and Women's Hospital, Inc.	93.853	5R01NS064155-04		5,054			5,054
	Children's Hospital	93.853	5R01NS066929-03		49,406			49,406
	Children's Hospital	93.853	5R21NS076859-02	29,651				29,651
	Children's Hospital of Boston	93.853	1R01NS065051-01A2			49,218		49,218
	Children's Hospital of Boston	93.853	5P01NS038475-10	112				112
	Children's Hospital of Boston	93.853	R01NS066929-02	9,859				9,859
	CIMIT	93.853	1R01NS075346-01	52,525				52,525
	CIMIT	93.853	1U01NS077360-01	52,908				52,908
	CIMIT	93.853	2P50NS051343-06	(4,974)				(4,974)
	CIMIT	93.853	5P01NS024279-24	71,832				71,832

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	CIMIT	93.853	5P50NS051343-07	84,749				84,749
	CIMIT	93.853	5R01NS062092-03	8,572				8,572
	CIMIT	93.853	5R01NS077908-02	116,600				116,600
	Columbia University	93.853	5R01NS027941-21	(15,148)				(15,148)
	Dana Farber Cancer Institute	93.853	5R01NS044914-08	54,345				54,345
	Electrical Geodesics, Inc.	93.853	1R43NS071988-01A1		121,132			121,132
	Emory University	93.853	5R01NS038455-10	(1,460)				(1,460)
	Georgetown University	93.853	U54NS057405-03		19,181			19,181
	Harvard School of Public Health	93.853	5R01NS048517-05	(51)				(51)
	Indiana University	93.853	7R21NS064349-02	(223)				(223)
	Johns Hopkins University	93.853	5R01NS046309-04		(696)			(696)
	Mass General Hospital-CIMIT	93.853	5P50NS051343-04	(17,206)				(17,206)
	Massachusetts Eye and Ear Infirmary	93.853	1R01NS071067-02		52,535			52,535
	Massachusetts Institute of Technology	93.853		(7,498)				(7,498)
	Massachusetts Institute of Technology	93.853	1R01NS078839-01		129,384			129,384
	Mayo Clinic Jacksonville	93.853	5R01NS039072-08	(747)				(747)
	Medical University of South Carolina	93.853	5U01NS058728-04		2,048			2,048
	MGH Chapel Fund	93.853	5P01NS058793-05	119,846				119,846
	President and Fellows of Harvard College	93.853	5R01NS061858-04		26,631			26,631
	President and Fellows of Harvard College	93.853	R01NS073124		176,501			176,501
	Regents of the University of California	93.853	2P50NS044378		49,452			49,452
	Scripps Research Institute	93.853	5U01NS063953-02		230,854			230,854
	Tourette Syndrome Association	93.853	5U01NS040024-09		(126,331)			(126,331)
	University of Alabama, Birmingham	93.853	5U01NS042685-08	1,207				1,207
	University of Alabama, Birmingham	93.853	5U01NS42685-05	226				226
	University of California at Davis	93.853	1R25NS077582-01	3,770				3,770
	University of California at Santa Barbara	93.853	8U01A033931-05		43,666			43,666
	University of Cincinnati	93.853	5P50NS044283-10		9,102			9,102
	University of Cincinnati	93.853	5R01NS039512-05		(27,037)			(27,037)
	University of Cincinnati	93.853	5U01NS069763-02		199,335			199,335
	University of Cincinnati	93.853	U01NS052220		250			250
	University of Maryland at Baltimore	93.853	5U01NS069208		118,908			118,908
	University of Maryland at Baltimore	93.853	5U01NS069208-02	57,875				57,875
	University of Massachusetts at Worcester	93.853	5R01NS038194-13		64,978			64,978
	University of Massachusetts at Worcester	93.853	5U01NS064096-03		51,939			51,939
	University of Massachusetts at Worcester	93.853	7R01NS050557-05		(57,730)			(57,730)
	University of Massachusetts Medical	93.853	1R21NS064349-01A1	(953)				(953)
	University of Medicine and Dentistry of	93.853	5R01NS038384-05		20,218			20,218
	University of Medicine and Dentistry of	93.853	R01NS038384-05	3,158				3,158
	University of Minnesota	93.853	1U01NS062091-03		8,599			8,599
	University of North Carolina, Chapel Hill	93.853	5R01NS055754-05		71,507			71,507
	University of North Carolina, Chapel Hill	93.853	5U01NS042167		4,845			4,845
	University of Pennsylvania	93.853	1U01NS069545-01A1		416,666			416,666
	University of Rochester, Medical Center	93.853	5R01NS045686-05	35				35
	University of Utah	93.853	1R21NS067463-01		(3,946)			(3,946)
	University of Wisconsin - Madison	93.853	5P01NS042803-10	475,336				475,336
	Virginia Commonwealth University	93.853	1R01NS070715-01			96,163		96,163
	Wake Forest University	93.853	R01NS058949		167,802			167,802
	Wake Forest University, Bowman Gray School	93.853	5R01NS034447-09--		(6,424)			(6,424)
	Yale University	93.853	2U01NS044876-06		(539)			(539)
	Yale University	93.853	2U01NS044876-08		323,020			323,020
	Yale University	93.853	5U01NS044876-05		(3,724)			(3,724)
Food and Drug Administration_Research	Emory University	93.103	1R01FD003517-01		(119,396)			(119,396)
	Harvard Pilgrim Health Care	93.103	HHSF2232009100061	(182)				(182)

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	Mt. Sinai Medical	93.103	FD-R-002613		(650)			(650)
	NeuroHealing Pharmaceuticals, INC.	93.103	1R01FD003337-01A1				(9,073)	(9,073)
	University of Kansas Medical Center	93.103	5R01FD003538-04		112			112
	University of Miami	93.103	R01FD003517		16,144			16,144
Global AIDS	Botswana Harvard AIDS Institute Partners	93.067	5U2GFS001882-03	26,973				26,973
	Harvard School of Public Health	93.067	1U01GH000447-01	10,013				10,013
	President and Fellows of Harvard College	93.067	1U01GH000447-01		36,207			36,207
Grants for Faculty Development in Family Medicine	Boston University	93.895	5P50GM067041-09	3,981				3,981
HIV Emergency Relief Project Grants	Public Health Solutions	93.914	H89HA00015	63,766				63,766
Human Genome Research	Albert Einstein College of Medicine	93.172	5R01HG004401-02		(363)			(363)
	Broad Institute	93.172	1U54HG004570-02		(27,419)			(27,419)
	Broad Institute, inc.	93.172	1P50HG006193-02		346,268			346,268
	Broad Institute, inc.	93.172	5P50HG006193-02	43,919				43,919
	Broad Institute, inc.	93.172	U54HG004570		289,586			289,586
	Dana Farber Cancer Institute	93.172	1U01HG006492-01	14,542	30,678			45,220
	Dana Farber Cancer Institute	93.172	5P50HG004233-05	59,366				59,366
	Fred Hutchinson Cancer Research Center	93.172	5P41HG004059-05	2,060				2,060
	Fred Hutchinson Cancer Research Center	93.172	U41HG004059	202,473				202,473
	Harvard Medical School	93.172	5P50HG005550-02	11,643				11,643
	Pennsylvania State University	93.172	5R01HG004909-03	13,263				13,263
	President and Fellows of Harvard College	93.172	5P50HG005550-02		300,825			300,825
	Stanford University	93.172	2P01HG000205-20		65,824			65,824
	Stanford University	93.172	2U54HG004028-06		179,451			179,451
	University of California at Berkeley	93.172	3U01HG004258-04S1	248,351				248,351
	University of Rochester	93.172	5R01NS042240-05--		(1,919)			(1,919)
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	Khmer Health Advocates	93.185	5U58DP000988-05		128,885			128,885
Injury Prevention and Control Research and State and Community Based Programs	Boston University	93.136	INTF2330M0470301507		20,551			20,551
Innovations in Applied Public Health Research	Harvard Pilgrim Health Care	93.061	5P01HK000088-02	(45,677)				(45,677)
	Harvard School of Public Health	93.061	5P01TP000307-04		68,467			68,467
International Research and Research Training	Vanderbilt University	93.989	5R24TW007988-05		43,392			43,392
Kidney Diseases, Urology and Hematology Research	Duke University	93.849	5R01DK080094-03	(3,143)				(3,143)
	Indiana University	93.849	1P30DK079312-02	(6,262)				(6,262)
Lung Diseases Research	Albert Einstein College of Medicine	93.838	5R01HL086667-06		22,203			22,203
	Boston University Medical Center	93.838	1R01HL111574-01		9,576			9,576
	Boston University Medical Center	93.838	R01HL108678-01		168,751			168,751
	Brigham and Women's Hospital, Inc.	93.838	5P01HL108801-02		28,560			28,560
	Children's Hospital of Boston	93.838	5U01HL086649-04		4,325			4,325
	Duke University	93.838	5U10HL080413-05	25,684				25,684
	Georgia Institute of Technology	93.838	1R01HL090630-01	109,019				109,019
	Harvard School of Public Health	93.838	5R01HL060710		41,867			41,867
	Johns Hopkins University	93.838	5R01HL068927-09		1,219			1,219
	Mayo Clinic	93.838	1U01HL108712-01	120,071	70,290			190,361
	National Jewish Medical and Research Center	93.838	5U01HL089897-04	307,040				307,040
	President and Fellows of Harvard College	93.838	1R01HL091933-01A2	222,800				222,800
	President and Fellows of Harvard College	93.838	1R01HL104284-01	55,191				55,191
	President and Fellows of Harvard College	93.838	R01HL092961		168,487			168,487
	Regents of the University of Minnesota	93.838	U10HL074424	92,348				92,348
	Regents of the University of Minnesota	93.838	U10HL074424	84,349				84,349
	University of Alabama	93.838	1R01HL105487-01		151,932			151,932
	University of California at San Diego	93.838	5U10HL074218-05	(26,593)				(26,593)
	University of Iowa	93.838	1R01HL105821-01A1		110,611			110,611

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	University of low a	93.838	5R21HL091808-02		(2,868)			(2,868)
	University of Maryland	93.838	5R01HL086933-04	17,629				17,629
	University of Pennsylvania	93.838	1R01HL097796-02		47,319			47,319
Maternal and Child Health Federal Consolidated Programs	National Coalition for Health Profession	93.110	U33MC12786		92,623			92,623
	University of Massachusetts at Worcester	93.110	6H30MC00037-13-03		2,000			2,000
Maternal and Child Health Services Block Grant to the States	Altarum Institute	93.994	HHS2502006460281		80,111			80,111
Medical Library Assistance	Brigham and Women's Hospital, Inc.	93.879	5U54LM008748-06		(43,833)			(43,833)
Mental Health Research Grants	Beth Israel Deaconess Medical Center	93.242	1R01MH092440-01A1		8,088			8,088
	Beth Israel Deaconess Medical Center	93.242	3R01MH056956-12S1		(1,697)			(1,697)
	Beth Israel Deaconess Medical Center	93.242	5P50MH080272-02			7,942		7,942
	Beth Israel Deaconess Medical Center	93.242	5P50MH080272-05	793,288	307,394			1,100,682
	Beth Israel Deaconess Medical Center	93.242	5R01MH056956-12		(10,535)			(10,535)
	Beth Israel Deaconess Medical Center	93.242	5U01MH081928-05		145,538			145,538
	Brigham and Women's Hospital, Inc.	93.242	5P50MH080272-05		29,073			29,073
	Brigham and Women's Hospital, Inc.	93.242	5P50MH082679-03			8,301		8,301
	Brigham and Women's Hospital, Inc.	93.242	5R01MH056956-15		63,566			63,566
	Brigham and Women's Hospital, Inc.	93.242	5R01MH074679-04			1,315		1,315
	Brigham and Women's Hospital, Inc.	93.242	5R01MH084676-03		(2,273)			(2,273)
	Brigham and Women's Hospital, Inc.	93.242	5R01MH090291-02		99,679			99,679
	Brigham and Women's Hospital, Inc.	93.242	5R01MH091448-03		53,542			53,542
	Brigham and Women's Hospital, Inc.	93.242	R01MH056956-15			(3,448)		(3,448)
	Butler Hospital	93.242	5P50MH086400-04		243,331			243,331
	Butler Hospital	93.242	5U01MH076179-05		62,057			62,057
	Center for Psychological Research, Train	93.242	7R44MH068950-04		(28,459)			(28,459)
	Children's Hospital of Boston	93.242	5R01MH087786-03	122,324				122,324
	Children's Memorial Hospital (Illinois)	93.242	5R01MH094323-02		75,891			75,891
	CIMIT	93.242	1R25MH094612-01			29,849		29,849
	CIMIT	93.242	5R01MH054907-17	3,939				3,939
	CIMIT	93.242	5R01MH082922-04	10,389				10,389
	CIMIT	93.242	5R01MH090326-03	77,173				77,173
	Harvard Medical School	93.242	5R01MH040799-23			144,994		144,994
	Harvard Medical School	93.242	5R01MH040799-25	48,876				48,876
	Harvard Medical School	93.242	5R01MH054693-11	23,894				23,894
	Harvard Medical School	93.242	5R01MH081819-03			45,032		45,032
	Harvard School of Public Health	93.242	5R01MH078928-04	(4,219)				(4,219)
	Healthcare Technology Systems, Inc.	93.242	2R44MH068950-02		(5,525)			(5,525)
	Henry M Jackson Foundation	93.242	5U01MH087981-01		74,807			74,807
	Judge Baker Children's Center	93.242	5T32MH016259-32		54,508			54,508
	Judge Baker Children's Center	93.242	5T32MH016259-33		10,923			10,923
	Judge Baker Children's Center	93.242	7R01MH065877-06			(6,024)		(6,024)
	Kaiser Foundation Research Institute	93.242	1R01MH090284-02		69,298			69,298
	Kaiser Foundation Research Institute	93.242	5R01MH090284-02			50,227		50,227
	Kennedy Krieger Institute	93.242	5R01MH059630-08		20,695			20,695
	Mass General Hospital-CIMIT	93.242	5R01MH063989-05	(74,209)				(74,209)
	Mass General Hospital-CIMIT	93.242	5R01MH073445-05	98,927				98,927
	Massachusetts Institute of Technology	93.242	1R01MN091115-03		567,753			567,753
	McLean Hospital Corporation	93.242	5P50MH060450-11		27,396			27,396
	McLean Hospital Corporation	93.242	5R01MH068376-09		85,232			85,232
	McLean Hospital Corporation	93.242	5R01MH073998-02		(31,137)			(31,137)
	Mount Sinai School of Medicine	93.242	1P50MH096890-01		30,176			30,176
	Mount Sinai School of Medicine	93.242	5P50MH066172-09			48,978		48,978
	Mount Sinai School of Medicine	93.242	5R01MH079157-04		127,777			127,777

