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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
New London Hospital Association Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 273 County Road

Room/suite

City or town, state or country, and ZIP + 4
New London, NH 03257

D Employer identification number
02-0222171

E Telephone number
(603) 526-5339

G Gross receipts $ 63,528,678

F Name and address of principal officer
Bruce King
273 County Road
New London, NH 03257

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www newlondonhospital org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1918

M State of legal domicile NH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
NLHA is a rural community Critical Access Hospital with an extended care center

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	19
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	694
6	Total number of volunteers (estimate if necessary)	**6**	170
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	120,077
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-27,554

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	842,260	1,061,718
	9 Program service revenue (Part VIII, line 2g)	57,804,552	56,580,492
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	305,390	441,947
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,520	3,460
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	58,953,722	58,087,617
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	34,487,289	32,317,756
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶218,988		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	24,646,763	26,029,889
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	59,134,052	58,347,645
	19 Revenue less expenses Subtract line 18 from line 12	-180,330	-260,028

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	58,465,539	57,974,951
	21 Total liabilities (Part X, line 26)	32,250,877	33,308,576
	22 Net assets or fund balances Subtract line 21 from line 20	26,214,662	24,666,375

Part II Signature Block

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

Sign Here

****** 2012-08-07
Signature of officer Date

Donald Griffin CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
Rachel Williamson CPA	Rachel Williamson CPA	2012-08-07	☐	

Firm's name ▶ Berry Dunn McNeil & Parker LLC — Firm's EIN ▶

Firm's address ▶ 1000 Elm Street 15th Floor, Manchester, NH 03101 — Phone no ▶ (603) 669-7337

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

New London Hospital provides safe quality care for every patient, every time in partnership with patients, families and healthcare providers

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 34,598,364 including grants of $) (Revenue $ 43,420,052)

Hospital services to patients New London Hospital Association, Inc (NLHA) is the principal provider of primary and secondary health care for 15 towns in Sullivan and Merrimack counties in New Hampshire The hospital provides acute and primary health care - from emergency services to family medical practice to surgical care - and essential wellness and prevention services for the 34,000 residents in its service area, a significant proportion of whom are uninsured, underinsured and/or dependent on Medicaid/Medicare benefits This includes a large elderly population and a significant number of rural, low-income families

4b (Code) (Expenses $ 9,853,756 including grants of $) (Revenue $ 8,847,082)

Physician practices In a recent community health needs assessment access to primary care is identified as a central community need As a result, the hospital is committed to providing care in central locations throughout the service area, specifically Newport and New London NLHA employs forty-one providers Eighteen provide primary care including pediatrics, and twenty-three are specialists covering general surgery, anesthesiology, orthopaedics, neurology, emergency medicine, hospitalists, gynecology, rheumatology, and ear, nose and throat

4c (Code) (Expenses $ 3,999,877 including grants of $) (Revenue $ 4,758,765)

Nursing Home The Clough Center is a 58-bed extended nursing care facility located within New London Hospital The Clough Center provides a warm and caring environment for its residents who benefit from health services personalized to meet their individual needs, including special meals, physical, occupational and speech therapy, personalized exercise sessions, and individual attention by highly skilled providers who have immediate access to the comprehensive services of a hospital and pharmacy

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 48,451,997

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**		No
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☐ Yes ☑ No			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	73		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	694		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b		

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

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	19		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	15		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		No
6	Does the organization have members or stockholders?		6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ NH

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

Donald Griffin
273 County Road
New London, NH 03257
(603) 526-5372

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

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

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

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								3,161,128	0	249,850

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 39

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
New England Alliance for Health LLC 1 Medical Center Drive Lebanon, NH 03756	Management services	833,670
Dartmouth Hitchcock Clinic 1 Medical Center Drive Lebanon, NH 03756	Physician Staffing & Lab Services	728,359
Upper Valley Neurology Neurosurgery PC 106 Hanover St Lebanon, NH 03766	Physician Services	719,054
American Health Centers Inc 10 Commerce Park North Unit 10 Bedford, NH 03110	Diagnostic Imaging Services	440,411
Mary Hitchcock Memorial Hospital 1 Medical Center Drive Lebanon, NH 03756	Management services	402,851

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 5

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . 1a					
	b Membership dues 1b					
	c Fundraising events 1c	106,193				
	d Related organizations . . . 1d					
	e Government grants (contributions) 1e	293,250				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	662,275				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		1,061,718			
Program Service Revenue		Business Code				
	2a Net Patient Revenue	621400	55,229,287	55,229,287		
	b Physician Services	621110	893,350	893,350		
	c Cafeteria	900099	316,361	196,284	120,077	
	d Child Care	624410	141,494	141,494		
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		56,580,492			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		355,270			355,270
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents					
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss) . . . . . ▶					
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	5,408,122	24,741			
	b Less cost or other basis and sales expenses	5,311,861	34,325			
	c Gain or (loss)	96,261	-9,584			
	d Net gain or (loss) . . . . . ▶		86,677			86,677
Other Revenue	8a Gross income from fundraising events (not including $ 106,193 of contributions reported on line 1c) See Part IV, line 18 . . . a	98,335				
	b Less direct expenses . . . b	94,875				
	c Net income or (loss) from fundraising events . . ▶		3,460			3,460
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . ▶					
	10a Gross sales of inventory, less returns and allowances . a					
	b Less cost of goods sold . . b					
	c Net income or (loss) from sales of inventory . . ▶					
	Miscellaneous Revenue	Business Code				
	11a					
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d . . . . . ▶					
	12 **Total revenue.** See Instructions . . . ▶		58,087,617	56,460,415	120,077	445,407

