Communities are about connections. As part of the North Shore community, Northeast Health System is intricately connected with the people and places in our midst. As an independent health system, our relationship with our community is personal. The stories in this report are but a few examples of how those personal relationships between caregivers and patients, or even between local organizations, strengthen us all.

we are all connected.
v. in-ter-con-nec-ted: to be reciprocally connected with each other
2007 has been a year of many accomplishments for Northeast Health System, and has included two major milestones: the completion of a significant long-term effort that will positively impact the organization and the people we serve for decades to come, and the stepping down of one of our longest-serving and most highly-regarded leaders.

In 2007 we brought to fruition the final stage of our four-year, $50 million Master Facilities Plan for Beverly Hospital, a momentous effort that involved adding new operating suites, a new endoscopy unit, all with state-of-the-art technology; an expanded Special Care Nursery designed to better accommodate nurses and families; an expanded and improved Emergency Department; a more spacious and accommodating entrance and lobby; as well as our new parking garage, which, for the first time, provided patients and visitors with ample, convenient, sheltered parking with easy access to the hospital. In addition, Addison Gilbert Hospital has been reconfigured and improved, and we are now working toward building out the fourth floor, which will include physician offices and the oncology clinic.

In November we opened our new $30 million Medical and Day Surgery Center in Danvers, designed to ensure that we continue to meet the needs of our community. The Danvers center tangibly represents what Northeast Health does so well: we offer integrated preventive and restorative care, as well as treatment for chronic conditions, all under one roof, enabling caregivers to collaborate more effectively, and patients to get more comprehensive services conveniently. The Breast Health Center in our Danvers facility is a perfect example of this, where women can receive integrated, coordinated, multi-disciplinary services in one location.

Health care is constantly evolving, and health care organizations must evolve as well. As a community-based health care system, Northeast Health System is particularly well-suited to this challenge. We are local enough so that our physicians and nurses are actually members of the community and therefore more responsive to the service needs of our patients. We are also nimble enough as an organization to be responsive to changes in medicine.
The remarkable strength and continuous progress of this organization is no accident; it is due to the strong leadership of extraordinary people like Henry J. “Hank” Ramini, MD. Hank, who served as Chairman of the Board of Trustees of Northeast Health System since 1998, stepped down at the end of 2007. His career with Beverly Hospital and Northeast Health spans nearly 50 years, since he began as an intern at Beverly Hospital in 1959. His love for his work — he delivered more than 5,200 babies in his career as an Ob/Gyn — was rivaled only by his devotion to this organization, which he has served in so many ways.

Hank has guided us steadfastly into a strong future with his remarkable intuition, his friendly worldliness, his great sense of humor and his perfect sense of timing. He has been the consummate chairman, able to steer a business strategy steadily forward through the ebb and flow of people and events. He has been a mentor and a friend, and the beneficiaries of his leadership are too many to count.

Hank will undoubtedly say that he has gotten as much from Northeast Health as he has given. This sense of give and take, this interdependence or interconnectedness, is highlighted by the stories in this report. They exemplify what we consider to be so special about our place in the North Shore community: the personal and professional connections that enable us to provide more than just excellent care.

Our doctors, nurses, and other health care professionals are not just delivering excellent care every day to patients, they are delivering care to neighbors, family members, teachers in their local schools, or, as one story in this report shows, to their fitness trainers. The interconnectedness of our organization with our community is one of the hallmarks of our independent health system, and a source of great pride and satisfaction for us.

Nurturing our relationship with the people we serve is at the heart of all we do, and supporting those relationships with the highest quality health care is our promise and our pledge, today, tomorrow and always.

Stephen R. Laverty
President & Chief Executive Officer
This is my last letter to our NHS family, and a time for me to look back at the past nine years. When I became chairman of the Northeast Health System Board of Trustees in 1998, we had just completed 20 years of rapid expansion by acquisition and merger. I wanted to bridge the gap between that expansion and a new efficiency of purpose that would enable our organization to respond to the quickly changing health care environment. I wanted to focus on how to offer our communities the best in quality and service while at the same time controlling costs.

We began by creating a smaller board, hiring a CEO with great vision, and insisting on transparency between the two in order to get the most value from the interaction of board and management.