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	New England Research Institute, Inc.	93.242	5R01MH081824-04		14,321			14,321
	New York University School of Medicine	93.242	7R01MH084900-04		45,190			45,190
	NorthShore University HealthSystem Resea	93.242	5R01MH094091-02		29,054			29,054
	President and Fellow s of Harvard College	93.242	1R01MH081862-01A2			(1)		(1)
	President and Fellow s of Harvard College	93.242	1R01MH087328-01A1		402,305			402,305
	President and Fellow s of Harvard College	93.242	2R01MH081682-04		31,767			31,767
	President and Fellow s of Harvard College	93.242	5R01MH054693-11			(11,808)		(11,808)
	President and Fellow s of Harvard College	93.242	5R01MH080797-02			10,973		10,973
	President and Fellow s of Harvard College	93.242	5R01MH087344-03	(332)				(332)
	President and Fellow s of Harvard College	93.242	5R01MH087590-03		93,946			93,946
	Regents of the University of California	93.242	5R01MH091221-02		125,614			125,614
	Research Foundation of State University	93.242	5R01MH066877-09		95,661			95,661
	Rush University Medical Center	93.242	7R01MH081130-05		37,370			37,370
	Social and Scientific Systems, Inc.	93.242	BRS-IMPCT-Q-09-00341			(11,436)		(11,436)
	Social and Scientific Systems, Inc.	93.242	BRS-IMPCT-S-11-00053		355,657			355,657
	Torrey Pines Institute for Molecular Stu	93.242	1R01MH085607-01A2			79,468		79,468
	Tourette Syndrome Association	93.242	5R01MH070802-04		1			1
	Trustees of Boston University	93.242	1R21MH086079-02		105,913			105,913
	Tufts Medical Center, Inc.	93.242	5R01MH078060-05		77,168			77,168
	University of California at Los Angeles	93.242	5R01MH078773-05		33,985			33,985
	University Of Massachusetts	93.242	5U01MH088278-04		530,262			530,262
	University of Massachusetts at Amherst	93.242	5K01MH076274-05	64,029				64,029
	University of Massachusetts at Worcester	93.242	5U01MH088278-02S1		2,189			2,189
	University of Pennsylvania	93.242	1R01MH092862-02	213,219				213,219
	University of Puerto Rico	93.242	5R01MH081975-04		547,117			547,117
	University of Rochester	93.242	1P50MH086400-03		328,694			328,694
	University of Rochester	93.242	5R01MH073111-04		64,448			64,448
	University of Texas Southw estern Medical	93.242	1U01MH092221-01			120,989		120,989
	University of Texas Southw estern Medical	93.242	3U01MH092221-02S1		140,281	46,059		186,340
	University of Texas Southw estern Medical	93.242	5U01MH092221-02		426,437			426,437
	University of Utah	93.242	1R01MH080826			32,051		32,051
	University of Utah	93.242	5R01MH084795-02			96,856		96,856
	University of Washington	93.242	5R01MH084759-04		23,543			23,543
	University of Washington	93.242	R01MH095507-01		34,062			34,062
	Yale University School of Medicine	93.242	2R01MH65869-09		27,496			27,496
Microbiology and Infectious Diseases Research	Brandeis University	93.856	5U01A1075466-04	(1,129)				(1,129)
	Draper Laboratory	93.856	1R21A1085454-01		89,353			89,353
Minority Health and Health Disparities Research	Harvard Pilgrim Health Care	93.307	1R01MD003963	225,878				225,878
	President and Fellow s of Harvard College	93.307	1R01MD006230-01A1	18,770				18,770
	University of Massachusetts at Worcester	93.307	1R01MD006231-01		27,816			27,816
	University of Massachusetts Medical Cent	93.307	1-R01-MD006231-01	46,565				46,565
Model State-Supported Area Health Education Centers	Abt Associates, Inc.	93.107	HHSA290200900012I-		32,665			32,665
	Altarum Institute	93.107	HHSH250200646028I		(1,771)			(1,771)
National Center for Advancing Translational Sciences	President and Fellow s of Harvard College	93.350	8UL1TR000170-05	6,343	13,966			20,309
National Center for Education in Maternal and Child Health	President and Fellow s of Harvard College	93.588	5U54AI057159-08		122,083			122,083
National Center for Research Resources	American College of Radiology	93.389	U10CA021661		299			299
	Brigham and Women's Hospital, Inc.	93.389	2P41RR019703-06		60,076			60,076
	Case Western Reserve University	93.389	RR024989-05S1	37,851				37,851
	Draper Laboratory	93.389	R21RR031253	54,049				54,049
	Harvard Catalyst - The Harvard Clinical	93.389	1UL1RR025758-01	1,325				1,325
	Harvard Catalyst - The Harvard Clinical	93.389	8KL2TR000168-05		72,432			72,432
	Harvard Medical School	93.389	1UL1RR025758-01		3,730,566			3,730,566

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	Harvard Medical School	93.389	5UL1RR025758-02		396,510			396,510
	Harvard Medical School Centers for Aids	93.389			17,118			17,118
	Harvard University	93.389	1UL1RR025758-01		(22)			(22)
	Harvard University	93.389	5UL1RR025758-04	70,391				70,391
	Harvard University	93.389	5UL1RR025758-05	6,185,695				6,185,695
	Harvard University	93.389	8UL1TR000170-05	1,751,741				1,751,741
	Massachusetts Institute of Technology	93.389	8R01OD011141-02	23,263				23,263
	President and Fellow s of Harvard College	93.389	5KL2RR025757-04		73,436			73,436
	President and Fellow s of Harvard College	93.389	5UL1RR025758-02	(25,801)	(5,955)			(31,756)
	President and Fellow s of Harvard College	93.389	5UL1RR025758-03	146,626	130,274	31,801		308,701
	President and Fellow s of Harvard College	93.389	5UL1RR025758-04		128,818			128,818
	President and Fellow s of Harvard College	93.389	5UL1RR02578-04	221,464				221,464
	President and Fellow s of Harvard College	93.389	5UL1RR025758-03		41,877			41,877
	President and Fellow s of Harvard College	93.389	5ULRR025758-02	(1,207)				(1,207)
	President and Fellow s of Harvard College	93.389	5ULRR025758-03			12,454		12,454
	President and Fellow s of Harvard College	93.389	8KL2TR000168-05	124,875				124,875
	President and Fellow s of Harvard College	93.389	8KL2TR000168-05		134,879			134,879
	President and Fellow s of Harvard College	93.389	8UL1TR000170-05	65,970				65,970
	President and Fellow s of Harvard College	93.389	R21RR031916-01		9,049			9,049
	President and Fellow s of Harvard College	93.389	UL1RR025758		(1,161)			(1,161)
	Technest, Inc.	93.389	2R44RR020245-02A2	72,082				72,082
	Tufts University	93.389	UL1RR025752	(9,323)				(9,323)
	University of California at Irvine	93.389	5U24RR021992-04	21,321				21,321
	University of California at Irvine	93.389	5U24RR021992-05		(450)			(450)
	University of Southern California	93.389	1U24RR025736-1		882,593			882,593
National Center on Sleep Disorders Research	Beth Israel Deaconess Medical Center	93.233	1R01HL074972-03				(2,370)	(2,370)
	Beth Israel Deaconess Medical Center	93.233	1R01HL110350-01A1	231,230				231,230
	Beth Israel Deaconess Medical Center	93.233	5P01HL095491-03	335,372				335,372
	California Pacific Medical Center	93.233	R01HL071194	86,943				86,943
National Institutes of Health Contracts	Abt Associates, Inc.	93.	24538HSA2902006000		32,401			32,401
	Abt Associates, Inc.	93.	HHSA290200600011	74,375				74,375
	AFYA, Inc	93.	HHSP23320095603WC		49,551			49,551
	Agiltron, Inc.	93.	HHSN273201100008C		42,443			42,443
	American College of Radiology	93.	1R01HS019403-01		2,837			2,837
	American College of Radiology	93.	CA80098		(5,363)			(5,363)
	American Geriatrics Society	93.		23,744				23,744
	America's Health Insurance Plans	93.	200-2002-00732	11,747				11,747
	Arsenal Medical, Inc.	93.	A206608		859,128			859,128
	Battelle Memorial Institute	93.	W911NF-11-D-0001		183,765			183,765
	Battelle, Columbus Division	93.	W911NF-07-D-0001		(2)			(2)
	Beth Israel Deaconess Medical Center	93.	00000	(133)				(133)
	Beth Israel Deaconess Medical Center	93.	06-149L-2	(3,867)				(3,867)
	Beth Israel Deaconess Medical Center	93.	5U2GFS001177-04	127,445				127,445
	Boston University	93.	83457702	36,995				36,995
	Boston University	93.	N01-HC-25195	580,440	345,698			926,138
	Brigham and Women's Hospital, Inc.	93.	CALGBCooperativeAg				2,807	2,807
	Brigham and Women's Hospital, Inc.	93.	HHSF223200810026I		62,991			62,991
	Broad Institute, inc.	93.	HHSN26620040001C	13,733				13,733
	Broad Institute, inc.	93.	HHSN268200900055C	(742)				(742)
	Broad Institute, inc.	93.	HHSN272200900018C	79,300				79,300
	Case Western Reserve University	93.	HHSN275200503403C		261,078			261,078
	Case Western Reserve University	93.	HHSN275201100018C		131,820			131,820
	Children's Hospital of Boston	93.	HHS267200800001C	64,166				64,166
	Children's Hospital of Boston	93.	HHSN266200400030C	(3,039)				(3,039)