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,668,974	945,943	723,031	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	25,540,227	20,559,883	4,804,439	175,905
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	35,919	28,915	7,004	
9 Other employee benefits	3,389,434	2,728,494	645,457	15,483
10 Payroll taxes	1,683,202	1,354,978	314,460	13,764
a Fees for services (non-employees) Management	6,300	5,072	1,228	
b Legal	195,350	157,257	38,093	
c Accounting	73,824	59,428	14,396	
d Lobbying				
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees	48,624	39,142	9,482	
g Other	5,086,270	4,094,447	991,823	
12 Advertising and promotion	208,850	168,124	35,115	5,611
13 Office expenses	2,162,452	1,740,774	417,753	3,925
14 Information technology	624,109	502,408	121,701	
15 Royalties				
16 Occupancy	1,585,672	1,276,466	308,459	747
17 Travel	66,936	53,883	10,749	2,304
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	154,928	124,717	28,962	1,249
20 Interest	881,667	709,742	171,925	
21 Payments to affiliates	162,499	130,812	31,687	
22 Depreciation, depletion, and amortization	3,778,326	3,041,552	736,774	
23 Insurance	543,650	437,638	106,012	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a Bad Debt Expense	3,546,621	3,546,621		
b Medicaid Enhancement Ta	2,413,347	2,413,347		
c Medical Supplies	2,025,586	2,025,586		
d Drugs and Pharmaceutica	1,654,057	1,654,057		
e Other	810,821	652,711	158,110	
f All other expenses				
25 **Total functional expenses.** Add lines 1 through 24f	58,347,645	48,451,997	9,676,660	218,988
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		4,316,368	1	6,198,610
	2	Savings and temporary cash investments		769,940	2	1,435,340
	3	Pledges and grants receivable, net		1,058,149	3	568,429
	4	Accounts receivable, net		8,573,324	4	6,947,286
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		975,689	8	1,002,338
	9	Prepaid expenses and deferred charges		542,863	9	543,702
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 64,230,178			
	b	Less accumulated depreciation	10b 33,035,156	32,633,093	10c	31,195,022
	11	Investments—publicly traded securities		6,365,015	11	6,782,749
	12	Investments—other securities See Part IV, line 11		0	12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		3,231,098	15	3,301,475
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		58,465,539	16	57,974,951
Liabilities	17	Accounts payable and accrued expenses		8,020,625	17	6,481,106
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		16,750,000	20	16,415,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		1,239,096	23	631,306
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		6,241,156	25	9,781,164
	26	**Total liabilities.** Add lines 17 through 25		32,250,877	26	33,308,576
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		24,065,531	27	22,468,215
	28	Temporarily restricted net assets		221,095	28	307,685
	29	Permanently restricted net assets		1,928,036	29	1,890,475
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		26,214,662	33	24,666,375
	34	Total liabilities and net assets/fund balances		58,465,539	34	57,974,951

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	58,087,617
2	Total expenses (must equal Part IX, column (A), line 25)	2	58,347,645
3	Revenue less expenses Subtract line 2 from line 1	3	-260,028
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	26,214,662
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-1,288,259
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	24,666,375

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
New London Hospital Association Inc

Employer identification number
02-0222171

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

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

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

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

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

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

_____

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	**15**	
16	Public support percentage from 2009 Schedule A, Part III, line 15	**16**	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	**17**	
18	Investment income percentage from **2009** Schedule A, Part III, line 17	**18**	

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

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

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then

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

Name of the organization	Employer identification number
New London Hospital Association Inc	02-0222171

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $

3 Volunteer hours

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ☐ if the filing organization belongs to an affiliated group
B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		10,927
j	Total lines 1c through 1i			10,927
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Explanation of Other Lobbying Activities	Part II-B, Line 1i	Per information provided by the NH Hospital Association (NHHA), the NHHA percentage of dues expended for lobbying purposed was 22 33% The percentage of American Hospital Association dues expended for lobbying purposed was 24 42%

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
New London Hospital Association Inc

Employer identification number
02-0222171

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

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

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	1,928,036	1,870,163	1,870,163		
b Contributions					
c Investment earnings or losses	77,754	90,988	2,996		
d Grants or scholarships					
e Other expenditures for facilities and programs	90,305	30,386	132		
f Administrative expenses	25,010	2,729	2,864		
g End of year balance	1,890,475	1,928,036	1,870,163		

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶

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

		Yes	No
(i) unrelated organizations	3a(i)	Yes	
(ii) related organizations	3a(ii)		No

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? 3b

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		941,274		941,274
b Buildings		35,387,029	12,672,479	22,714,550
c Leasehold improvements		405,637	277,095	128,542
d Equipment		25,945,908	19,491,915	6,453,993
e Other		1,550,330	593,667	956,663
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				31,195,022

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Estimated Third Party Settlements	2,377,722
(2) Due from Affiliate	602,608
(3) Deferred financing costs	315,079
(4) Other Assets	6,066
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	3,301,475

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Charitable Gift Annuities	32,338
Capital Lease Obligations	1,250,133
Other Liabilities	3,892,789
Interest Rate Swap	4,605,904
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	9,781,164

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	58,087,617
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	58,347,645
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-260,028
4	Net unrealized gains (losses) on investments	4	-161,589
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	-37,553
8	Other (Describe in Part XIV)	8	-1,089,117
9	Total adjustments (net) Add lines 4 - 8	9	-1,288,259
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-1,548,287