We worked with hospitals in several communities — Ipswich, Gloucester, Beverly, Danvers, Lynn — closing or reducing some, enlarging and modernizing others. Current technology (such as physician order entry, electronic medical records, advanced CT scanning) was implemented in order to ensure a work environment that would maximize the efforts of our staff and employees.

Improving service to physicians was next. Better facilities, the creation of our own insurance company (which helped ease the malpractice insurance burden), the introduction of hospitalists and intensivists to lessen the time demands on physicians, all these things helped us attract more and better physicians.
Employees and physicians alike were encouraged by patient satisfaction surveys to adopt a stronger “service first” attitude. Recently the board has encouraged and supported a community needs assessment for our service area, along with the development of a community relations office in order to make more complete our mission of community service.

For the past four years, the Northeast Health Foundation has been in place. Many community leaders serve on the board, building NHS’ culture of philanthropy in order to meet more needs throughout the North Shore.

I could go on and on, but the innovations are too numerous to mention. However, none of these could have been accomplished without the cooperation of trustees, management, medical staff, nurses, and ancillary staff. Together they have produced a system of acute care, long-term care, and behavioral health care that is unsurpassed in its comprehensiveness in Massachusetts, a system prepared to survive and thrive into the future.

It has been my distinct pleasure to be a part of this progress during the past 10 years, and associated with Beverly Hospital and Northeast Health in other roles for nearly 50 years. What I have been able to contribute pales in comparison to what I have gained personally and professionally from this association. I step down with more gratitude than pride, and look forward to a bright future for this very special organization.

Henry J. Ramini, MD
Chairman, Board of Trustees
As physicians, our primary focus is on our patients, on how to create strong and effective relationships with them, and how to give them the best care we possibly can. But personal dedication to quality is not enough to ensure excellence. The care we deliver must be supported by a health care system that is focused on excellence and on continuously making it possible for us to do our best work: delivering the best care to every patient, every day.

We are grateful that Northeast Health System is such a place.

Effective communication is the foundation of a good patient-physician relationship, and the same is true at the organizational level. Our medical staff works collaboratively with the health system’s administration and Board of Trustees to offer excellent health care, and to support our goals as physicians. During this past year the medical staff has been constantly working with the administration to significantly enhance the services we offer our patients.

In our current locations and especially in Beverly Hospital’s new Medical and Day Surgery Center in Danvers, we have expanded and improved our clinical services in several areas, particularly in cardiovascular medicine and orthopedics. We have also expanded physician representation on the organization’s Medical Executive Committee to more fully represent the broad spectrum of specialty care we offer at Beverly Hospital, Addison Gilbert Hospital, and Bayridge Hospital.
We continue our strong collaborations with our tertiary partners — Beth Israel Deaconess Medical Center, Lahey Clinic, and Children’s Hospital Boston — designed to offer our patients the best care in the right setting, whether it’s close to home on the North Shore, or in one of our partner hospitals for highly specialized care.

As physicians we know that we are supported not only by the organization, but also by the hundreds of other health care professionals with whom we share our life’s work. Nurses, physician assistants, respiratory and physical therapists, technicians, and all those who work in health care are integral to our success as physicians. We are grateful to be collaborating with so many dedicated professionals, and we look forward to meeting tomorrow’s challenges together on behalf of the patients we are privileged to serve.

Jonathan Schreiber, MD, FACOG, FACS
President, Medical Staff
“No physician in the last half-century has developed a greater love for and dedication to Beverly Hospital and Northeast Health System than Dr. Henry J. (“Hank”) Ramini.”

These words were written by Gary Larrabee in The Best Care Possible, a book on the history of Northeast Health System (NHS) published in 2006. Fittingly, it was Dr. Ramini who brought about the writing of the book, kindled by his abiding devotion to the organization, his colleagues through the years, and most importantly, the many patients he served during his long career as an obstetrician/gynecologist at Beverly Hospital.

With this annual report, Dr. Ramini steps down after nine years as Chairman of the Northeast Health System Board of Trustees. This is just one of the many roles he has played here during his nearly 50 years associated with Beverly Hospital and Northeast Health. It is a role in which he was able to use his considerable skills to help shape and strengthen the organization for continued vitality into the 21st century.