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	CIMIT	93.	HHSN268201000033C/NO	497,159				497,159
	CIMIT	93.	HHSN268201000044C	285,043				285,043
	CRP, Incorporated	93.			47			47
	Dana Farber Cancer Institute	93.	2011_CD_002	47,251				47,251
	Dana Farber Cancer Institute	93.	2011_LT_001	59,907				59,907
	Dana Farber Cancer Institute	93.	5R37DK031405-30	2,947				2,947
	Dana Farber Cancer Institute	93.	999118	114				114
	Diagnostics for All	93.	AID-OAA-G-II-00069		10,596			10,596
	Duke University	93.	N01A05419		(10,946)			(10,946)
	Duke University	93.	N01-AI-05419		10,852			10,852
	Family Health International	93.	200-2006-19092		(8,947)			(8,947)
	Food Allergy and Anaphylaxis Network	93.			3,734			3,734
	Harvard Pilgrim Health Care	93.	HHSF22301002T-0006	116,258				116,258
	Harvard Pilgrim Health Care	93.	HHSF223200810026I	62,991				62,991
	Harvard Pilgrim Health Care	93.	HHSF223200910006I	83,994				83,994
	Harvard Pilgrim Health Care	93.	HHSF223200910006I	23,499				23,499
	Harvard Pilgrim Health Care	93.	HHSF22320091006I	67,118				67,118
	Harvard Pilgrim Health Care	93.			7,171			7,171
	Harvard School of Public Health	93.	1U90TP00417-02		43,999			43,999
	Henry M Jackson Foundation	93.	HU0001-05-D-0005		75,004			75,004
	John Snow, Inc.	93.	200-2009-3095		41,650			41,650
	Johns Hopkins University	93.	HHSN268200736197C	97,188				97,188
	LiveData, Inc.	93.			1			1
	Los Alamos National Laboratory (University of California)	93.	74092-001-09	300				300
	Lumicell Diagnostics, Inc.	93.	HHSN2612011001122C		69,189			69,189
	Luna Innovations	93.	FA9550-09-C-0088		(8,104)			(8,104)
	Masimo Foundation	93.			23,990			23,990
	Millennium Pharmaceuticals, Inc.	93.		3,839				3,839
	Mount Sinai Hospital	93.	HHSN268201000045C	483,523				483,523
	National Academies (The)	93.	S-LMAQM-08-071		157,533			157,533
	National Quality Forum	93.	HHSM500200900010c	32,944				32,944
	National Quality Forum	93.	HHSM-500-2009-00010C	47,416				47,416
	New England Research Institute, Inc.	93.	1N01HC45207		(138)			(138)
	New England Research Institute, Inc.	93.	HHSN268200425207C	235,737				235,737
	New England Research Institute, Inc.	93.	N01HC045207	815				815
	Northeastern University	93.	HSHQDC-10-D-0030		109,954			109,954
	Northrop Grumman Corporation	93.	HHSN272200900041C		133,993			133,993
	Physical Sciences, Inc.	93.	W81XWH-12-C-0075		28,920			28,920
	Plastic Surgery Educational Foundation	93.			10,758			10,758
	President and Fellows of Harvard College	93.	HHSN275201000020C	105,470				105,470
	President and Fellows of Harvard College	93.	P03ES000002-47	5,544				5,544
	President and Fellows of Harvard College	93.		(1,960)				(1,960)
	RAND Corporation	93.	HHS290201000017I	72,624				72,624
	RAND Corporation	93.	HHSP23320095649WC	641,186				641,186
	Regents of the University of California	93.	N01AH15416	(1,000)				(1,000)
	Regents of the University of California	93.	N01-AI-15416	4,003	66,699			70,702
	Reimers Systems, Inc.	93.	N00014-11-C-0424		35,454			35,454
	Robin Medical, Inc.	93.	HHSN261201000123C	20,435				20,435
	Rutgers University	93.	W81XWH-08-2-0034		536,579			536,579
	SAIC-Frederick, Inc.	93.	28XS091		1			1
	SAIC-Frederick, Inc.	93.	29XS119	(3,243)				(3,243)
	SAIC-Frederick, Inc.	93.	HHSN261200800001E	6,993	92,914			99,907
	Social and Scientific Systems, Inc.	93.	BRS-ACURE-S-12-00235		269			269
	Society of Chest Pain Centers	93.		7,255				7,255

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	Spaulding Rehabilitation Hospital	93.	W81XWH-08-2-0159	445,150	20,594			465,744
	Stanford University	93.	745090-HHSN272200800	214,719				214,719
	T.R.U.E. Research Foundation	93.	W81XH-06-2-0033		469			469
	The Charlotte-Mecklenburg Hospital Autho	93.			1,813			1,813
	Trustees of Boston University	93.			62,252			62,252
	University of Alabama	93.	HHSN268201100025C	146,840				146,840
	University of Alabama	93.	N01HV58198	(52,976)				(52,976)
	University of Buffalo	93.	HHSN268201100001C	285,096				285,096
	University of California at San Diego	93.	HHSN27120080035C		44,086			44,086
	University of California at San Francisco	93.	N01A115416		253,481			253,481
	University of California at San Francisco	93.	N01A115416		53,321			53,321
	University of California at San Francisco	93.	N01-AI-15416		66,269			66,269
	University of Florida	93.	HHSN266200700023C	202,453				202,453
	University of Florida	93.	HHSN26620070023C	(2,134)				(2,134)
	University of Massachusetts at Worcester	93.	HHSN276201100010C		17,161			17,161
	University of North Carolina, Chapel Hil	93.	N01-HC-65233	(8,252)				(8,252)
	University of Rochester	93.	HHSN271200700018C		16,117			16,117
	University of Toledo	93.	HHSN261200433000C	161,310				161,310
	Wake Forest University	93.	HHSN268200464221C		(185)			(185)
	Weill-Cornell Medical College	93.	N01CN95015	(192,058)				(192,058)
	Westat, Inc.	93.	HHSA290200900023VHH	277,269				277,269
	Westat, Inc.	93.		42,586				42,586
	Yale University	93.	HHSA2902006000151	39,590				39,590
NIEHS Superfund Hazardous Substances Basic Research and Education	Dartmouth College	93.143	5P42ES007373-17	61,772				61,772
	President and Fellows of Harvard College	93.143	5P42ES016454-03	107,541				107,541
Nurse Education, Practice and Retention Grants	CIMIT	93.359	1D11HP18974-01-00	42,949				42,949
Nursing Research	Boston University	93.361	5R01NR010815-04				29,987	29,987
Occupational Safety and Health Program	CIMIT	93.262	3U19OH008861-03S1	16,101				16,101
	Harvard School of Public Health	93.262	2U19OH008861-05		135,356			135,356
	Harvard School of Public Health	93.262	3U19OH008861-04S1		(7,624)			(7,624)
	Harvard School of Public Health	93.262	U19OH008861		15,911			15,911
	IMA World Health	93.262			61,692			61,692
Oral Diseases and Disorders Research	Brigham and Women's Hospital, Inc.	93.121	1R01DE019938-03		169,933			169,933
	Massachusetts Institute of Technology	93.121	5R01DE013023-12		48,464			48,464
	MD Anderson Cancer Center	93.121	1R03DE020131-01A1	13,388				13,388
	Physical Sciences, Inc.	93.121	2R44DE019322-02	50,372	102,320			152,692
	Physical Sciences, Inc.	93.121	4R22DE019047-02		14,432			14,432
	Stanford University	93.121	7R01DE021468-02	204,401				204,401
	The University of Texas Health Science	93.121	1R01DE021468-01	(7,050)				(7,050)
	University of Puerto Rico	93.121	5R01DE017176-03	(4,645)				(4,645)
Population Research	President and Fellows of Harvard College	93.864	5R21HD059955-02	109,988				109,988
Rapid Expansion of Antiretroviral Therapy Programs for HIV-Infected Persons in Selected Countries in Africa and the Caribbean Under the President's Emergency Plan for AIDS Relief	Harvard School of Public Health	93.266	6U51HA02522-08	63,467				63,467
	Harvard School of Public Health	93.266	U51HA02522-06		76,905			76,905
	Weill-Cornell Medical College	93.266	5U91HA06801-07	65,547				65,547
Recovery Act – Comparative Effectiveness Research - AHRQ	American College of Radiology	93.715	1R01HS019403-01		85,621			85,621
	Brigham and Women's Hospital, Inc.	93.715	1R01HS019222-01		83			83
	CIMIT	93.715	1R18HS019212-01	46,564				46,564
	Harvard Clinical Research Institute (HCR)	93.715	1R01HS019408-01	914,278				914,278
	Harvard Pilgrim Health Care	93.715	1R01HS019669-01	25,151				25,151

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	Olmsted Medical Center	93.715	1R01HS019408-01	10,342				10,342
	Stanford University	93.715	1R01HS019738-01	249,848				249,848
	University of California at San Diego	93.715	1R01HS019913-01	146,242				146,242
	University of California at San Francisco	93.715	R01HS019312-01		267,930			267,930
	University of Washington - Seattle	93.715	1R01HS019222-01	622,774				622,774
Refugee and Entrant Assistance_Targeted Assistance Grants	Gulf Coast Jewish Family Services, Inc.	93.584	90ZT0080		82,898			82,898
Research and Training in Complementary and Alternative Medicine	Beth Israel Deaconess Medical Center	93.213	5R01A T005436-03	36,213				36,213
	Beth Israel Deaconess Medical Center	93.213	7K24A T004095-06		15,074			15,074
	CIMIT	93.213	1P01A T006663-01	7,375				7,375
	CIMIT	93.213	1R01A T006464-01	82,311				82,311
	CIMIT	93.213	5P01A T006663-02	165,369				165,369
	CIMIT	93.213	5R01A T004714-03				259,393	259,393
	CIMIT	93.213	5R01A T005280-03	143,285				143,285
	CIMIT	93.213	5U01A T000613-07		46,072			46,072
	CIMIT	93.213	5U01A T000613-11	86,821				86,821
	CIMIT	93.213	R21A T006123	10,019				10,019
	International Association of Yoga Therap	93.213	1R13A T006674-01	3,397				3,397
	TUFTS-N.D.MED. CTR.	93.213	5U01A T001892-05		(43)			(43)
	University of Maryland	93.213	5P01A T002605-04			(5,477)		(5,477)
	Wake Forest University	93.213	2P50A T002782-02	374,772				374,772
	Wake Forest University	93.213	5P50A T002782-05	(6,154)				(6,154)
Research on Healthcare Costs, Quality and Outcomes	Board of Trustees U of Illinois	93.226	5U18HS016973-04	(2,317)				(2,317)
	Brigham and Women's Hospital, Inc.	93.226	1R18HS017030		(7,185)			(7,185)
	Brigham and Women's Hospital, Inc.	93.226	5R18HS017151-03		(382)			(382)
	Brigham and Women's Hospital, Inc.	93.226	5R18HS018656-02		(2,784)			(2,784)
	Brigham and Women's Hospital, Inc.	93.226	5R18HS020013-03		(25,842)			(25,842)
	Crotched Mountain Foundation	93.226	1R18HS019157-02		53,296			53,296
	Florida State University College of Medi	93.226	1R01HS018694	17,735				17,735
	Harvard School of Public Health	93.226	1R18HS019631-02	23,311				23,311
	Johns Hopkins University	93.226	5R18HS019934-02		120,179			120,179
	Northwestern University	93.226	5R01HS017687-03	(9,574)				(9,574)
	President and Fellows of Harvard College	93.226	1R01HS018533-03	243,612				243,612
	RAND Corporation	93.226	7R18HS017048-03	(4,538)				(4,538)
	Society of Hospital Medicine	93.226	1R18HS019598-02	193,753				193,753
	Trustees of Boston University	93.226					80,474	80,474
	Trustees of Dartmouth College	93.226	1R01HS018459-01REV1				(1,189)	(1,189)
	Trustees of Dartmouth College	93.226	R01HS018459				1,133	1,133
	University of Alabama, Birmingham	93.226	1U18HS017919-01	8				8
	University of Illinois at Chicago	93.226	1U19HS021093-01	10,329				10,329
	University of Massachusetts at Amherst	93.226	1R03HS018795-01		7,393			7,393
	University of North Carolina, Chapel Hill	93.226	1R18HS020451-01		22,466			22,466
	Vanderbilt University	93.226	5R18HS020415-02		27,699			27,699
	Yale University School of Medicine	93.226	5U18HS016978-05		120,521			120,521
Research Related to Deafness and Communication Disorders	Boston University	93.173	1R21DC010461-01		40			40
	Boston University	93.173	4R33DC010461-03		138,629			138,629
	Cincinnati Children's Hospital Medical C	93.173	7R01DC007640-05		67,044			67,044
	Griffin Laboratories	93.173	1R41DC011212-01		7,739			7,739
	Harvard University	93.173	5R01DC006842-04		(8,314)			(8,314)
	Regents of the University of California	93.173	2R01DK035423-19A1		83,168			83,168
	Trustees of Boston University	93.173	2R01DC002852-16		8,437			8,437