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	56,788,287
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-161,589		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	-161,589
3	Subtract line **2e** from line **1**			3	56,949,876
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	48,624		
b	Other (Describe in Part XIV)	4b	1,089,117		
c	Add lines **4a** and **4b**			4c	1,137,741
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	58,087,617

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	58,299,021
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	58,299,021
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	48,624		
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	48,624
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	58,347,645

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Intended Use of Endowment Funds	Part V, Line 4	The income from the Endowment Funds is used to assist in the payment of the hospitals program-related expenses
Part XI, Line 8 - Other Adjustments		Unrealized Loss on Interest Rate Swap -739,724 Write off of intangible assets -349,393
Part XII, Line 4b - Other Adjustments		Unrealized Loss on Interest Rate Swap 739,724 Write off of intangible assets 349,393

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
New London Hospital Association Inc

Employer identification number
02-0222171

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☐ Mail solicitations
- **b** ☐ Internet and e-mail solicitations
- **c** ☐ Phone solicitations
- **d** ☐ In-person solicitations
- **e** ☐ Solicitation of non-government grants
- **f** ☐ Solicitation of government grants
- **g** ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

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

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
Total . . . . . ▶						

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

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

		(a) Event #1 Golf Tournament (event type)	(b) Event #2 Hospital Gala (event type)	(c) Other Events 1 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	54,860	103,565	46,103	204,528
	2 Less Charitable contributions	26,604	64,534	15,055	106,193
	3 Gross income (line 1 minus line 2)	28,256	39,031	31,048	98,335
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes	1,647		507	2,154
	6 Rent/facility costs	7,957	9,271	7,328	24,556
	7 Food and beverages	5,882	21,571	1,761	29,214
	8 Entertainment		3,690	1,320	5,010
	9 Other direct expenses	9,310	4,499	20,132	33,941
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				94,875
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				3,460

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

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

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

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

b If "No," Explain _____

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

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

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

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

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

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

Identifier	ReturnReference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
New London Hospital Association Inc

Employer identification number
02-0222171

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			1,263,567		1,263,567	2 170 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			5,943,592	5,663,845	279,747	0 480 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			7,207,159	5,663,845	1,543,314	2 650 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			82,697		82,697	0 140 %
f Health professions education (from Worksheet 5)			16,415		16,415	0 030 %
g Subsidized health services (from Worksheet 6)			2,948,491		2,948,491	5 050 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			14,820		14,820	0 030 %
j **Total** Other Benefits			3,062,423		3,062,423	5 250 %
k **Total.** Add lines 7d and 7j			10,269,582	5,663,845	4,605,737	7 900 %

Part II **Community Building Activities** during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			72,598		72,598	0 120 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy			36,385		36,385	0 060 %
8	Workforce development			7,192		7,192	0 010 %
9	Other						
10	**Total**			116,175		116,175	0 190 %

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	1,941,066		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	15,095,392
6	Enter Medicare allowable costs of care relating to payments on line 5	6	15,722,754
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-627,362
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes		
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes		

Part IV **Management Companies and Joint Ventures**

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	New London Hospital 273 County Road New London, NH 03257					X				

Part V **Facility Information** *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

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

	Name and address	Type of Facility (Describe)
1	Newport Health Center 11 John Stark Hwy Newport, NH 03773	Clinic
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		Part I, Line 7g The hospital subsidized the delivery of primary care to the community in the amount of $2,649,620 in FY 2011 In addition, the hospital provided a Medication Bridge Program at a cost of $20,676 that works with patients to ensure that prescription medication is available at an affordable cost Due to limited access to mental health services in the service area, NLHA partnered with West Central Behavioral Health to give patients access to care at a cost of $145,849 New Hampshire does not require towns to provide ambulance service and the NLHA ambulance service covers seven towns including New London, Sunapee, Springfield, Newbury, Sutton, Wilmot and Grantham with a paramedic level ambulance NLHA provided financial support totaling $132,346 for the ambulance service during FY 2011

Identifier	ReturnReference	Explanation
		Part II A variety of healthcare support services comprises a significant area of community benefits for NLHA The hospital supports many local service agencies through the participation of members of its management team on committees and governing boards and by supporting the cost of operating a childcare center that is open to community members

Identifier	ReturnReference	Explanation
		Part III, Line 4 The Hospital used the cost-to-charge ratio for reporting the bad debt expense at cost

Identifier	ReturnReference	Explanation
		Part III, Line 9b The Collection Coordinator is reponsible for giving Financial Assistance Program applications, reviewing returned applications, securing financial data necessary, evaluating applications and making recommendations for approval to the Director of Patient Business Services and/or the Chief Financial Officer, and notifying the patients of eligibility determinations When patients claim they cannot pay in full or meet installment plan guidelines due to a lack of resources, the Hospital can agree to an installment plan, refer the account to collections, write off the account as a bad debt or pursue a charity care application

Identifier	ReturnReference	Explanation
		Part VI, Line 2 The Affordable Care Act of 2010 requires not-for-profit hospitals to conduct a Community Health Needs Assessment (CHNA) every three years and the State of New Hampshire requires one to be completed every five years The most recent community needs assessment was completed in May 2012 and involved New London Hospital (NLH) working with Crescendo Consulting Group (CCG) to bring together key healthcare and public service stakeholders, collect quantitative and qualitative data, and reach out to the community in order to elicit feedback directly from them and their service providers In addition to performing quantitative analysis of existing survey data NLH and CCG conducted focus group discussions with a diverse set of community stakeholders including leadership group members, healthcare consumers and community opinion leaders Subsequently, information gathered during the quantitative and qualitative phases of the research was used to establish an extensive list of community health needs CCG then asked leadership group members (i e executives from service area organizations that have direct contact with healthcare consumers) to complete a survey to evaluate each of the community needs identified and then CCG ranked the survey scores to order the list of 30 community needs