Hank Ramini has dedicated his professional life to the service of his patients and to this organization that he loves. He has given to both far more than he knows or would ever acknowledge. His instinctive business acumen, his sound judgment, his ability to keep his eye on the ball (on and off the golf course), and his well-known warmth and sense of humor have been hallmarks of his work.

As he steps down, the entire Northeast Health System family extends to Hank our deep gratitude, our admiration, and our heartfelt hope that his well-earned retirement will be long, healthy and richly fulfilling.

CAREER MILESTONES

1959
Intern at Beverly Hospital

1963
Joins the Obstetrical/Gynecological staff

1969
Founding partner, Associates in Ob/Gyn

1982 – 1992
Chief of Obstetrics/Gynecology

1993 – 1996
President of Medical Staff

1996 – 1997
Vice President of Medical Affairs

1998 – 2007
Chairman, Board of Trustees

with thanks
“Now I have no restrictions. I am back in the swing of things, back at the gym. I’m still doing some physical therapy, trying to get my body back to as good as I can get it.”

Bonnie Gunn at her home in Gloucester, performing resistance training exercises recommended as part of her recovery.
Gloucester resident Bonnie Gunn puts it this way: “You have no idea what it’s like to hear a medical professional use your name and the ‘C-word’ in the same sentence.” She experienced the breathtaking weight of that moment in the fall of 2006 when she was diagnosed with breast cancer.

The diagnosis was unexpected — she had recently had a clean mammogram — and so was her primary care doctor’s referral. “I just assumed they were going to send me to Boston. That’s where I thought all the cancer work was done. So I was quite surprised when I was referred to a surgeon at Beverly Hospital.”

That surgeon was Dr. T.W. Johnson, and she quickly grew very comfortable with him and what Beverly Hospital had to offer. “He explained to me that the hospital has a very comprehensive program for dealing with cancer, with state-of-the-art equipment. I had a lot of confidence in what he was saying. And he treated me not just as a patient, but as a partner in my care and decision-making.”

After surgery to remove and analyze the lump, and a subsequent surgery to excise lymph nodes for testing, Gunn says it was time to determine the appropriate follow-up treatment. That’s when she met with Karen Jacobs, MS, RN-CS, NP, whose title — Certified Breast Health Navigator — explains her role. “For women diagnosed with breast cancer, I am their liaison to the system. They can call me for anything, instead of trying to figure out who to call or what to do next,” says Jacobs.

Jacobs guided Gunn through the next steps, including a multidisciplinary round-table meeting with her surgeon, radiation oncologist and medical oncologist. “The doctors were very open to my questions, they answered them patiently,” says Gunn. “It’s a wonderful setup, because it gave me the chance to see all the doctors at one time. They had a plan and welcomed my input. I felt we truly collaborated on coming up with a treatment program that was best for me.”

Dr. Johnson says this approach gives patients more than just answers. “Patients feel overwhelmed by a situation they can’t control. Sitting them down with a panel of experts to answer their questions, that’s the most control they can get.”

Gunn’s treatment plan included radiation followed by hormone therapy. Today, she’s feeling well. In gratitude for the care she received, Bonnie Gunn and her partner, Bob Caron, made generous donations toward the new Breast Health Center and Day Surgery Center located in the Hospital’s new Medical and Day Surgery Center in Danvers.
As the Fitness Director at the Beverly Athletic Club, Greg Gibson knew the abdominal pain he was feeling wasn’t a pulled muscle. “It was getting worse, so I called Dr. Patel,” he recalls.

That’s Dr. Jagruti Patel, a Beverly Hospital plastic surgeon whom Gibson knew from the Club. “He’s my trainer,” says Dr. Patel. “He said he was in a lot of pain. When he described his symptoms, I said, ‘It sounds like appendicitis, get to the Emergency Department.’”

At the Beverly Hospital Emergency Department, Gibson was examined by Dr. Donald Pasquarello, another familiar face. “I knew him from the Club,” says Dr. Pasquarello, who works out there. “He was in a fair amount of pain, and I diagnosed him with acute appendicitis.” Gibson needed surgery, and soon.

Dr. Patel knew that, because of Gibson’s active lifestyle, the best approach for him would be a laparoscopic appendectomy, a minimally invasive procedure that has a much quicker recovery time than the traditional surgical approach. And she knew just who could do it.