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
Test for Suppression Effects of Advanced Energy	Harvard School of Public Health	93.999	3R01HD044391-06S1	6,008				6,008
	President and Fellows of Harvard College	93.999	3R01HD044391-06S1	(6,419)				(6,419)
Trans-NIH Recovery Act Loan Repayment Support	Brigham and Women's Hospital, Inc.	93.704	2U54LM008748-08		69,338			69,338
	Brigham and Women's Hospital, Inc.	93.704	5U54LM008748-08		916,122			916,122
	Broad Institute, inc.	93.704	U54LM008748-06	(16)				(16)
	National Space Biomedical Research Insti	93.704	NBPF01603	413,255				413,255
Trans-NIH Recovery Act Research Support	Allen Institute for Brain Science	93.701	1RC2MH089921-01		3,409			3,409
	American College of Radiology	93.701	3U01CA080098-11S2		10,246			10,246
	Arkansas Children's Hospital Research In	93.701	1R01MH089466-01		(36)			(36)
	Beth Israel Deaconess Medical Center	93.701	1R01CA130895-02		(5,816)			(5,816)
	Beth Israel Deaconess Medical Center	93.701	1R01HL091874-01A1	127,342				127,342
	Beth Israel Deaconess Medical Center	93.701	1R21DK082987-01A1			(802)		(802)
	Beth Israel Deaconess Medical Center	93.701	1RC1CA146596-01	(1,481)				(1,481)
	Beth Israel Deaconess Medical Center	93.701	1RC1EB011001-01	(3,134)				(3,134)
	Beth Israel Deaconess Medical Center	93.701	1RC1HL100110-01	(18,723)				(18,723)
	Beth Israel Deaconess Medical Center	93.701	1RC2CA147940-01		(17,329)			(17,329)
	Beth Israel Deaconess Medical Center	93.701	3U01AI066331-05S1		(1,601)			(1,601)
	Brigham and Women's Hospital, Inc.	93.701	1R21HL098938-01		18,968			18,968
	Brigham and Women's Hospital, Inc.	93.701	2P30AR042689-16		(6,788)			(6,788)
	Brigham and Women's Hospital, Inc.	93.701	3U01AI063623-05S1		(4,225)			(4,225)
	Brigham and Women's Hospital, Inc.	93.701	3U54EB005149-05S3		(849)			(849)
	Broad Institute	93.701	1RC2MH089905-01		10,651			10,651
	Broad Institute, inc.	93.701	1RC2MH089905-01	10,228				10,228
	Broad Institute, inc.	93.701	3U54HG004570-03S1		(10,467)			(10,467)
	Broad Institute, inc.	93.701	5RC2AG036547-02	1,019				1,019
	Broad Institute, inc.	93.701	5RC2AG036650-02	12,449				12,449
	Broad Institute, inc.	93.701	5U19AI089992-05	5,325				5,325
	Brown University	93.701	1RC1HD063931-01		44,693			44,693
	Case Western Reserve University	93.701	1RC2HL101417-01	(2)				(2)
	Case Western Reserve University	93.701	3U19AI076981-03S1		38,099			38,099
	Children's Hosp and Med Center, Seattle	93.701	1RC1AR058605-01	(6,199)				(6,199)
	Children's Hospital	93.701	1RC2HL102815-01	(555)				(555)
	Children's Hospital of Boston	93.701	1R21DK082661-01A1	1,783				1,783
	Children's Hospital of Boston	93.701	1RC1HL099618-01		(30,441)			(30,441)
	Children's Hospital of Boston	93.701	5R01AI026322-19	(7,630)				(7,630)
	CIMIT	93.701	1RC2DE020919-01			(14,274)		(14,274)
	Dana Farber Cancer Institute	93.701	1R01CA140594-01		(20,801)			(20,801)
	Dana Farber Cancer Institute	93.701	1RC2HL101367-01	5,451				5,451
	Dana Farber Cancer Institute	93.701	1RC2HL101553-01		(9,547)			(9,547)
	Dana Farber Cancer Institute	93.701	3P01CA117969-04S1		(62)			(62)
	Dana Farber Cancer Institute	93.701	3P30CA06516-45S6		(3,525)			(3,525)
	Dana Farber Cancer Institute	93.701	3U01CA062490-16S1		61,493			61,493
	Dana Farber Cancer Institute	93.701	3U01CA062490-16S3		319,196			319,196
	Dana Farber Cancer Institute	93.701	5R01CA136851-02		(13,977)			(13,977)
	Dana Farber Cancer Institute	93.701	5RC2CA148185-02	14,711				14,711
	Dartmouth College	93.701	2R01AR049834-06A1		(5,802)			(5,802)
	Elder Services of the Merrimack Valley	93.701			20,815			20,815
	EMMES Corporaton	93.701	3U01DK061693		28			28
	Fred Hutchinson Cancer Research Center	93.701	1RC2CA148286-01		45,781			45,781
	Fred Hutchinson Cancer Research Center	93.701	3R01CA059045-12S1	642,531				642,531
	George Washington University	93.701	3U01DK061230-09S1		7,328			7,328
	Harvard Medical School	93.701	1RC4MH092717-01			49,488		49,488
	Harvard Medical School	93.701	5RC2GM093080-02	200,190				200,190
	Harvard Medical School	93.701	RC2HG005639	17,976				17,976

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	Harvard Pilgrim Health Care	93.701	1RC1HD063590-01	117,340				117,340
	Harvard School of Public Health	93.701	3R01ES014433-3S1	(1,382)				(1,382)
	Johns Hopkins University	93.701	1RC2NS069395-01		1,912			1,912
	Johns Hopkins University	93.701	3P50ES015903-03S1		3,153			3,153
	Johns Hopkins University	93.701	3U01CA137443-01S		138,576			138,576
	Johns Hopkins University	93.701	3U01CA137443-01S1		150,608			150,608
	Kaiser Foundation Research Institute	93.701	1RC2HL101589-01		592			592
	Louisiana State University	93.701	1RC2AT005909-01	(3,902)				(3,902)
	Maine Medical Center	93.701	1R24DK084970-01		(475)			(475)
	Maine Medical Center	93.701	3R01AR054604-03S1	(24,026)				(24,026)
	Massachusetts Eye and Ear Infirmary	93.701	1F01AI083214-01		14,979			14,979
	Massachusetts Eye and Ear Infirmary	93.701	7F01AI083214-02		(44,738)			(44,738)
	Massachusetts Institute of Technology	93.701	1R01HL090856-01A1	1,973				1,973
	Massachusetts Institute of Technology	93.701	1RC1AG035711-01		(2,079)			(2,079)
	Massachusetts Institute of Technology	93.701	1RC1NS088103-01				(363)	(363)
	Massachusetts Institute of Technology	93.701	1RC1RR028241-01		23,836			23,836
	Massachusetts Institute of Technology	93.701	1RC2DE020919-01		24,225			24,225
	Massachusetts Institute of Technology	93.701	2R01HL067966-05A2	(26)				(26)
	Massachusetts Institute of Technology	93.701	5RC2DE020919-02		6,765			6,765
	MAT TEK, Inc.	93.701	2R44AR052982-02	22,492				22,492
	Mount Sinai School of Medicine	93.701	1RC1HL100951-01	(7,500)				(7,500)
	Mount Sinai School of Medicine	93.701	3U01AI063594-07S1	150,555	92,416			242,971
	NCIRE-	93.701	1RC2AG036535-01	76,322	610			76,932
	NCIRE-	93.701	3P41RR023953-02S1		(4,278)			(4,278)
	New York University School of Medicine	93.701	1RC1HL100815-01		(35,243)			(35,243)
	Ohio State Univ Research Foundation	93.701	R01NS064275	(3,032)				(3,032)
	Ohio State University	93.701	1R01NS064275-01A1	(30,982)				(30,982)
	Physical Sciences, Inc.	93.701	3R44CA128364-03S1		(238)			(238)
	Physical Sciences, Inc.	93.701	4R44CA128364-02		(8,841)			(8,841)
	President and Fellows of Harvard College	93.701	1R01HD056940-01A2	219,099				219,099
	President and Fellows of Harvard College	93.701	1RC1DK087289-01		11,904			11,904
	President and Fellows of Harvard College	93.701	1RC2HG005693-01		(36,854)			(36,854)
	President and Fellows of Harvard College	93.701	3P30AI060354-07S1		(5,361)			(5,361)
	President and Fellows of Harvard College	93.701	3UL1RR025758-02S1	(1,099)	285,066			283,967
	President and Fellows of Harvard College	93.701	5R01CA067262-14S1	49,104				49,104
	President and Fellows of Harvard College	93.701	5R01LM010125-02	15,099				15,099
	President and Fellows of Harvard College	93.701	5R03CA130068-02	7,199				7,199
	President and Fellows of Harvard College	93.701	P51RR000168-48S2			60,787		60,787
	President and Fellows of Harvard College	93.701	R21MH083205-01A1	(11,358)				(11,358)
	Regents of the University of California	93.701	1RC2DA02947501		268,259			268,259
	Rush University Medical Center	93.701	1R21ES016829-01A1	89				89
	Rush University Medical Center	93.701	1RC2AG036650-01	217,290				217,290
	Schepens Eye Research Institute	93.701	1F01AI083214-01		(500)			(500)
	The University of Texas Health Science	93.701	5R01HL093029-02		(9,343)			(9,343)
	Tourette Syndrome Association	93.701	3U01NS040024-07S1		108,726			108,726
	Tufts University	93.701	1RC2ES018822-01		228,277			228,277
	Tufts University	93.701	U01AG022376				71,534	71,534
	University of Alabama	93.701	3U01NS042685-04S1	3,375				3,375
	University of Alabama	93.701	5RC2AR058951-02	19,908				19,908
	University of Alabama, Birmingham	93.701	1RC2AR058964-01	47,823				47,823
	University of Arkansas for Medical Scien	93.701	7R01MH089466-02		(17,961)			(17,961)
	University of California at Berkeley	93.701	3U01HG004258-03S1	93,110				93,110
	University of California at Davis	93.701	5R01MH089626-02			49,999		49,999
	University of California at Irvine	93.701	1RC2NS069422-01		(38,392)			(38,392)

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
	University of California at Los Angeles	93.701	1RC1AG035664-01	(2,904)				(2,904)
	University of California at San Diego	93.701	1RC2AG036535-01	42,521				42,521
	University of California at San Diego	93.701	3P01A1074621-03S1		(3,896)			(3,896)
	University of California at San Francisco	93.701	HHSN268201000018C	26,468				26,468
	University of Chicago	93.701	1RC2HL101651-01	107,014				107,014
	University of Cincinnati	93.701	2R01NS039512-06A1	5,322	10,855			16,177
	University of Cincinnati	93.701	2R01NS039512-07		4,256			4,256
	University of Colorado	93.701	1RC2CA148394-01		424,496			424,496
	University of Colorado	93.701	2R01DK060590-06A2		(2,946)			(2,946)
	University of Colorado	93.701	3UL1RR025780-02S3		125			125
	University of Colorado	93.701	5RC2CA148394-02	254,699				254,699
	University of Medicine and Dentistry of	93.701	1RC2HL101458-01	6,483				6,483
	University of North Carolina, Chapel Hill	93.701	3R01MH080403-03S1		22,645			22,645
	University of Pennsylvania	93.701	1RC2HL101864-01		(10,723)			(10,723)
	University of Pennsylvania	93.701	1RC4AG039114-01	53,919				53,919
	University of Pittsburgh	93.701	1RC1HL102429-01	12,532				12,532
	University of Pittsburgh	93.701	1RC2AR058989-01	419,690				419,690
	University of Pittsburgh	93.701	3P50GM076659-04S1	13,415	18,054			31,469
	University of Pittsburgh	93.701	5RC1HL102429-02		(9,967)			(9,967)
	University of Pittsburgh, School of Medi	93.701	1RC1NS068179-01		2,273			2,273
	University of Rochester	93.701	5U54NS059065-07	119				119
	University of Southern California	93.701	1RC4AG039115-01	373,902				373,902
	University of Washington	93.701	1RC2AG036528-01		68			68
	University of Washington	93.701	7RC1DK087389-03	(165,251)				(165,251)
	University of Wisconsin - Madison	93.701	7RC1CA144705-03	39,530				39,530
	Utah State University	93.701	R01AG021136	152,508				152,508
	Vanderbilt University	93.701	3R01CA118229-03S1	27,257				27,257
	Wistar Institute	93.701	1RC2CA148325-01	(16,900)				(16,900)
	Yale University	93.701	1U19A1089992-01	(14,899)				(14,899)
	Yale University School of Medicine	93.701	1RC2NS070340-01	(7,667)				(7,667)
Trans-NIH Research Support	Northeastern University	93.310	7DP1OD003312		117,919			117,919
	President and Fellow s of Harvard College	93.310	5U54HG006097-02		367,113			367,113
	Scripps Research Institute	93.310	5R01CA132630-03	50,662				50,662
Vision Research	Brigham and Women's Hospital, Inc.	93.867	5R01EY017001-04		(28,538)			(28,538)
	Massachusetts Eye and Ear Infirmary	93.867	1R01EY020928-01A1	86,879				86,879
	Massachusetts Eye and Ear Infirmary	93.867	5R01EY015473-03	247,031				247,031
	Massachusetts Institute of Technology	93.867	5P30EY002621-33		37,411			37,411
	New England Medical Center (NEMC)	93.867	2R01EY011309-12		(4,755)			(4,755)
	Schepens Eye Research Institute	93.867	5R01EY019470-02	46,671				46,671
	Washington University	93.867	1R01EY021505-01	1,787				1,787
	Department of Health and Human Services			62,695,554	60,321,574	1,384,562	822,985	125,224,675
<b>Department of Homeland Security</b>								
Centers for Homeland Security	Northeastern University	97.061	2008-ST-061-ED0001		222,691			222,691
	Northeastern University	97.061			(7,027)			(7,027)
	Department of Homeland Security			-	215,664	-	-	215,664
Department of Transportation								
National Highway Transportation Safety Administration	Foster-Miller, Inc.	20.614				37,850		37,850
Public Transportation Research	President and Fellow s of Harvard College	20.514	DTRT57-C-10-10030	380				380
Subtotal - Department of Transportation				380	-	37,850	-	38,230
Department of Veterans Affairs								
Sharing Specialized Medical Resources	Boston Veterans Affairs Medical Center	64.018					13,821	13,821
Subtotal - Department of Veterans Affairs				-	-	-	13,821	13,821