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Information packets are available in the Credit and Collection Coordinator's office

Identifier	ReturnReference	Explanation
		Part VI, Line 4 New London Hospital Association, Inc (NLHA) is the principal provider of primary and secondary health care for 15 towns in Sullivan and Merrimack counties in New Hampshire The towns in the NLHA service area (HSA) are Andover, Bradford, Croydon, Danbury, Goshen, Grantham, Lempster, New London, Newbury, Newport, Springfield, Sunapee, Sutton, Washington and Wilmot The HSA has a population of 32,868 persons (2010) representing approximately 2 5% of the NH State population (1,316,470) The percent of families living below the proverty line in New London Hospital's HSA was 11 8% compared to 8 6% for the State of NH The prioritization of community needs identified in the Community Needs Assessment include the following (1) availability of affordable healthcare, prescriptions, and related services, (2) communication between healthcare providers and other community service providers regarding the bredth of services available, (3) primary care physician availability, (4) drug and alcohol abuse early detection and treatment, (5) insurance coverage rates, (6) chronic disease screenings (hypertension, cancer, heart disease), (7) coordination of care among provider organizations, (8) dementia spectrum issues / elder care services, (9) obesity, nutrition, and exercise education and services

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	NH

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
New London Hospital Association Inc

Employer identification number
02-0222171

Part I Questions Regarding Compensation

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

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

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

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Bruce P King	(i)	275,256	47,500	9,274	8,935	2,177	343,142	0
	(ii)	0	0	0	0	0	0	0
(2) Eileen Kirk MD	(i)	232,941	35	966	2,500	17,417	253,859	0
	(ii)	0	0	0	0	0	0	0
(3) Lori D Richer MD	(i)	131,159	10,035	259	4,338	21,107	166,898	0
	(ii)	0	0	0	0	0	0	0
(4) Gregory Q Curtis MD	(i)	241,783	0	420	6,960	24,619	273,782	0
	(ii)	0	0	0	0	0	0	0
(5) Tina Naimie	(i)	145,356	35	428	3,379	1,727	150,925	0
	(ii)	0	0	0	0	0	0	0
(6) Adnan Khan	(i)	283,108	10,035	336	2,500	16,279	312,258	0
	(ii)	0	0	0	0	0	0	0
(7) Donald Eberly MD	(i)	280,058	35	2,772	6,454	24,619	313,938	0
	(ii)	0	0	0	0	0	0	0
(8) Kenneth Call MD	(i)	312,518	35	966	3,029	2,293	318,841	0
	(ii)	0	0	0	0	0	0	0
(9) Sean Bears MD	(i)	267,701	35	420	6,243	21,613	296,012	0
	(ii)	0	0	0	0	0	0	0
(10) Thomas F Lucas MD	(i)	301,039	35	966	6,274	24,619	332,933	0
	(ii)	0	0	0	0	0	0	0
(11) James G McGuire MD	(i)	157,865	0	0	0	0	157,865	0
	(ii)	0	0	0	0	0	0	0
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Supplemental Information	Part III	Bruce King, CEO is paid by the Mary Hitchcock Memorial Hospital, an unrelated organization Mr King's total compensation from MHMH for the 2010 calendar year was $309,020, the remainder of his compensation was paid directly by NHLA The compensation paid by NHLA consisted of continuity of service payments paid under the terms of an executive incentive agreement and an allowance for business use of his personal automobile

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).**
▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
New London Hospital Association Inc

Employer identification number
02-0222171

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	NH Health and Education Facilities Authority	02-0279866	644614SL4	06-21-2007	20,000,000	New medical office building construction & renovation of hospital facilities		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	335,000			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	20,000,000			
4	Gross proceeds in reserve funds	268,294			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	304,750			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds	5,000,000			
10	Capital expenditures from proceeds	14,426,956			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2009			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X						

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
b	Are there any research agreements that may result in private business use of bond-financed property?		X						
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X							
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %							
6	Total of lines 4 and 5	0 %							
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2	Is the bond issue a variable rate issue?	X							
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X							
b	Name of provider	Morgan Stanley							
c	Term of hedge	30 000000000000							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?	X							
b	Name of provider	Hypo Public Finance							
c	Term of GIC	1 830000000000							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?	X							

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
New London Hospital Association Inc

Employer identification number
02-0222171

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	3	38,103	Fair Market Value
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (_____)				
26 Other ▶ (_____)				
27 Other ▶ (_____)				
28 Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . **29**

		Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	**30a**		No
b If "Yes," describe the arrangement in Part II			
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	**31**	Yes	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	**32a**		No
b If "Yes," describe in Part II			
33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
New London Hospital Association Inc

Employer identification number
02-0222171

Identifier	Return Reference	Explanation
Net Assets	Part I, Line 22	In FY11, New London Hospital restated their prior year financial statements As of October 1, 2009 permanently restricted net assets increased by $1,496,296 due to recording a beneficial interest in perpetual trust During 2010, the market value of the perpetual trust increased by $57,873 There was also a restatement for the correction of an error relating to the calculation of estimated third-party settlements The result was a decrease to net patient service revenue and unrestricted net assets by $870,000 The restatements changed net assets on the 2009 and 2010 in the following way the 2009 Current Year Part I, Line 22 net assets was $25,530,501 The 2010 Prior Year Part I, Line 22 net assets is $26,214,662