“I asked Carol Naranjo if she would do it,” recalls Dr. Patel, because Dr. Naranjo, a Beverly Hospital general surgeon, is experienced with the newer technique.

Dr. Naranjo was just getting in her car to go home. “I know him from the Club,” she says, “and I knew he would be better served by having it done laparoscopically.” She was right: she performed the surgery that Thursday evening, with help from anesthesiologist Dr. Donald Ganim, who also knows Gibson from the Athletic Club. Gibson went home the next day, and was back at work on Monday.

“I felt fantastic,” he says. “By Tuesday I was able to begin a little running.” Gibson is grateful to live and work in a community that fosters these relationships. “I know these people, I respect and trust them,” he says. “They go the extra mile to take care of themselves, and they do the same for their patients. I wouldn’t go anywhere else.”

Greg Gibson, Fitness Director at Beverly Athletic Club
community with doctors
(left to right) Robert Hendershot, Jack Vondras and Paul O’Shea discuss plans over breakfast at the Agawam Diner
**Gloucester Community Health Center**

The new Gloucester Community Health Center, set to open in early 2008, is the result of an extraordinary collaboration among several community organizations, as well as considerable patience and determination on the part of the key players.

“I’ve worked here almost 20 years, and for the past 10 years it has been our goal to have this come to fruition,” says Gloria Riley, Chief Operations Officer of North Shore Community Health, Inc. (NSCH) in Salem.

“I’ve been involved with this effort since the mid-’90s,” says Paul O’Shea, President of Northeast Health System’s Health & Education Services, Inc. (HES).

Gloucester Health Department Director Jack Vondras, MPH, and Robert Q. Hendershott, EdD, Chief Executive Officer of NSCH, both came on the scene in 2004. “I jumped on this issue from the interviewing process,” recalls Vondras.

“A lot of individuals and organizations have been working on this for a long period of time,” says Hendershott. “They’ve run into a number of hurdles. Being an old hurdler myself, I know you don’t always get over the first one, but you have to keep running.”

In order to open this federally-approved community health center, a dizzying number of things needed to be accomplished, from an in-depth community health needs assessment revealing that parts of Gloucester meet the federal definition of “medically underserved,” to securing funding from multiple sources, to receiving special designation as a Health Professional Shortage Area which facilitates the recruitment of doctors through the National Health Service Corps.

On a more concrete level, physical space was also needed. “NHS offered up the space that used to house Cape Ann Pediatrics,” says Jack Vondras. “It’s right next to Addison Gilbert Hospital, so we can rely on the hospital for lab and x-ray services.”

The Gloucester Health Center, which will be a satellite of the North Shore Community Health Center, will offer integrated primary and behavioral health care, as well as dental care.

“It’s going to be fantastic,” says Gloria Riley, who has been busy staffing the center with clinicians, support staff, even a financial counselor who speaks English, Spanish and Portuguese.

“This has been a very strong collaboration,” says Jack Vondras. “We are very excited, and we won’t rest until it’s open.”
“The garden was really my dad’s idea. He wanted to give back to Spectrum for all they had done for his father, and the garden honors my grandfather in a way that was true to his nature.”

Cailin Kelleher DeBiase, talking about her father, John “Jack” Kelleher, III

“Jack Kelleher was a really interesting guy who was very connected to the North Shore community,” recalls Darcey Adams fondly of the man who visited Beverly Hospital’s Spectrum Adult Day Health Center daily during the last years of his life, when she was its director. The Spectrum Center provides specialized daytime care for adults with Alzheimer’s Disease, dementia or related memory disorders. It is the only dementia-specific day program on the North Shore.

Indeed, the Kelleher family have been important contributors to life on the North Shore since 1912, when John Kelleher Sr. founded Beverly Ice Company. Through the years management of the company — now Kelleher Construction — has passed to three generations. In memory of the man in the middle, John “Jack” Kelleher, Jr., the family donated and built a therapeutic garden for the Spectrum Center in 2007.

Called “Jack’s Garden,” the space is a tribute to the man who was known both for his philanthropy and for his love of the outdoors. “He was an avid outdoorsman,” says Darcey Adams, now Beverly Hospital’s Director of Community Programs. Adams used to bring her dog to the center because Jack loved animals.