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total					
Environmental Protection Agency													
Science To Achieve Results (STAR) Research Program	Board of Trustees U of Illinois	66.509	RD-83459301	82,202				82,202					
	Dartmouth College	66.509	RD83459901	9,657				9,657					
	National Jewish Health	66.509	RD-83451501-0	80,005				80,005					
	University of Michigan	66.509	RD-83374001	53,073				53,073					
Subtotal - Environmental Protection Agency				224,937	-	-	-	224,937					
National Aeronautics and Space Administration													
Aerospace Education Services Program	Massachusetts Institute of Technology	43.001	NNX08AX15G		4,219			4,219					
	National Space Biomedical Research Insti	43.001	SMST02201		427,800			427,800					
	Thomas Jefferson University	43.001	NNX09AM68GS03	5,056				5,056					
Subtotal - National Aeronautics and Space Administration				5,056	432,019	-	-	437,075					
National Science Foundation													
Biological Sciences	Duke University	47.074	IOS-929226		441,877			441,877					
	Duke University	47.074	MCB-0519898		(744)			(744)					
	Regents of the University of Minnesota	47.074	DBI-0923827		200,137			200,137					
Computer and Information Science and Engineering	Northeastern University	47.070	IIS-0803622				(7,597)	(7,597)					
	University of Illinois at Urbana Champai	47.070	CNS-0834709		18,586			18,586					
	University of Pennsylvania	47.070	CNS-08-34524		19,427			19,427					
	University of Pennsylvania	47.070	CNS-1035715		64,586			64,586					
Engineering Grants	Echelon Biosciences Incorporated	47.041	IIP-1127467		35,020			35,020					
	Northeastern University	47.041	CBET-0828772				6,512	6,512					
	Northeastern University	47.041	EEC-0946463		23,491			23,491					
	Remedium Technologies, Inc.	47.041	1142778		51,178			51,178					
	University of Massachusetts at Amherst	47.041	CMMI-1031550		21,678			21,678					
	University of Texas at Austin	47.041	CBET-1014953		8,893			8,893					
Mathematical and Physical Sciences	Trustees of Boston University	47.049	DMS-1042134		145,673			145,673					
Social, Behavioral, and Economic Sciences	Johns Hopkins University	47.075	2001370629			43,828		43,828					
Subtotal - National Science Foundation				-	1,029,802	43,828	(1,085)	1,072,545					
Total Research and Development Passed Through Other Organizations				\$	65,783,644	\$	64,192,673	\$	1,502,420	\$	2,617,734	\$	134,096,471

The accompanying notes are an integral part of this schedule.



**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	CFDA #	BWH	MGH	McLean	Other	Grand Total
<b>Department of Defense</b>						
Military medical research and development	12.402	\$ 316,526	\$ 644,842	\$ -	\$ -	\$ 961,368
Department of Defense		316,526	644,842	-	-	961,368
<b>Department of Health and Human Services</b>						
Aging Research	93.866	1,094,641	1,010,515			2,105,156
Alcohol National Research Service Awards for Research Training	93.272		1,831			1,831
Alcohol Research Programs	93.273	(6,202)	171,851			165,649
Allergy, Immunology and Transplantation Research	93.855	2,193,855	1,602,120			3,795,975
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	2,356,758	585,847			2,942,605
Biomedical Research and Research Training	93.859	556,761	977,827			1,534,588
Biomedical Research Technology	93.371	25,859				25,859
Blood Diseases and Resources Research	93.839	319,734				319,734
Cancer Research Manpower	93.398	1,771,764	6,369,387			8,141,151
Cardiovascular Diseases Research	93.837	7,242,933	2,592,689			9,835,622
Career Development Awards	93.277		188,281	57,286		245,567
Child Health and Human Development Extramural Research	93.865	809,866	694,211		70,162	1,574,239
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	2,611,622	5,729,409			8,341,031
Digestive Diseases and Nutrition Research	93.848		120,990			120,990
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	40,157	806,351			846,508
Drug Abuse and Addiction Research Programs	93.279	131,908	621,691	1,682,845		2,436,444
Environmental Health	93.113	107,946	55,804			163,750
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	743,108	1,819,094	76,217		2,638,419
Geriatric Academic Career Awards	93.250	93,670				93,670
International Research and Research Training	93.989	90,249	590,461			680,710
Kidney Diseases, Urology and Hematology Research	93.849	(26)	168,501			168,475
Lung Diseases Research	93.838	1,805,575	483,433			2,289,008
Mental Health National Research Service Awards for Research Training	93.282		106,337	19,573		125,910
Mental Health Research Career/Scientist Development Awards	93.281	245,871	2,248,490	874,735		3,369,096
Mental Health Research Grants	93.242		737,073	237,769		974,842
National Center for Research Resources	93.389	(12,242)	351,295			339,053
National Center on Sleep Disorders Research	93.233	789,499				789,499
National Research Service Award in Primary Care Medicine	93.186	357,388				357,388
National Research Service Awards_Health Services Research Training	93.225	271,983				271,983
Nurse Education, Practice and Retention Grants	93.359		474,569			474,569
Nursing Research	93.361	21,688	133,612			155,300
Oral Diseases and Disorders Research	93.121	(9,489)	228,070			218,581
Research and Training in Complementary and Alternative Medicine	93.213	66,004	471,430			537,434
Research on Healthcare Costs, Quality and Outcomes	93.226	438,995	170,903			609,898
Research Related to Deafness and Communication Disorders	93.173		(516)			(516)
Trans-NIH Recovery Act Research Support	93.701	12,031	(49,447)			(37,416)
Trans-NIH Research Support	93.310	416,853	9,180			426,033
Vision Research	93.867	45,068	(12,236)			32,832
Department of Health and Human Services		24,633,827	29,459,053	2,948,425	70,162	57,111,467
<b>U.S. Department of State</b>						
Academic Exchange Programs - Graduate Students	19.400		(9,429)			(9,429)
Eur/ace Humanitarian Assistance Program	19.123		4,179			4,179
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415	196,526				196,526
U.S. Department of State		196,526	(5,250)	-	-	191,276
Total Research Training Direct Program Cluster		\$ 25,146,879	\$ 30,098,645	\$ 2,948,425	\$ 70,162	\$ 58,264,111

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
<b>Department of Energy</b>								
Office of Science Financial Assistance Program	Northeastern University	81.049	DE-SC0001781	\$ -	\$ 149,973	\$ -	\$ -	\$ 149,973
Department of Energy				-	149,973	-	-	149,973
<b>Department of Health and Human Services</b>								
Aging Research	Boston University	93.866	5T32AG000277-08		(953)			(953)
	Boston University	93.866	5T32AG000277-10		47,783			47,783
	Harvard Medical School	93.866	5T32AG000222	89,352	(25,634)			63,718
	President and Fellows of Harvard College	93.866	5T32AG000222-18	15,902				15,902
	President and Fellows of Harvard College	93.866	5T32AG000222-19		(9,657)			(9,657)
Allergy, Immunology and Transplantation Research	Beth Israel Deaconess Medical Center	93.855	5T32AI074549-03	35,893				35,893
	Beth Israel Deaconess Medical Center	93.855	7U01AI069412-04		(3,418)			(3,418)
	Brigham and Women's Hospital, Inc.	93.855	5K08AI081547-03		13,285			13,285
	Brigham and Women's Hospital, Inc.	93.855	5U54AI057159-09		12,281			12,281
	Harvard Medical School	93.855	5T32AI007245		61,918			61,918
	New England Regional Center for Biodefense	93.855	5U54AI057159-09	46,794				46,794
	President and Fellows of Harvard College	93.855	5P30AI060354-05		(57)			(57)
	President and Fellows of Harvard College	93.855	5P30AI060354-08		100,867			100,867
	President and Fellows of Harvard College	93.855	5T32AI007061-33	23,191				23,191
	President and Fellows of Harvard College	93.855	5T32AI007433-19		102,029			102,029
	President and Fellows of Harvard College	93.855	5T32AI07061-34		5,459			5,459
	President and Fellows of Harvard College	93.855	5U54AI057159-09	104,998				104,998
	President and Fellows of Harvard College	93.855	T32AI007061-34		38,496			38,496
	President and Fellows of Harvard College	93.855	T32AI07061-33	(511)	(1,438)			(1,949)
	President and Fellows of Harvard College	93.855	T32AI07061-34		163,233			163,233
ARRA - Preventive Medicine Residency Program	Griffin Hospital, Medical Education	93.412	D5HHP18960				33,240	33,240
Blood Diseases and Resources Research	Children's Hospital of Boston	93.839	5K12HL087164-04	(583)				(583)
	Children's Hospital of Boston	93.839	5T32HL007574-30	12,511				12,511
	Harvard Medical School	93.839	5T32HL007623-24		1,684			1,684
	Harvard Stem Cell Institute	93.839	5T32HL087735-03		(10,734)			(10,734)
	President and Fellows of Harvard College	93.839	5KL2RR025757-04		123,357			123,357
	President and Fellows of Harvard College	93.839	5T32HL087735-03		53,671			53,671
	President and Fellows of Harvard College	93.839	5T32HL087735-04		121,106			121,106
	President and Fellows of Harvard College	93.839	T32HL07623-25	(131)				(131)
	President and Fellows of Harvard College	93.839	T32HL087735		4,067			4,067
Cancer Centers Support Grants	Dana Farber/Harvard Cancer Center	93.397	5P50CA089393-10	405				405
Cancer Research Manpower	CIMIT	93.398	3K12CA087723-10S1	104,123				104,123
	CIMIT	93.398	5R25CA092203-09	(3,991)				(3,991)
	Dana Farber Cancer Institute	93.398	1K05CA166208-01	12,218				12,218
	Dana Farber Cancer Institute	93.398	2T32CA009361-31		35,413			35,413
	President and Fellows of Harvard College	93.398	5T32CA009001-36	59,819				59,819
Cardiovascular Diseases Research	Beth Israel Deaconess Medical Center	93.837	5T32HL007734-18	12,708				12,708
	Beth Israel Deaconess Medical Center	93.837	T32HL7734-19		45,856			45,856
	President and Fellows of Harvard College	93.837	5T32HL007623-23	(12,590)				(12,590)
	President and Fellows of Harvard College	93.837	5T32HL007623-25		48,291			48,291
	President and Fellows of Harvard College	93.837	T32HL007623-25	49,395				49,395
Centers of Excellence	Harvard Medical School	93.157	6D34HP16868-03-01		53,135			53,135
Child Health and Human Development Extramural Research	Brigham and Women's Hospital, Inc.	93.865	5K12HD51959-07		94,917			94,917
	Children's Hospital of Boston	93.865	5T32HD007466-14	28,314				28,314
	Children's Hospital of Boston	93.865	5T32HD007466-15	87,177				87,177
	Children's Hospital of Boston	93.865	T32HD007466-14	28,010				28,010
	University of Pittsburgh	93.865					27,539	27,539