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 3		Mr Bruce King, CEO, of New London Hospital Association (NLHA) is an employee of Mary Hitchcock Memorial Hospital (MHMH) NLHA purchases Mr King's services from MHMH

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		NLHA posted a copy of the Form 990 on its trustee intranet site and solicited trustee comments before filing the return The Schedule B provided did not include the names of the donors Prior to this a draft version of the Form 990 was reviewed with NLHA's Audit Committee

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	Each year, as part of the preparation process for the Form 990, a written conflict of interest survey is sent to each Trustee inquiring about situations that could result in conflicts of interest Additionally, trustees are asked quarterly at Board of Trustee meetings if any new situations have arisen that could result in conflicts of interest

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	The CEO's compensation is determined by the New London Hospital Association (NLHA) Executive Committee and Mary Hitchcock Memorial Hospital, the CEO's employer, after considering compensation for CEOs of various sized hospitals in the region Compensation levels for all other officers and key employees are reviewed periodically by NLHA's Senior Director of Human Resources and the CEO of NLHA These reviews include comparisons of compensation levels to independent salary survey data for comparable positions in the region

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	NLHA makes this information available to the public upon request Additionally, Form 990 is filed with the State of New Hampshire and is available to the public through the State NLHA also maintians public inspection copies of the Form 990 that are available upon request and its Form 990 is also available through GuideStar NLH files a Community Benefit Report annually with the State of NH A summary of the Community Benefit Report and summary financial information is available on NLHA's website and in annual reports to donors

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized losses on investments -161,589 Prior period adjustments -37,553 Unrealized Loss on Interest Rate Swap -739,724 Write off of intangible assets -349,393 Total to Form 990, Part XI, Line 5 -1,288,259

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
New London Hospital Association Inc

Employer identification number
02-0222171

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Kearsage Community Services 273 County Road New London, NH03257 02-0460136	Real Estate	NH	New London Hospital Association	C			100 000 %
(2) New London Medical Center East 273 County Road New London, NH03257 02-0480857	Real Estate	NH	New London Hospital Association	C			100 000 %
(3) New London Physician Group Inc 273 County Road New London, NH03257 02-0494420	Physician Pratice	NH	New London Hospital Association	C			100 000 %

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

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

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a**	**No**
b	Gift, grant, or capital contribution to other organization(s)	**1b**	**No**
c	Gift, grant, or capital contribution from other organization(s)	**1c**	**No**
d	Loans or loan guarantees to or for other organization(s)	**1d**	**No**
e	Loans or loan guarantees by other organization(s)	**1e**	**No**
f	Sale of assets to other organization(s)	**1f**	**No**
g	Purchase of assets from other organization(s)	**1g**	**No**
h	Exchange of assets	**1h**	**No**
i	Lease of facilities, equipment, or other assets to other organization(s)	**1i**	**No**
j	Lease of facilities, equipment, or other assets from other organization(s)	**1j**	**No**
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k**	**No**
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l**	**No**
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**	**No**
n	Sharing of paid employees	**1n**	**No**
o	Reimbursement paid to other organization for expenses	**1o**	**No**
p	Reimbursement paid by other organization for expenses	**1p**	**No**
q	Other transfer of cash or property to other organization(s)	**1q**	**No**
r	Other transfer of cash or property from other organization(s)	**1r**	**No**

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

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

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

BerryDunn

[redacted]

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

and

ADDITIONAL INFORMATION

September 30, 2011 and 2010

With Independent Auditors' Report

[redacted]

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

September 30, 2011 and 2010

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BerryDunn

INDEPENDENT AUDITORS' REPORT

Board of Trustees
The New London Hospital Association, Inc and Subsidiaries

We have audited the accompanying consolidated balance sheets of The New London Hospital Association, Inc and Subsidiaries (the Association) as of September 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended These consolidated financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with U S generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The New London Hospital Association, Inc and Subsidiaries as of September 30, 2011 and 2010, and the consolidated results of their operations, changes in their net assets, and their consolidated cash flows for the years then ended, in conformity with U S. generally accepted accounting principles

As described in Note 2, the accompanying 2010 financial statements have been restated

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole The consolidating additional information contained in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The additional information has been subjected to the auditing procedures applied in the audits of the basic 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 U S generally accepted auditing standards In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
December 20, 2011

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2011 and 2010

ASSETS

	2011	(As Restated) 2010
Current assets		
Cash and cash equivalents	**$ 6,424,192**	$ 4,491,426
Assets limited as to use	**268,294**	207,997
Patient accounts receivable, net of allowance for uncollectible accounts of $1,135,723 and $1,427,568 in 2011 and 2010, respectively	**6,914,025**	8,507,773
Pledges receivable, net	**402,269**	466,666
Other accounts receivable, net	**52,401**	96,977
Supplies	**1,002,338**	975,689
Prepaid expenses	**543,702**	544,387
Total current assets	**15,607,221**	15,290,915
Assets limited as to use		
By Trustees	**7,457,633**	6,556,318
Under bond indenture	**268,294**	227,959
Deferred compensation plan assets	**861,114**	745,576
	8,587,041	7,529,853
Less current portion	**268,294**	207,997
	8,318,747	7,321,856
Long-term investments	**476,002**	335,524
Beneficial interest in perpetual trust	**1,516,608**	1,554,169
Property and equipment, net	**31,730,933**	33,214,822
Deferred financing costs, net of amortization	**315,079**	326,365
Pledges receivable, net of current portion	**166,160**	591,483
Other assets	**6,066**	6,066
Total assets	**$58,136,816**	$ 58,641,200