“The dog and my grandfather were inseparable when he visited Spectrum,” says Cailin Kelleher DeBiase, Jack’s granddaughter, who served as the project manager for the garden. She says the Spectrum Center provided activity and companionship for her grandfather and was a great source of comfort for the family. “We knew he was going to a place where the staff were warm, caring and truly engaged in making him feel welcome. It made his last days important. He worked every day until the onset of his illness, and going to Spectrum each day became his new vocation. It was a comfort to him.”

The garden, which includes a brick walking path and patio, is completely enclosed, encouraging exercise and stimulating conversation in a safe and beautiful setting.

Darcey Adams says the garden is a fitting tribute. “Jack was always known for his generosity. The garden is a wonderful reflection of who he was. He would have loved it.”
“It’s really an important therapeutic component of the program. People with memory disorders often have difficulty sleeping, and exposure to natural sunlight helps regulate their circadian rhythms.”

Darcey Adams, former Director of the Spectrum Center and current Director of Community Programs

with families

### UNRESTRICTED REVENUE AND OTHER SUPPORT:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net patient service revenue</td>
<td>$173,888,444</td>
<td>$333,455,157</td>
</tr>
<tr>
<td>Other revenue</td>
<td>$16,156,305</td>
<td>$13,361,442</td>
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<tr>
<td>Net assets released from restrictions used for operations</td>
<td>$1,005,714</td>
<td>$857,435</td>
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<tr>
<td><strong>Total unrestricted revenue and other support</strong></td>
<td><strong>$390,550,463</strong></td>
<td><strong>$347,674,034</strong></td>
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### EXPENSES:

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<tr>
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<th>2007</th>
<th>2006</th>
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<tbody>
<tr>
<td>Salaries and wages</td>
<td>$173,976,180</td>
<td>$158,844,171</td>
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<tr>
<td>Physician salaries and fees</td>
<td>$21,233,415</td>
<td>$20,869,788</td>
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<tr>
<td>Fringe benefits</td>
<td>$36,601,615</td>
<td>$35,272,255</td>
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<tr>
<td>Supplies and contracted services</td>
<td>$120,213,096</td>
<td>$100,714,267</td>
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<tr>
<td>Uncompensated care pool assessment</td>
<td>$2,753,116</td>
<td>$1,812,628</td>
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<tr>
<td>Provision for bad debts — net</td>
<td>$9,530,761</td>
<td>$9,118,601</td>
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<tr>
<td>Depreciation and amortization</td>
<td>$16,622,928</td>
<td>$15,202,501</td>
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<tr>
<td>Impairment of long-lived assets</td>
<td>—</td>
<td>$1,100,00</td>
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<tr>
<td>Interest</td>
<td>$4,581,242</td>
<td>$4,092,562</td>
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<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$385,512,353</strong></td>
<td><strong>$347,026,773</strong></td>
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### Income (Loss) from operations

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<tr>
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<th>2007</th>
<th>2006</th>
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<tbody>
<tr>
<td>$5,038,110</td>
<td>$647,261</td>
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### Nonoperating gains – Net

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<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
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<tbody>
<tr>
<td>$16,398,791</td>
<td>$5,096,230</td>
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### Excess of revenue and gains over expenses

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<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>$21,436,901</td>
<td>$5,743,491</td>
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### OTHER CHANGES IN UNRESTRICTED NET ASSETS:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets released from restrictions for purchase of property, plant and equipment</td>
<td>$598,478</td>
<td>$811,277</td>
</tr>
<tr>
<td>Minimum pension liability adjustment</td>
<td>$11,318,422</td>
<td>$2,036,806</td>
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<tr>
<td>Change in net unrealized gains and losses on investments</td>
<td>$1,125,518</td>
<td>$3,292,346</td>
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<tr>
<td>Adjustment to initially apply the recognition provisions of SFAS No. 158</td>
<td>($16,024,507)</td>
<td>—</td>
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<tr>
<td><strong>Total other changes in unrestricted net assets</strong></td>
<td><strong>($2,982,809)</strong></td>
<td><strong>$6,140,429</strong></td>
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### Change in unrestricted net assets before cumulative effect of change in accounting principle

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<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>$18,454,812</td>
<td>$11,883,920</td>
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### Change in unrestricted net assets