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**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	Pass-Through Sponsor	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
Diabetes, Digestive, and Kidney Diseases								
Extramural Research	Joslin Diabetes Center	93.847	5T32DK007260-31		9			9
Extramural Research Programs in the Neurosciences and Neurological Disorders	Harvard School of Public Health	93.853	3T32NS048005-07		(15,856)			(15,856)
	Harvard School of Public Health	93.853	T32NS048005-06		(1,093)			(1,093)
	Harvard School of Public Health	93.853	T32NS048005-08		16,666			16,666
Geriatric Training for Physicians, Dentists and Behavioral/Mental Health Professionals	Beth Israel Deaconess Medical Center	93.156	5D01HP08794-05-00	1,636				1,636
International Research and Research Training	Vanderbilt Medical Center	93.989	5R24TW007988-04	24,997				24,997
	Vanderbilt Medical Center	93.989	5R24TW007988-05		98,095			98,095
	Vanderbilt University	93.989	5R24TW007988-05		84,457			84,457
Lung Diseases Research	President and Fellows of Harvard College	93.838	5T32HL007118-35	44,492				44,492
Maternal and Child Health Federal Consolidated Programs	President and Fellows of Harvard College	93.110	2T76MC00001-56-00	25,142				25,142
Mental Health National Research Service Awards for Research Training	Harvard Medical School	93.282	5T32MH016259-31			(810)		(810)
	Judge Baker Children's Center	93.282	2T32MH016259-30	(269)				(269)
	Judge Baker Children's Center	93.282	5T32MH016259-32	34,806				34,806
	Judge Baker Children's Center	93.282	5T32MH16259-32			26,881		26,881
Mental Health Research Grants	American Psychiatric Institute for Research	93.242	T32MH19128-19		(32,379)			(32,379)
	Children's Hospital of Boston	93.242	5K08MH07458-05	5,487				5,487
	Harvard Medical School	93.242	K01MH071714			(7,484)		(7,484)
	Judge Baker Children's Center	93.242	5T32MH016259-32		45,458			45,458
	Judge Baker Children's Center	93.242	5T32MH016259-33	9,030				10,245
National Center for Research Resources	Harvard University	93.389	5KL2RR025757-03		(8,608)			(8,608)
	President and Fellows of Harvard College	93.389	5KL2RR025757-02	(889)				(889)
	President and Fellows of Harvard College	93.389	5KL2RR025757-03	(12,336)	5,398			(6,938)
	President and Fellows of Harvard College	93.389	5KL2RR025757-04		4,245			4,245
	President and Fellows of Harvard College	93.389	5KL2TR000168-05-04	97,504				97,504
	President and Fellows of Harvard College	93.389	5UL1RR025758-04		49,785			49,785
	President and Fellows of Harvard College	93.389	8KL2TR000168-05	134,240	93,048			227,288
National Institutes of Health Contracts	Beth Israel Deaconess Medical Center	93.	5T32AG023480-07		55,514			55,514
	Cystic Fibrosis Foundation	93.	LABOWS11B0		62,868			62,868
	Dana Farber Cancer Institute	93.	2011-CD-001		55,977			55,977
	National Space Biomedical Research Institute	93.	PF02303	53,274				53,274
	University of British Columbia	93.			23,963			23,963
National Research Service Award in Primary Care Medicine	Beth Israel Deaconess Medical Center	93.186	HP12706-01		89,931			89,931
	Children's Hospital	93.186	5T32HP10018-16-00		(1,037)			(1,037)
	Children's Hospital of Boston	93.186	1T32HS019485-01	40,651				40,651
	Children's Hospital of Boston	93.186	2T32HP10018-17-00		(1,561)			(1,561)
	Children's Hospital of Boston	93.186	5T32HP10018-17-02		36,428			36,428
	Children's Hospital of Boston	93.186	5T32NP010018-15		(3,700)			(3,700)
National Research Service Awards_Health Services Research Training	Children's Hospital of Boston	93.225	5T32HS63-19		12,445			12,445
Research and Training in Complementary and Alternative Medicine	President and Fellows of Harvard College	93.213	5K01AT004916-04				19,471	19,471
Trans-NIH Research Support	Harvard University	93.310	5KL2RR025757-03	(10,470)				(10,470)
	President and Fellows of Harvard College	93.310	5KL2RR025757-04	7,432				7,432
			5KL2RR025757-05	146,562				146,562
Department of Health and Human Services				1,342,584	1,706,964	18,587	80,250	3,148,385
Total Research Training Passed through Other Organizations				\$ 1,342,584	\$ 1,856,937	\$ 18,587	\$ 80,250	\$ 3,298,358

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

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<b>CFDA Agency/Program</b>	<b>CFDA #</b>	<b>BWH</b>	<b>MGH</b>	<b>McLean</b>	<b>Other</b>	<b>Grand Total</b>
Department of Health and Human Services						
Trans-NIH Recovery Act Research Support	93.701	\$ 237,915	\$ -	\$ -	\$ -	\$ 237,915
Department of Health and Human services		<u>237,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,915</u>
Total Construction Program Cluster		<u>\$ 237,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,915</u>

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

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<b>CFDA Agency/Program</b>	<b>CFDA #</b>	<b>BWH</b>	<b>MGH</b>	<b>McLean</b>	<b>Other</b>	<b>Grand Total</b>
Department of Education Federal Direct Student Loans	84.268	\$ -	\$ 7,958	\$ -	\$ -	\$ 7,958
		-	<u>7,958</u>	-	-	<u>7,958</u>
Total Student Financial Aid Cluster		<u>\$ -</u>	<u>\$ 7,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,958</u>

The accompanying notes are an integral part of this schedule.

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2012**

CFDA Agency/Program	CFDA #	Pass-Through Number	BWH	MGH	McLean	Other	Grand Total
<b>Department of Agriculture</b>							
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	INTF3502M03700915066	\$ 547,484	\$ -	\$ -	\$ -	\$ 547,484
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	INTF3502M03700915059		1,096,548			1,096,548
Department of agriculture			547,484	1,096,548	-	-	1,644,032
<b>Department of health and Human Services</b>							
ARRA Preventing Healthcare-Associated Infections	93.717	FA1133974	84,039				84,039
Bilingual/Bicultural Service Demonstration Grants	93.105	0502503	(1,853)				(1,853)
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	1U01DD000493-01		153,049			153,049
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	INTF3406MM3900817003		49,780			49,780
			-	202,829	-	-	202,829
Coordinated services and access to research for women, infants, children, and youth	93.153	INTF3712MM3802213233		(9)			(9)
Family planning_services	93.217	111-F65-887-00		14,264			14,264
Family planning_services	93.217	FPHPA010203-38-00	10,640				10,640
Family planning_services	93.217	FPHPA016027-01-00	27,563				27,563
Family planning_services	93.217			25,658			25,658
Hiv care formula grants	93.917	INTF4943MM3200120043	199,598				199,598
			237,801	39,922	-	-	277,723
HIV Emergency Relief Project Grants	93.914	6H89HA00011-21-04		236,288			236,288
Mental Health Research Grants	93.242	2R01MH06482411	43,169				43,169
National Bioterrorism Hospital Preparedness Program	93.889	INTF6207PP1204215293	132,950				132,950
National Bioterrorism Hospital Preparedness Program	93.889	INTF6207PP1W02515178	48,245				48,245
National Bioterrorism Hospital Preparedness Program	93.889			(97)		146,192	146,095
			181,195	(97)	-	146,192	327,290
National Institutes of Health Contracts	93.	INTF2351MM3802114012		112,815			112,815
National Institutes of Health Contracts	93.	INTF3110PP1801909002		(20,736)			(20,736)
National Institutes of Health Contracts	93.	INTF3210MM3300123138		29,303			29,303
National Institutes of Health Contracts	93.		108,301	(1)			108,300
			108,301	121,381	-	-	229,682
Research on Healthcare Costs, Quality and Outcomes	93.226	1R18HS019508-01	315,497				315,497
Department of Health and Human Services			968,149	364,026	-	146,192	1,478,367
Total Other Program Cluster			\$ 1,515,633	\$ 1,460,574	\$ -	\$ 146,192	\$ 3,122,399
Total Federal Expenditures			\$ 416,332,316	\$ 482,240,688	\$ 30,484,530	\$ 5,444,245	\$ 934,501,779

The accompanying notes are an integral part of this schedule.

# Partners HealthCare System, Inc. and Affiliates

## Notes to Schedule of Expenditures of Federal Awards

### September 30, 2012

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#### 1. Organization

Partners HealthCare System, Inc. (PHS) is the sole member of The Massachusetts General Hospital (MGH), Brigham and Women's Health Care, Inc. (BWHC), NSMC HealthCare, Inc. (NSMC), Newton-Wellesley Health Care System, Inc. (NWHCS), Partners Continuing Care, Inc. (PCC) and Partners International Medical Services, LLC (PIMS). PHS appoints the two physicians who are the members of Partners Community HealthCare, Inc. (PCHI). The individual serving as the PHS President and Chief Executive Officer is the sole member of Partners Harvard Medical International, Inc. (PHMI). Effective October 1, 2012, PHS became the sole member of Neighborhood Health Plan, Incorporated (NHP). PHS, together with all of its affiliates, is referred to as "Partners HealthCare."

#### 2. Summary of Significant Accounting Policies

##### Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Partners HealthCare System, Inc. and Affiliates (Partners HealthCare) and is recorded on the accrual basis of accounting. The Schedule does not include the federal grant activity of the MGH Institute of Health Professions, Inc. (IHP), also an affiliate of Partners HealthCare. IHP maintains a different fiscal year-end (June 30) and has its own stand alone audit performed in accordance with the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133).

The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Negative amounts represent adjustments to amounts reported as expenditures in prior years. Catalog of Federal Domestic Assistance (CFDA) and pass-through numbers are provided where available.

The Schedule identifies expenditures (in separate columns) of The Brigham and Women's Hospital, Inc. (BWH or Brigham and Women's), The General Hospital Corporation (MGH or Massachusetts General) and The McLean Hospital Corporation (McLean). The Schedule combines expenditures of The Spaulding Rehabilitation Hospital Corporation (Spaulding), North Shore Medical Center, Inc. (North Shore), Newton-Wellesley Hospital (NWH) and Brigham and Women's Faulkner Hospital, Inc. (BWF) under the column "Other". These entities are all affiliates of Partners HealthCare.

All expenditures reported in the Other column for Research and Development Direct Programs and Research Training Pass-Through Programs were made by Spaulding. In addition to Spaulding, the Research and Development Pass-Through Cluster includes expenditures of NWH under CFDA numbers 93.226 and 93.371.

Under Other Programs, the Schedule includes total expenditures of \$146,192 for CFDA number 93.889 reported in the Other column. These expenditures include \$80,532 for NSMC, \$35,698 for NWH and \$29,962 for BWF. In addition, expenditures for CFDA numbers 10.557, 93.105, 93.153, 93.217, 93.226, 93.242, 93.283, 93.717, 93.914 and 93.917 passed through the Commonwealth of Massachusetts.

**Partners HealthCare System, Inc. and Affiliates**  
**Notes to Schedule of Expenditures of Federal Awards**  
**September 30, 2012**

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**3. Facilities and Administrative Costs**

The predetermined facilities and administrative cost rates were based on financial information submitted utilizing the method prescribed in Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts With Hospitals, contained in the Code of Federal Regulations, Title 45, Part 74, Appendix E (OASC-3). The Hospitals negotiated and were awarded predetermined facilities and administrative cost rates and fringe benefit rates as follows:

<b>Hospital</b>	<b>Rate Type</b>	<b>Period Covered</b>	<b>Rate</b>
Brigham and Women's	On-site research	Oct 1, 2011 – Sep 30, 2012	78.5%
	Off-site research	Oct 1, 2011 – Sep 30, 2012	27%
	Fringe	Oct 1, 2011 – Sep 30, 2012	12%–36%
Massachusetts General	On-site research	Oct 1, 2011 – Sep 30, 2012	75%
	Off-site research	Oct 1, 2011 – Sep 30, 2012	27%
	Fringe	Oct 1, 2011 – Sep 30, 2012	10%–36%
McLean	Research	Oct 1, 2011 – Sep 30, 2012	58%
	Fringe	Oct 1, 2011 – Sep 30, 2012	32%
Spaulding	Research	Oct 1, 2011 – Sep 30, 2012	65%
	Fringe	Oct 1, 2011 – Sep 30, 2012	10%–36%

**4. BWH MRI Research Center**

In March 2010, BWH received award #1G20RR031051-01, CFDA number 93.701 totaling \$6,089,770 from the National Center for Research Resources of the Department of Health and Human Services for purposes of constructing the Brigham MRI Research Center (BMRC). A portion of the fiscal 2012 costs are included in the Construction Program on the Schedule. Additional construction costs of \$2,701,962 and \$0 were capitalized in the Hospital's financial statements in 2012 and 2011, respectively, and are therefore not reported on the face of the Schedule.

**5. Women, Infants and Children (CFDA Number 10.557)**

In addition to the \$1,644,032 presented in the Schedule for the Special Supplemental Nutrition Program for Women, Infants and Children grant, Partners HealthCare determines participant eligibility for receipt of food vouchers. The food vouchers for which Partners HealthCare determined eligibility amounted to \$5,319,469 in fiscal 2012.