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

LIABILITIES AND NET ASSETS

	2011	(As Restated) 2010
Current liabilities		
Line of credit	**$ 2,000,000**	$ 3,000,000
Current portion of long-term debt	**866,604**	842,527
Current portion of capital lease obligation	**466,648**	344,591
Accounts payable and accrued expenses	**2,923,130**	3,280,689
Accrued salaries, wages, and related amounts	**1,567,343**	1,748,970
Estimated third-party payor settlements	**3,011,675**	696,210
Current portion of charitable gift annuities	**10,172**	10,172
Other current liabilities	**20,000**	20,000
Total current liabilities	**10,865,572**	9,943,159
Deferred compensation	**861,114**	745,576
Long-term debt, excluding current portion	**16,179,702**	17,146,569
Capital lease obligations, excluding current portion	**783,485**	528,592
Interest rate swap	**4,605,904**	3,866,180
Charitable gift annuities, excluding current portion	**22,166**	29,828
Total liabilities	**33,317,943**	32,259,904
Commitments and contingencies (Notes 13 and 14)		
Net assets		
Unrestricted	**22,620,713**	24,232,166
Temporarily restricted	**307,685**	221,094
Permanently restricted	**1,890,475**	1,928,036
Total net assets	**24,818,873**	26,381,296
Total liabilities and net assets	**$ 58,136,816**	$ 58,641,200

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

Years Ended September 30, 2011 and 2010

	2011	(As Restated) 2010
Unrestricted revenues, gains, and other support		
Net patient service revenue	**$ 55,413,835**	$ 55,553,955
Other operating revenue	**1,420,889**	1,428,931
Net assets released from restrictions used for operations	**61,372**	97,571
Total revenues, gains, and other support	**56,896,096**	57,080,457
Expenses		
Salaries and benefits	**31,961,943**	33,961,104
Supplies and other	**9,450,981**	9,159,592
Purchased services	**6,179,634**	6,199,105
Provision for bad debts	**3,546,621**	2,617,070
Depreciation and amortization	**3,826,935**	3,682,320
Medicaid enhancement tax	**2,413,347**	2,527,774
Interest	**881,667**	923,504
Total expenses	**58,261,128**	59,070,469
Operating loss	**(1,365,032)**	(1,990,012)
Nonoperating gains (losses)		
Investment income	**252,559**	274,516
Contributions and program support	**605,090**	582,635
Other nonoperating expenses	**(349,393)**	-
Unrealized loss on interest rate swap	**(739,724)**	(1,015,744)
Realized and unrealized (losses) gains on investments	**(65,328)**	361,324
Nonoperating gains, net	**(296,796)**	202,731
Deficiency of revenues, gains, and other support over expenses and nonoperating gains (losses)	**(1,661,828)**	(1,787,281)
Net assets released from restrictions used for purchase of property and equipment	**50,375**	-
Decrease in unrestricted net assets	**$ (1,611,453)**	$ (1,787,281)

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

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years Ended September 30, 2011 and 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balances, October 1, 2009, as previously stated	$ 26,019,447	$ 185,860	$ 373,867	$ 26,579,174
Restatement (Note 2)	-	-	1,496,296	1,496,296
Balances, October 1, 2009, as restated	$ 26,019,447	$ 185,860	$ 1,870,163	$ 28,075,470
Deficiency of revenues, gains, and other support over expenses and nonoperating gains (losses) - as restated (Note 2)	(1,787,281)	-	-	(1,787,281)
Restricted bequests and contributions	-	132,805	-	132,805
Net assets released from restrictions used for operations		(97,571)	-	(97,571)
Change in beneficial interest in perpetual trust	-	-	57,873	57,873
Increase (decrease) in net assets	(1,787,281)	35,234	57,873	(1,694,174)
Balances, September 30, 2010, as restated	24,232,166	221,094	1,928,036	26,381,296
Deficiency of revenues, gains, and other support over expenses and nonoperating gains (losses)	**(1,661,828)**	-	-	**(1,661,828)**
Restricted bequests and contributions	-	**198,338**	-	**198,338**
Net assets released from restrictions used for operations	-	**(61,372)**	-	**(61,372)**
Net assets released from restrictions used for purchase of property and equipment	**50,375**	**(50,375)**	-	-
Change in beneficial interest in perpetual trust	-	-	**(37,561)**	**(37,561)**
Increase (decrease) in net assets	**(1,611,453)**	**86,591**	**(37,561)**	**(1,562,423)**
Balances, September 30, 2011	**$ 22,620,713**	**$ 307,685**	**$ 1,890,475**	**$ 24,818,873**

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

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended September 30, 2011 and 2010