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
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<tbody>
<tr>
<td>$18,454,812</td>
<td>$11,883,920</td>
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<table>
<thead>
<tr>
<th>Assets</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$10,570,432</td>
<td>$15,732,545</td>
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<tr>
<td>Patient receivables, less allowance for uncollectible accounts of $7,878,000 in 2007 and $7,026,000 in 2006</td>
<td>$43,305,350</td>
<td>$37,869,559</td>
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<tr>
<td>Current portion of assets whose use is limited or restricted</td>
<td>$843,469</td>
<td>$1,158,898</td>
</tr>
<tr>
<td>Supplies at cost</td>
<td>$5,453,945</td>
<td>$4,870,354</td>
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<tr>
<td>Prepaid expenses and other current assets</td>
<td>$12,170,689</td>
<td>$7,789,962</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td><strong>$72,343,885</strong></td>
<td><strong>$67,421,318</strong></td>
</tr>
<tr>
<td><strong>ASSETS WHOSE USE IS LIMITED OR RESTRICTED:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets held by trustee under bond indenture agreements</td>
<td>$15,476,221</td>
<td>$37,634,736</td>
</tr>
<tr>
<td>Assets held in malpractice trust</td>
<td>$10,143,505</td>
<td>$4,564,548</td>
</tr>
<tr>
<td>Donor-restricted assets for specific purposes</td>
<td>$11,145,388</td>
<td>$9,457,934</td>
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<tr>
<td>Donor-restricted assets for permanent endowment</td>
<td>$6,463,548</td>
<td>$6,249,001</td>
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<tr>
<td><strong>Total assets whose use is limited or restricted</strong></td>
<td><strong>$43,228,662</strong></td>
<td><strong>$57,906,219</strong></td>
</tr>
<tr>
<td>Property, plant and equipment – Net</td>
<td>$180,430,099</td>
<td>$150,493,320</td>
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<tr>
<td><strong>OTHER ASSETS:</strong></td>
<td></td>
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<tr>
<td>Long-term investments</td>
<td>$101,535,903</td>
<td>$87,378,200</td>
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<tr>
<td>Unamortized financing costs</td>
<td>$4,704,813</td>
<td>$5,072,039</td>
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<tr>
<td>Other noncurrent assets</td>
<td>$12,636,156</td>
<td>$15,699,851</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td><strong>$118,876,872</strong></td>
<td><strong>$108,150,090</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$414,879,518</strong></td>
<td><strong>$383,970,947</strong></td>
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<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$27,822,953</td>
<td>$17,214,917</td>
</tr>
<tr>
<td>Accrued wages and vacation payable</td>
<td>$17,095,187</td>
<td>$15,239,843</td>
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<tr>
<td>Accrued interest expense</td>
<td>$256,524</td>
<td>$324,602</td>
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<tr>
<td>Estimated third-party settlements</td>
<td>$9,623,157</td>
<td>$12,524,726</td>
</tr>
<tr>
<td>Current installments on long-term debt</td>
<td>$4,909,894</td>
<td>$4,442,171</td>
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<tr>
<td>Other current liabilities</td>
<td>$1,613,489</td>
<td>$1,920,086</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>$61,321,204</td>
<td>$51,666,345</td>
</tr>
<tr>
<td><strong>OTHER LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued pension liability</td>
<td>$11,267,863</td>
<td>$9,508,732</td>
</tr>
<tr>
<td>Post-retirement medical benefits</td>
<td>$2,226,338</td>
<td>$4,193,430</td>
</tr>
<tr>
<td>Professional liability reserves</td>
<td>$10,192,125</td>
<td>$4,797,786</td>
</tr>
<tr>
<td>Other noncurrent accrued liabilities</td>
<td>$2,539,915</td>
<td>$2,847,664</td>
</tr>
<tr>
<td><strong>Total other liabilities</strong></td>
<td>$26,226,241</td>
<td>$21,347,612</td>
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<tr>
<td><strong>LONG-TERM DEBT:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue bonds</td>
<td>$136,957,356</td>
<td>$140,884,124</td>
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<tr>
<td>Other</td>
<td>$1,829,957</td>
<td>$1,880,677</td>
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<tr>
<td><strong>Total long-term debt</strong></td>
<td>$138,787,313</td>
<td>$142,764,801</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>$226,334,758</td>
<td>$215,778,758</td>
</tr>
<tr>
<td><strong>NET ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$169,315,587</td>
<td>$150,860,775</td>
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<tr>
<td>Temporarily restricted</td>
<td>$12,765,625</td>
<td>$11,082,413</td>
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<tr>
<td>Permanently restricted</td>
<td>$6,463,548</td>
<td>$6,249,001</td>
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<tr>
<td><strong>Total net assets</strong></td>
<td>$188,544,760</td>
<td>$168,192,189</td>
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<tr>
<td><strong>Total</strong></td>
<td>$414,879,518</td>
<td>$383,970,947</td>
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</tbody>
</table>
Addison Gilbert Hospital and Beverly Hospital
- Beverly Hospital celebrated the opening of Beverly Hospital at Danvers Medical and Day Surgery Center.
- Beverly Hospital and the Northeast family of hospitals including Addison Gilbert Hospital, BayRidge Hospital and the Beverly Hospital Hunt Center was selected as one of the nation’s 100 top hospitals by the Solucient Institute for the fifth time in seven years.
- NHC awarded its third Board of Trustees’ Dr. Philip D. Herrick Award to Tai Tran, MD. Dr. Tran is a neonatologist on the medical staff.
- Harvard Pilgrim Health Care named Beverly Hospital to the First Hospital Honor Roll, which acknowledges acute care hospitals with scores in the top 25 percent of the quality measures reported by the Centers for Medicare and Medicaid Services and the Leapfrog Group for Patient Safety.
- The Diabetes Self-Management Programs at Addison Gilbert Hospital and the Beverly Hospital Hunt Center received the prestigious American Diabetes Association Education Recognition Certificate.
- Beverly Hospital celebrated the opening of a new main lobby and emergency department.
- Jo Ann Gallant, RN, received the Gastrointestinal Nurse of the Year award from Proctor & Gamble Pharmaceuticals, Inc.