**Partners HealthCare System, Inc. and Affiliates**  
**Notes to Schedule of Expenditures of Federal Awards**  
**September 30, 2012**

**6. Subrecipients**

During fiscal 2012, Partners HealthCare provided \$134,575,264 to subrecipients in the Research and Development and Research Training Cluster as follows. The amounts reported in the Other column are for Spaulding exclusively. These amounts are included in the accompanying Schedule:

<b>Subrecipient</b>	<b>MGH</b>	<b>BWH</b>	<b>McLean</b>	<b>Other</b>	<b>Total</b>
Acoustic Medical Systems	\$ -	\$ 139,838	\$ -	\$ -	\$ 139,838
Adcare Hospital of Worcester			10,998		10,998
Advanced Cell Technology			163,733		163,733
AIDS Healthcare Foundation	8,460				8,460
Albert Einstein College of Medicine	23,656	498,370			522,026
Allegheny-Singer Research Institute		7,000			7,000
Alosa Foundation		111,352			111,352
American Academy of Pediatrics	92,364				92,364
American College of Radiology	79,267				79,267
Anakena Solutions	255,155				255,155
Arizona State University	179,355	14,219			193,574
Arkansas Children's Hospital	93,905				93,905
Auburn University		83,649			83,649
Autism Speaks	352,698				352,698
Baystate Medical Center	138,024				138,024
Baylor College of Medicine	232,479	64,314			296,794
Bedford VA Research Institute	270,189				270,189
Beth Israel Deaconess Medical Center	3,693,541	2,787,723	19,148		6,500,412
Boston Children's Hospital	1,031,698	2,310,516			3,342,214
Boston College	52,177				52,177
Boston Medical Center	696,330	132,222	202,807		1,031,359
Boston University	993,011	1,151,781		40,642	2,185,434
Boston VA Research Institute	3,787	6,447		271,182	281,416
Brandeis University	88,931		12,167		101,098
Brigham and Women's Hospital	5,314,344			555,907	5,870,251
Broad Institute	4,341,905	1,775,524			6,117,429
Brookhaven National Laboratory	140,975				140,975
Brown University	271,487	101,004			372,491
Bryn Mawr College	28,713				28,713
Butler Hospital	50,805				50,805
Cab Health & Recovery Service			10,235		10,235
California Pacific Medical Center		100,258			100,258
Calm Technologies	44,085				44,085
Cambridge Health Alliance				2,034	2,034
Cambridge Polymer Group	40,632				40,632
Cancer Prevention Institute of California		40,365			40,365
Cardiff University	192,184				192,184
Case Western Reserve University	280,971	816,093			1,097,064
Cea Saclay		80,230			80,230
Cedars Sinai Medical Center	24,640	17,000			41,640
Cell Biolabs	935				935
Charles Stark Draper Laboratory	43,591	18,107			61,697
Children's Hospital Los Angeles	27,210				27,210
Children's Hospital Oakland	560				560
Children's Hospital of Philadelphia	46,926	189,233			236,158
Children's Mercy Hospitals & Clinic	10,569	26,331			36,900
Children's Research Institute	33,556				33,556
Cincinnati Children's Hospital Medical Center	195,807	59,676			255,483
Cleveland Clinic	300,520	223,029			523,549
Coalition of Cancer Cooperative Groups		151,096			151,096
Colorado State University		198,637			198,637
Columbia University	948,648	783,170	215,878		1,947,696

**Partners HealthCare System, Inc. and Affiliates**  
**Notes to Schedule of Expenditures of Federal Awards**  
**September 30, 2012**

<b>Subrecipient</b>	<b>MGH</b>	<b>BWH</b>	<b>McLean</b>	<b>Other</b>	<b>Total</b>
Cornell University	171,656	1,126,406			1,298,062
Council Scientific & Industrial Research		25,000			25,000
Dallas VA Research Corporation	40,091				40,091
Dana Farber Cancer Institute	2,556,474	1,648,304			4,204,778
Dartmouth College	543,164				543,164
Department of Veterans Affairs	7,445				7,445
Desmond Tutu HIV Foundation	126,341				126,341
DocBox	183,322				183,322
Drexel University		2,015			2,015
Duke University	111,991	4,542,832			4,654,824
eBioscience Affymetrix	218				218
Educational Testing Service			30,038		30,038
Emmes Corporation	212,026				212,026
Emory University	15,683	1,084			16,767
Erasmus	238,375				238,375
Fenway Community Health Center	700,517				700,517
Fiotec	128,063				128,063
Forsyth Institute		254,862		48,320	303,182
Fraunhofer Institute of Technology	31,461				31,461
Fred Hutchinson Cancer Research Center	463,526	93,636			557,162
Fundacion Hospital Nacional De Ninos		87,000			87,000
GE Global Research		638,929			638,929
Geisinger Clinic		313,126			313,126
George Washington University	504,968				504,968
Georgetown University	13,262				13,262
GIFU University	54,283				54,283
Glycovaxyn		334,789			334,789
Greater Nashua Mental Health Center	19,468				19,468
Hadassah Medical Organization	54,000				54,000
Hartford Dispensary			156,896		156,896
Harvard Clinical Research Institute	189,659				189,659
Harvard Pilgrim Healthcare		74,711			74,711
Harvard University	2,617,524	6,988,074	136,258	252,515	9,994,371
Harvard Vanguard Medical Association		422,747			422,747
Health Research		619,457			619,457
Healthcore		60,343			60,343
Hebrew Rehabilitation Center	6,781	31,594			38,375
Hebrew University Jerusalem		84,260			84,260
Henry M. Jackson Foundation	62,565	41,807			104,372
Holland Bloorview Kids Rehabilitation Hospital	56,570				56,570
Hospital For Sick Children	97,876				97,876
Hospital For Special Surgery		72,572			72,572
Immune Disease Institute	210,519	174,421			384,939
Indiana University		84,228			84,228
Inneroptic Technology		39,850			39,850
Innovative Micro Technology	43,338				43,338
Instit Nat'l De La Recherche Scientifique	19,051				19,051
Instituto Nacional De Salud Publica		335,970			335,970
Instituto Nacional De Perinatologia		83,307			83,307
Insup Lee	104,007				104,007
Intermountain Healthcare		29,500			29,500
Int'l Centre For Diarrhoeal Disease Research	254,844				254,844
Isomics		504,268			504,268
ISPED	80,036				80,036
Jackson Laboratory	363,392	155,079			518,472
Johannes Gutenberg University Mainz		30,118			30,118
Johns Hopkins University	364,923	1,258,674	127,511		1,751,109
Joslin Diabetes Center	868,570	264,090			1,132,660
Kaiser Foundation Research Institute	285,831	789,314			1,075,145

**Partners HealthCare System, Inc. and Affiliates**  
**Notes to Schedule of Expenditures of Federal Awards**  
**September 30, 2012**

<b>Subrecipient</b>	<b>MGH</b>	<b>BWH</b>	<b>McLean</b>	<b>Other</b>	<b>Total</b>
Kansas State University	57,522				57,522
Karolinska Institute	83,633	161,594			245,227
Kennedy Krieger Research Institute	85,425				85,425
Kitware		912,074			912,074
Klinikum Rechts Der Isar	136,065				136,065
La Biomed Research Institute		22,688			22,688
Lahey Clinic	216,896				216,896
Lata Medical Research Foundation	448,382				448,382
Lawrence Livermore National Laboratory		63,053			63,053
Legacy Emanuel Hospital		9,725			9,725
Leids Universitair Medisch Centrum	96,111				96,111
Los Angeles Biomedical Research Institute		54,913			54,913
Louisiana State University	88,217				88,217
Lovelace Biomedical & Environmental		206,551			206,551
Massachusetts Eye & Ear Infirmary	2,841	31,710	5,682		40,233
Massachusetts General Hospital		4,921,396	48,724	109,707	5,079,827
Massachusetts Institute of Technology	1,707,661	1,027,513			2,735,174
Mayo Clinic		2,178,160	145,010		2,323,170
Mbarara University of Science & Technology	575,514				575,514
McCord Hospital	209,376				209,376
McGill University	332,280				332,280
McLaughlin Research Institute	81,119				81,119
McLean Hospital	253,188	16,668			269,856
Medical College of Wisconsin	43,009				43,009
Medical University of South Carolina	9,898	152,036			161,934
Memorial Sloan Kettering Cancer Center	122,275	551,294			673,569
Mercy Hospital			523		523
Metrohealth Medical Center	17,923				17,923
Minneapolis Medical Research Foundation	7,894				7,894
Miriam Hospital	823,996	19,605			843,601
Mirtech		44,679			44,679
Moberg Research	28,639				28,639
Montefiore Medical Center		34,200			34,200
Mount Sinai School of Medicine	1,372,912	226,501			1,599,413
National Jewish Health		577,104			577,104
National Taiwan University	63,833				63,833
New England Research Institute	63,566	84,421			147,987
New York Medical College		354,612			354,612
New York University	263,159	22,520			285,679
NICHQ	286,916				286,916
North West Tissue Center		3,214			3,214
Northeast Regional Cancer Institute	25,000				25,000
Northeastern University	224,796	124,603	353,337		702,736
Northwestern University	206,400	769,177	83,339		1,058,915
Ohio State University	26,995	1,863,476			1,890,471
Oregon Health And Science University	679,631	88,395			768,026
Orlando Health	19,594				19,594
Outcome Sciences		84,232			84,232
Pacific Institute For Research And Evaluation	419,348				419,348
Palo Alto Institute For Research & Education		32,001			32,001
Partners In Health		424,620			424,620
Pennsylvania State University		84,923			84,923
Princeton University	66,007				66,007
Probiogen Ag	49,686				49,686
Queens University		10,640			10,640
Recovery Network of Programs			12,468		12,468
Reliant Medical Group		215,370			215,370
Research Foundation CUNY		74,351			74,351
Research Foundation For Mental Hygiene			690		690
Research Foundation SUNY	770,125	754,595	10,352		1,535,071

**Partners HealthCare System, Inc. and Affiliates**  
**Notes to Schedule of Expenditures of Federal Awards**  
**September 30, 2012**

Subrecipient	MGH	BWH	McLean	Other	Total
Research Inst. Nationwide Children's Hospital	114,160				114,160
Research Triangle Institute		14,268			14,268
Rhode Island Hospital	15,624	9,195			24,819
Rti International		2,435			2,435
Rush University Medical Center		114,365			114,365
Rutgers University	11,254	30,893			42,147
Santa Cruz Biotech	279				279
Schepens Eye Research Institute	76,385	92,003			168,388
Science Research Laboratory	32,977				32,977
Scripps Whittier Diabetes Institute	92,477	26,547	28,849		147,873
Siemens Medical Solutions Usa	109,737				109,737
Simon Fraser University	116,656				116,656
Social & Scientific Systems		1,708,247			1,708,247
Socios En Salud Sucursal Peru		2,436,119			2,436,119
Southern Illinois University		25,399			25,399
Southern Methodist University	16,014	64,534			80,548
Spaulding Rehabilitation Hospital	541,736	48,382			590,118
SSTAR			198,939		198,939
St. Louis University		69,834			69,834
St. Mary's Catholic Mission Hospital Trust	16,413	-			16,413
Stanford University	1,112,251	239,676			1,351,927
Steward Saint Elizabeth's Medical Center		7,500			7,500
Surrey Place Centre	73,425				73,425
TECHEN	216,482				216,482
Temple University	18,050	37,662			55,712
Thomas Jefferson University		22,232			22,232
Tolkoff Enterprises	38,219				38,219
Troupe		76,000			76,000
Tufts New England Medical Center	268,705	116,627			385,332
Tufts University	285,518	231,516	55,786		572,820
Tulane University		19,265			19,265
Umkhuseli Fund Management		200,995			200,995
United States Department of Agriculture	53,345				53,345
Universitaetsklinikum Erlangen	30,969				30,969
Universite Laval	70,496				70,496
University College Dublin	-	119,817			119,817
University College London	96,864				96,864
University of Alabama	369,526	4,200			373,726
University of Arizona	-	455,163			455,163
University of Calgary	20,257				20,257
University of California	1,893,625	1,601,487			3,495,112
University of Cape Town	253,556				253,556
University of Chicago	42,962	3,529,137			3,572,099
University of Cincinnati	334,014	29,132			363,146
University of Colorado	575,111	109,537			684,648
University of Connecticut	44,862				44,862
University of Erlangen-Nuremberg		46,765			46,765
University of Florida	108,550				108,550
University of Groningen		54,000			54,000
University of Guelph		12,458			12,458
University of Hong Kong	146,655				146,655
University of Houston	20,380				20,380
University of Illinois	281,902	68,423	66,506		416,831
University of Iowa	42,059	251,224			293,283
University of Kwazulu-Natal	464,738				464,738
University of Louisville Research Foundation	2,553				2,553
University of Maryland	394,470	320,393			714,863
University of Massachusetts	355,191	172,231		1,525	528,947
University of Melbourne		80,027			80,027
University of Miami	221,659	112,221			333,880

**Partners HealthCare System, Inc. and Affiliates**  
**Notes to Schedule of Expenditures of Federal Awards**  
**September 30, 2012**

<b>Subrecipient</b>	<b>MGH</b>	<b>BWH</b>	<b>McLean</b>	<b>Other</b>	<b>Total</b>
University of Michigan	267,979	242,637			510,616
University of Minnesota		481,396			481,396
University of Missouri Health Care System	50,342		44,622		94,965
University of Naples Federico II		15,660			15,660
University of Nebraska		135,555			135,555
University of New Hampshire		263,023			263,023
University of New Mexico	8,923				8,923
University of North Carolina	43,283	510,175			553,457
University of Oxford	319,788				319,788
University of Pennsylvania	952,740	1,316,543	16,298		2,285,581
University of Pittsburgh	677,982	490,056			1,168,038
University of Rochester Medical Center	344,941	1,834	126,715		473,490
University of South Carolina	48,827	13,733			62,560
University of South Florida	31,879				31,879
University of Southern California	1,031,607	1,422,248			2,453,855
University of Stellenbosch	164,967				164,967
University of Texas	1,971,829	42,179			2,014,008
University of Utah	30,772	893,864			924,636
University of Vermont		29,017			29,017
University of Virginia	15,200				15,200
University of Washington	433,435	345,701			779,136
University of Wisconsin		67,630	49,445		117,075
Vanderbilt University	622,906	876,573			1,499,479
Virginia Commonwealth University		48,432			48,432
Wake Forest University Health Sciences	15,607	319,336			334,943
Washington University	312,915	626,371			939,286
Westat		124,141			124,141
Whitehead Institute	2				2
Wistar Institute	20,221				20,221
Wits Health Consortium	38,911	107,073			145,984
Worcester Polytechnic Institute		165,700			165,700
Y.R. Gaitonde Centre for AIDS Research	129,172				129,172
Yale University	60,554	683,651	909,247		1,653,452
	<u>\$ 58,966,628</u>	<u>\$ 71,084,602</u>	<u>\$ 3,242,202</u>	<u>\$ 1,281,833</u>	<u>\$ 134,575,264</u>

**Part II**  
**Reports on Compliance and Internal Controls**



**Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

To the Board of Directors of  
Partners HealthCare System, Inc. and Affiliates

We have audited the consolidated financial statements of Partners HealthCare System, Inc. and its Affiliates ("Partners HealthCare") as of and for the year ended September 30, 2012, and have issued our report thereon dated December 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Partners HealthCare's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Partners HealthCare's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Partners HealthCare's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Partners HealthCare's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Partners HealthCare in a separate letter dated December 6, 2012.