	2011	(As Restated) 2010
Cash flows from operating activities		
Change in net assets	**$ (1,562,423)**	$ (1,694,174)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**3,826,935**	3,682,320
Provision for bad debts	**3,546,621**	2,617,070
Unrealized loss on interest rate swap	**739,724**	1,015,744
Loss on sale of equipment	**9,584**	3,231
Net realized and unrealized losses (gains) on investments	**65,328**	(361,324)
Net unrealized loss (gain) on beneficial interest in perpetual trust	**37,561**	(57,873)
Restricted contributions	**(198,338)**	(132,805)
Impairment of long term asset	**349,393**	-
Increase (decrease) in cash resulting from a change in		
Patient accounts receivable, net	**(1,952,873)**	(2,946,660)
Pledges receivable, net	**489,720**	576,734
Estimated third-party payor settlements	**2,315,465**	1,610,257
Supplies and prepaid expenses	**52,766**	(168,727)
Other accounts receivable, net	**44,576**	(35,949)
Other assets	-	18,480
Accounts payable and accrued expenses	**(357,559)**	(934,024)
Accrued salaries, wages, and related amounts	**(181,627)**	(740,047)
Charitable gift annuities	**(7,662)**	(23,438)
Other current liabilities	-	20,000
Net cash provided by operating activities	**7,217,191**	2,448,815
Cash flows from investing activities		
Purchases of property and equipment	**(1,898,478)**	(2,330,863)
Proceeds from sale of property and equipment	**24,741**	15,000
Proceeds from sale of investments	**5,408,122**	3,662,602
Purchase of investments	**(6,555,578)**	(3,015,522)
Net cash used by investing activities	**(3,021,193)**	(1,668,783)
Cash flows from financing activities		
Payments on long-term debt	**(942,790)**	(599,352)
Net (payments) proceeds on line of credit	**(1,000,000)**	2,000,952
Proceeds from long-term debt	-	495,393
Payment on capital lease obligations	**(518,780)**	(371,139)
Restricted gifts received	**198,338**	132,805
Net cash (used) provided by financing activities	**(2,263,232)**	1,658,659
Net increase in cash and cash equivalents	**1,932,766**	2,438,691
Cash and cash equivalents, beginning of year	**4,491,426**	2,052,735
Cash and cash equivalents, end of year	**$ 6,424,192**	$ 4,491,426
Noncash transaction - equipment under capital lease obligation	**$ 817,000**	$ 56,340

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

Organization

The New London Hospital Association, Inc. (the NLHA) and Subsidiaries (the Association) is a not-for-profit organization providing inpatient, outpatient and extended care services to residents of Merrimack and Sullivan counties. Kearsarge Community Services, Inc. (Kearsarge), a taxable corporation which owns and operates a medical office building, is a wholly-owned subsidiary of the Association New London Medical Center East, Inc. (NLMCE), a taxable corporation which operates a building, is a wholly-owned subsidiary of the Association.

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Association and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U S generally accepted accounting principles 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.

Cash and Cash Equivalents

Cash and cash equivalents include all bank deposits, certificates of deposits, and short-term investments that have a maturity of three months or less when purchased. Cash and cash equivalents exclude amounts whose use is limited by board designation or under revenue bond agreement

Patient Accounts Receivable

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable.

Supplies

Supplies are carried at the lower of cost (determined by the first-in, first-out method) or market.

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Trustees for future purposes, over which the Board retains control, and may at its discretion, subsequently use for other purposes Amounts required to meet current liabilities of the Association have been reclassified as necessary in the consolidated balance sheets as of September 30, 2011 and 2010.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the deficiency of revenues, gains, and other support over expenses and nonoperating gains (losses) pursuant to the fair value option under ASC Topic 825, unless the income or loss is restricted by donor or law.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if contributed, at fair market value determined at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The Association and its subsidiaries' policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures that do not extend the lives of the related assets. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the asset's estimated useful life. Such amortization is included in depreciation and amortization in the financial statements.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the deficiency of revenues, gains, and other support over expenses and nonoperating gains (losses), unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Deferred Financing Costs

The costs incurred to obtain long-term financing are being amortized by the straight-line method, which approximates the effective interest method, over the repayment period of the related debt.

Interest Rate Swap

The Association uses an interest rate swap contract to mitigate the cash flow exposure of interest rate movements on variable-rate debt. The Association has adopted FASB ASC 815, *Derivatives and Hedging*, to account for its interest rate swap contract. The interest rate swap is not considered a cash flow hedge and is thus included in nonoperating gains (losses).

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Association has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions.

Permanently restricted net assets have been restricted by donors to be maintained by the Association in perpetuity. Income earned on permanently restricted net assets, including net realized appreciation on investments, is included in the consolidated statements of operations as unrestricted resources or as a change in temporarily restricted net assets in accordance with donor-intended purposes.

Deficiency of Revenues, Gains, and Other Support Over Expenses and Nonoperating Gains (Losses)

The statements of operations include deficiency of revenues, gains, and other support over expenses and nonoperating gains (losses). Changes in unrestricted net assets that are excluded from this measure, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).

Net Patient Service Revenue

The Association has agreements with third-party payors that provide for payments to the Association at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discount charges, fee schedules and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors, including Medicare and Medicaid. Retroactive adjustments are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

The Association has a formal charity care policy under which patient care is provided without charge or at amounts less than the established rates to patients who meet certain criteria. Because the Association does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Employee Fringe Benefits

The employees of the Association participate in an "earned time" plan under which each employee earns paid leave for each period worked. These hours of paid leave may be used for vacations, holidays, or illnesses Hours earned, but not used, are vested with the employee. The Association accrues the cost of these benefits as they are earned up to 300 hours.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Association are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Pledged intentions to give are recorded as receivables when received net of an estimated uncollectible allowance and present value discount. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

Income Taxes

The NLHA is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on related income. Kearsarge and NLMCE are for-profit organizations and, in accordance with federal and state tax laws, file separate returns from that of the NLHA. Taxes were not material in 2011 or 2010.

Functional Expenses

The Association and its subsidiaries provide general health care services to residents within its geographic location, including inpatient, outpatient, long-term, and emergency care. Expenses related to providing these services as of September 30 are:

	2011	2010
Health care services	**$46,701,152**	$47,204,141
General and administrative	**11,301,785**	11,518,140
Fundraising	**258,191**	348,188
	$58,261,128	$59,070,469

Reclassifications

Certain amounts in the 2010 consolidated financial statements have been reclassified to conform to the current year's presentation.