BayRidge Hospital and Inpatient Behavioral Health Services
- The medical staff awarded a $2,000 scholarship to Heather Hopkins of Danvers.
- Beverly Hospital celebrated the opening of the Wound and Hyperbaric Medicine Center.
- Provider Order Management was implemented at Addison Gilbert Hospital.
- Electronic Medical Records were implemented at the Lifestyle Management Institute and at 87 percent of primary care physician offices.
- Chef Colin Targett received an Executive Chef certification from the American Culinary Federation.
- Hugh M. Taylor, MD, of Family Medicine Associates in Hamilton, was named Family Physician of the Year by the Massachusetts Academy of Family Physicians.
- Sally Kiesling, clinical educator and coordinator, was presented with a service award and letter of recognition from the American Heart Association.
- Sefatia Romeo was recognized with the Lyndon B. Johnson Award of appreciation from Action, Inc.
- Patricia Sheridan, FNP of Family Medicine Associates in Manchester, was awarded the North Shore Arc Distinguished Service Award.
- The physicians of The Fertility Centers of New England were named to Boston Magazine’s ‘Best Docs 2007’ list.
- The Senior Adult Unit earned designation as a Nurses Improving Care for Health System Elders (NICHE) site, a national program to improve care for older hospitalized adults.
- BayRidge Hospital completed its first full year as a designated Enhanced Acute Treatment Service Program by the Mass Behavioral Health Partnership.
- Provider Order Management was implemented at BayRidge Hospital.

CAB Health & Recovery Services, Inc.
- Michael Levy, PhD received the 2007 Community Health Improvement award from the North Shore Community Health Network.

Northeast Senior Health
- Ledgewood Rehabilitation & Skilled Nursing Center received a deficiency-free survey score from the Department of Public Health.
- Seacoast Nursing and Rehabilitation Center presented State Representative Anthony Verga with the Seacoast ‘Servant to Seniors’ community award.
- Northeast Senior Health presented the first “Commitment to Seniors” award to Franz Brenahan.
- The Lifeline Program received the Exceptional Performance Award from the Lifeline Systems Academy in recognition of outstanding achievement and exceptional community service.