This report is intended solely for the information and use of Partners HealthCare's Board of Directors, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

December 14, 2012





**Report of Independent Auditors on Compliance with Requirements  
That Could Have a Direct and Material Effect on Major Programs and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

To the Board of Directors of  
Partners HealthCare System, Inc. and Affiliates

**Compliance**

We have audited the compliance of Partners HealthCare System, Inc. and its Affiliates (“Partners HealthCare”) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. Partners HealthCare’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Partners HealthCare’s management. Our responsibility is to express an opinion on Partners HealthCare’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Partners HealthCare’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Partners HealthCare’s compliance with those requirements.

In our opinion, Partners HealthCare complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-1, 2012-2, 2012-3 and 2012-4.



**Internal Control Over Compliance**

Management of Partners HealthCare is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Partners HealthCare’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Partners HealthCare’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Partners HealthCare’s responses to the findings identified in our audit are described in the accompanying schedules of findings and questioned costs. We did not audit Partners HealthCare’s response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of Partners HealthCare’s Board of Directors, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

March 15, 2013

**Part III**  
**Federal Award Findings and Questioned Costs**

**Partners HealthCare System, Inc. and Affiliates**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2012**

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**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unqualified

Internal control over financial reporting

Material weakness(es) identified? \_\_\_ yes  X  no

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_ yes  X  no

**Federal Awards**

Internal control over major programs

Material weakness(es) identified? \_\_\_ yes  X  no

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133  X  yes \_\_\_ no

**Identification of Major Programs**

**Name of Federal Program or Cluster**

Various CFDA numbers Research and Development and Research Training Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$3,000,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_ no

**II. Financial Statement Findings**

No findings to report.

**Partners HealthCare System, Inc. and Affiliates  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012**

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**III. Federal Findings and Questioned Costs**

**2012-01 Equipment**

**Research & Development Cluster**

**Award Name:** Regional Actions of General Anesthetics in Inhibitory Hippocampal Networks

**McLean Hospital Award Number:** 5R01GM086448

**Award Year:** 2009

**Agency:** National Institute of Health

**CFDA:** 93.859

**Criteria**

OMB Circular A-110 Section 34(f)(3) requires organizations which receive federal funding and which purchase equipment to perform a physical inventory of the federally funded equipment at least once every two years and reconcile the results to equipment records.

**Condition**

We tested Partners HealthCare's equipment inventory process. Of the 34 inventory items we selected, we noted one item at McLean Hospital Corporation whose serial and tag number was not appropriately reflected within Partners HealthCare's equipment records. The equipment, a Near Infrared Video Fear Conditioning System had a purchase price of \$6,540.

**Cause**

This item had malfunctioned and was returned to the supplier for a replacement. However, the equipment records were not updated for the replacement item's equipment tag and serial number within the inventory management system.

**Effect**

Partners HealthCare's records did not accurately reflect the equipment inventory physically held at the location.

**Questioned Cost**

None noted

**Recommendation**

We recommend that management emphasize the need to update equipment records on a timely basis upon the occurrence of a change in assets held such as described above.

**Management's View and Corrective Action Plan**

Following these findings are management's views and corrective action plan.

# Partners HealthCare System, Inc. and Affiliates

## Schedule of Findings and Questioned Costs

### Year Ended September 30, 2012

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#### 2012-02 Davis-Bacon

##### Research & Development Cluster

**Award Name:** Brigham MRI Research Center (BMRC)  
**Brigham and Women's Hospital Award Number:** 1G20RR031051  
**Award Year:** 2010  
**Agency:** National Institute of Health  
**CFDA:** 93.701

##### Criteria

Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the Department of Labor regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6).

##### Condition

Through our testing of purchase orders greater than \$100K, a \$4.6M selection was made related to a construction contract which was subject to Davis-Bacon requirements as outlined within the Notice of Award. The Davis-Bacon requirements were not communicated to the contractor as part of the construction contract and there was no evidence of certified weekly payroll submissions to demonstrate compliance with Davis-Bacon.

##### Cause

Due to the infrequency of construction contracts at Partners HealthCare for which the provisions of Davis-Bacon are applicable, Partners HealthCare did not request and review all payroll information from its contractor to verify compliance with the wage rate requirements of Davis-Bacon.

##### Effect

Partners HealthCare may not be aware that the contractor may not be paying prevailing wages.

##### Questioned Cost

None noted

##### Recommendation

We recommend Partners HealthCare establish a formal process for determining whether construction awards are required to comply with specific Davis-Bacon requirements. In addition, Partners HealthCare should establish additional procedures to ensure Partners HealthCare is receiving the required payroll, and other relevant information, from the contractor and performing the necessary due diligence over that information in a timely manner.

##### Management's View and Corrective Action Plan

Following these findings are management's views and corrective action plan.

**Partners HealthCare System, Inc. and Affiliates  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012**

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**2012-03 Period of Availability**

**Research & Development Cluster**

**Award Name:** Molecular Mechanisms and Treatment of Primary Amyloid (AL) Cardiomyopathy

**Brigham and Women's Hospital Award Number:** 1R01HL088533

**Award Year:** 2007

**Agency:** National Institute of Health

**CFDA:** 93.837

**Criteria**

OMB Circular A-110 (2 CFR section 215.28) indicates that "a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period."

**Condition**

We noted one instance of a grant which had \$33,986 in salary expenses incurred subsequent to the grant end date due to the fact that the payroll was set up with an automatic allocation feature.

**Cause**

Charges continued to automatically accrue subsequent to the grant end date due to the general ledger and payroll system configurations.

**Effect**

Subsequent to the grant end date, payroll related expenses were allocated to the grant.

**Questioned Cost**

None noted

**Recommendation**

We recommended that management remove from this award the costs incurred subsequent to the grant end date, which we understand has occurred after year end.

**Management's View and Corrective Action Plan**

Following these findings are management's views and corrective action plan.

# Partners HealthCare System, Inc. and Affiliates

## Schedule of Findings and Questioned Costs

### Year Ended September 30, 2012

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#### 2012-04 Federal Funding Accountability and Transparency Act (FFATA)

##### Research & Development Cluster

**Award Name:** Various

**Award Year:** Various

**CFDA:** Various

##### Criteria

Beginning October 1, 2010, the FFATA reporting requirement was effective for Partners HealthCare. This law requires that Grant, Cooperative Agreement, and Contract recipients report information related to subawards issued which have an obligation of \$25,000 or greater by the end of the month following the month in which the subaward agreement or modification was fully executed. These reports are required to be submitted once each time a subagreement or modification is fully executed for all applicable awards.

In accordance with OMB A-133 Compliance Supplement 3-L-15 "In the event that applicable subawards were not properly reported by a recipient pursuant to FFATA, auditors should evaluate compliance with these requirements based on whether a recipient demonstrated a "good faith" effort to comply. Demonstration of a "good faith" effort by a recipient should be evidenced by proper documentation such as: emails or phone logs of communication between a recipient and the awarding agency or the General Services Administration; or computer screen shots that illustrate recipient attempts to upload information into the FFATA Subaward Reporting System (FSRS). Auditors are not required to report audit findings when there is evidence a recipient demonstrated a "good faith" effort."

##### Condition

PwC tested 14 FFATA reports and noted six reports were submitted late.

##### Cause

Contributing factors for these late FFATA reports included: the omission of elements in the subcontract negotiation procedures required for submission as well as the breakdown in the system identification of FFATA reporting requirements to drive reporting.

##### Effect

The lack of timely reporting under FFATA does not allow information to be made available to the public in a timely manner.

##### Questioned Cost

None noted

##### Recommendation

PwC recommends management emphasize the importance of compliance with FFATA submission requirements to applicable personnel and develop a policy to ensure reporting requirements are met and documentation thereof is maintained.

##### Management's View and Corrective Action Plan

Following these findings are management's views and corrective action plan.



# Partners HealthCare System, Inc. and Affiliates

## Summary Schedule of the Status of Prior Audit Findings

### Year Ended September 30, 2012

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#### **A.2011-1 - Unallowable Costs Research & Development Cluster Summary Schedule of Prior Audit Findings**

Partners HealthCare is subject to compliance requirements for travel within OASC-3 Hospital Cost Principles Section III B, OMB Circular A-110 (*Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organization*) Section 21 and the National Institutes of Health policy manual.

Of the 261 direct costs tested, PwC noted one expenditure for which the Principal Investigator (PI) on the grant charged alcohol as well as a lunch for an individual unrelated to the grant totaling \$43.96 through his travel card.

#### **2011-2 - Procurement Research & Development Cluster Summary Schedule of Prior Year Findings**

OMB Circular A-110, paragraph 48 requires consideration of at a minimum (a) basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price for purchases over \$100,000.

Of 15 purchases over \$100,000 selected for testing PwC identified 12 purchases for which Partners HealthCare did not have evidence supporting the (a) basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price.

#### **Current Status of Prior Year Finding**

Management's corrective actions in response to Prior Year Findings from fiscal year 2011 were fully implemented during fiscal year 2012. There were no exceptions noted in the current year testing of travel expenses and purchases greater than \$100,000.

#### **B. Other Reports**

In fiscal 2011, Partners HealthCare had identified a small subset of research and development federal awards at The General Hospital where it is unclear which indirect cost rate, on-site or off-site, should apply. Management has undertaken an extensive review of these grants. The review is ongoing as of the date of the PwC Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.



FOUNDED BY BRIGHAM AND WOMEN'S HOSPITAL  
AND MASSACHUSETTS GENERAL HOSPITAL

Management's View and Corrective Action Plan  
For the Fiscal Year Ended September 30, 2012

12-1 Research and Development Cluster – Equipment

Partners HealthCare agrees with the finding and the auditors recommendations. The McLean biennial inventory was completed in October 2012 with the Near Infrared Video Fear Conditioning System properly tagged and recorded in the Hospital's asset inventory. Management has emphasized the importance of accurate inventory records and provided training to the McLean Research Community in January 2013. Additionally, Partners HealthCare will upgrade existing research asset inventory systems in FY13.

12-2 Construction Cluster – Davis-Bacon Act

Partners HealthCare agrees with the finding and the auditors recommendations. Management has reviewed the current award portfolio for all Partners HealthCare hospitals and confirmed that this is the only grant subject to the Davis-Bacon Act. The existing contract with the construction vendor has been amended to incorporate Davis-Bacon terms and conditions. Payroll records, retroactive to the start of construction in January 2012, have also been reviewed for proper certification as required under the Act. Hospital Real Estate Offices and Partners Research Management will follow standard operating procedures to ensure that federally funded construction contracts incorporate all terms and conditions included in the prime award. Partners HealthCare has documented internal procedures to ensure that all applicable terms and conditions are incorporated into construction contracts.

12-3 Research and Development Cluster – Period of Availability

Partners HealthCare agrees with the finding and the auditors recommendations. Costs charged after the award end date have been removed from the grant as of November 2012. Management views this as an isolated circumstance. During FY13, Management will increase the focus on salaries charged to grants that are ending through monthly notification of upcoming end dates and routine fund monitoring procedures. Management will direct future payroll allocations to discretionary sources if a new salary distribution is not identified prior to the end date of the award.

12-4 Research and Development Cluster – Federal Funding Accountability and Transparency Act (FFATA)

Partners HealthCare agrees with the finding and the auditors recommendations. Management has emphasized the importance of FFATA compliance and identified key control points to strengthen existing standard operating procedures for FFATA reporting requirements. Internal procedures were updated in February 2013 with system enhancements to be completed by May 2013.

Rhonda F. Lowe  
Rhonda F. Lowe  
Research Controller

3/6/2013  
Date

Research Management