Seacoast Nursing and Rehabilitation Center received My InnerView’s ‘Excellence In Action’ award for having overall resident and family satisfaction levels fall within the top 10 percent of My InnerView’s customer data base.
- Seacoast Nursing and Rehabilitation Center and Ledgewood Rehabilitation and Nursing Center were recipients of a $210,000 grant from the Workforce Training Fund.
- Seacoast Nursing and Rehabilitation Center and Ledgewood Rehabilitation and Nursing Center were recipients of a $500,000 grant from the Workforce Competitive Trust Fund.
- Seacoast Nursing and Rehabilitation Center and Ledgewood Rehabilitation and Nursing Center received NAMI for the Heroes in the Fight Against Mental Illness Award.

Health & Education Services, Inc.
- Jane Peck, Cape Ann Social Club Director, was nominated by NAMI for the Heroes in the Fight Recognition program. The program was established by Eli Lilly & Co. to celebrate dignity, courage, hope and recovery in the ongoing treatment of people with serious and persistent mental illness.
- Jack Petras, Assistant Vice President of Emergency Services, received a Leadership in Suicide Prevention award from the Northeast Chapter of the Massachusetts Coalition for Suicide Prevention.

Northeast Physician Hospital Organization (PHO)
- For the fifth year in a row, the physician members of the Northeast Physician Hospital Organization, were recognized by Harvard Pilgrim Health Care by being named to the 2007 Physician Group Honor Roll.
- The Northeast Physician Hospital Organization was recognized by General Electric for its innovative use of the new GE Centricity Practice Management and Centricity EMR.
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Jaymie Aguinaldo, MD
Toydial Amiri, MD
Leonard N. Austin, MD
Sidersis D. Baer, MD
Vishnu V. Bezwada, MD
Cynthia C. Bjorlie, MD
David G. Blom, MD
W. Anthony Bohnert, MD
Saritha Bolla, MD
Adrienne Bradley, MD
Karen E. Cladwell, MD
Ellery E. Canlas, MD
Victor Carabba, MD
Frank S. Carbone Jr., MD
Omar M. Cheema, MD
Frank S. Carbone Jr., MD
Sarah C. Gates, MD
Alpana Sinha, MD
Alpana Sinha, MD
James M. Gottschall, MD
Shaji Habeeculla, MD
Habibullah Habibi, MD
Alyssa S. Handler, MD
Steven C. Hatch, MD
Lewis S. Hays, MD
Agneszka M. Heith, MD
Li Li Huang, MD
Joy J. Isaac, MD
Agnes Jimenez, MD
Carl Erik Johnson, MD
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Sashikanth Kodali, MD
Thomas J. Lapine, MD
Thokozeni Lipato, MD
Prasad V. Maddukuri, MD
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Alexey Makogonov, MD
John Malepszy, MD
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Mark J. Messenger, MD
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Daniel Newman, MD
Ronald R. Newman, MD
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Omah S. Singh, MD
Jeffrey Sorkin, MD
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Dennis F. Stoler, MD
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Dawn Ansello, DMD
Mahmoud A. El-Hadidy, DMD
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Pediatrics
Keith H. Sherwood, DDS
Nicholas P. Senzamnic, DMD
Keith H. Sherwood, DDS
Pediatrics
Keith H. Sherwood, DDS
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David Fehnel, MD
Peter B. Germond, MD
Mark P. Gilligan, MD
Kenneth W. Gregg, MD
Douglas O. Halsted, MD
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John A. Kazes, MD
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James D. O’Holleran, MD
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John G. Hernandez, MD
Charles J. Leidner, MD
Richard E. Mugge, MD
Anna Petropoulos-Weisled, MD

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Sherry T. Emery, MD
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Samuel C. Blackman, MD
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Thomas V. Carbone, MD
Christopher Chen, MD
Richard Cano, MD
David O. Danis, MD
F. Susan Davis, MD
Fatma Dedoglu, MD
William R. Dorsey, MD
Miriam Duman, MD
Jessica Barron Essary, MD
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Abhinav Garg, MD
Mathew George, MD
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Avis Meryl Kow, MD
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Pediatric Cardiology
Michael D. Freed, MD

Pediatric Emergency Medicine
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Michael T. Witt, MD

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Communities are about connections. As part of the North Shore community, Northeast Health System is intricately connected with the people and places in our midst. As an independent health system, our relationship with our community is personal. The stories in this report are but a few examples of how those personal relationships between caregivers and patients, or even between local organizations, strengthen us all.

we are all connected.

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