Subsequent Events

For purposes of the preparation of these financial statements, management has considered transactions or events occurring through December 20, 2011, the date which the financial statements were issued, and no events occurred requiring recognition or disclosure.

2. Restatements

The accompanying financial statements for 2010 have been restated to record a beneficial interest in perpetual trust. Permanently restricted net assets were increased by $1,496,296 as of October 1, 2009. Due to changes in market value, the beneficial interest in perpetual trust increased by $57,873 during 2010.

The accompanying financial statements for 2010 have also been restated to correct an error in the calculation of estimated third-party payor settlements. As a result, the 2010 net patient service revenue and unrestricted net assets decreased in the amount of $870,000.

Finally, the accompanying financial statements for 2010 have been restated to recognize the Association's deferred compensation plan. There was no impact on net assets as a result of this restatement.

3. Net Patient Service Revenue

The following summarizes net patient service revenue as of September 30:

	2011	2010
Gross patient service revenue	**$93,034,876**	$88,918,162
Less contractual allowances and other revenue deductions	**37,621,041**	33,364,207
Net patient service revenue	**$55,413,835**	$55,553,955

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

Medicare

Effective April 1, 2003, the NLHA was granted Critical Access Hospital (CAH) status. Under CAH, the NLHA is reimbursed 101% of reasonable allowable cost for its inpatient acute, swing bed, and outpatient services, excluding ambulance services and inpatient hospice care, provided to Medicare patients. The NLHA is reimbursed at tentative interim rates for cost reimbursable items with final settlement determined after submission of annual cost reports by the NLHA and audits thereof by the Medicare fiscal intermediary.The nursing home is not impacted by the CAH designation. Medicare has implemented a prospective payment system for skilled nursing facilities. Providers of care to skilled nursing facility residents eligible for "Part A" Medicare benefits are paid on a prospective basis, with no retrospective settlement. The prospective payment is based on the scoring attributed to the acuity level of the resident at a rate determined by federal guidelines. The NLHA's Medicare cost reports have been audited through September 30, 2009. The physician practices owned by NLHA are designated as provider-based.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined per diem rates. The prospectively determined per-diem rates are not subject to retroactive adjustment. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Association is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the NLHA and audits thereof by the fiscal intermediary The NLHA's skilled nursing facility is reimbursed on a prospectively determined per diem rate The NLHA's Medicaid cost reports have been audited by the fiscal intermediary through September 30, 2008.

Anthem Blue Cross

The NLHA also maintains contracts with Anthem Blue Cross and various other payors, which pay the Association for services based on charges with varying discounts, on a per diem basis, or fee schedules.

Revenue from the Medicare and Medicaid programs accounted for approximately 46% and 8%, respectively, of the Association's patient service revenue for the year ended September 30, 2011, and approximately 43% and 7%, respectively, for the year ended September 30, 2010 Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Association believes that it is in compliance with all laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenue in the year that such amounts become known Net patient service revenue increased approximately $70,000 and $872,000 in 2011 and 2010, respectively, due to prior year retroactive adjustments in excess of amounts previously estimated and changes in prior year estimates.

Medicaid disproportionate share hospital (DSH) payments provide financial assistance to hospitals that serve a large number of low-income patients. The federal government distributes federal DSH funds to each state based on a statutory formula. The states, in turn, distribute their portion of the DSH funding among qualifying hospitals. The states are to use their federal DSH allotments to help cover costs of hospitals that provide care to low-income patients when those costs are not covered by other payors. The State of New Hampshire's plan for the distribution of DSH monies to the hospitals has not yet been approved by the Centers for Medicare and Medicaid Services. Amounts recorded by the Hospital are therefore subject to change. The disproportionate share payments amounted to $2,491,307 and $2,553,760 for 2011 and 2010, respectively, and are recorded as an increase in net patient service revenue. The 5.5% tax, which amounted to $2,413,347 and $2,527,774 for 2011 and 2010, respectively, is recorded as an operating expense

4 Charity Care

The Association provides services without charge, or at amounts less than its established rates, to patients who meet the criteria of its charity care policy. The criteria for charity care consider family income, net worth and the federal poverty income guidelines.

The net cost of charity care provided was approximately $1,759,000 in 2011 and $1,344,000 in 2010. The net cost of charity care is determined by the total charity care cost less any patient-related revenue due to sliding-scale payments or other patient-specific sources, which were $23,286 in 2011 and $15,928 in 2010.

The largest proportion of services provided on a charity basis was for surgical services and emergency room services.

In addition to the charity care identified above, the Association does not receive full payment from the Medicaid program for the cost of services to certain low income and elderly patients served through traditional inpatient and outpatient services The Association incurred $1,236,000 and $1,460,000 of costs in excess of payments, based on overall cost to charge ratio, during the years ended September 30, 2011 and 2010, respectively.

5. Investments

The composition of investments was as follows as of September 30:

	2011	2010
Assets limited as to use by the Board of Trustees		
Cash and cash equivalents	$ 737,552	$ 264,457
Mortgage backed securities	266,949	245,543
U.S. Treasury obligations	492,488	695,056
Marketable equity securities	4,199,319	3,876,425
Corporate bonds	1,254,918	1,144,440
International bonds	506,407	330,397
	$ 7,457,633	$ 6,556,318
Assets limited as to use under Bond Indenture		
Cash and cash equivalents	$ 268,294	$ 227,959
Long-term investments		
Cash and cash equivalents	$ 413,334	$ 262,370
Equity mutual funds	24,661	26,725
Fixed income mutual funds	38,007	46,429
	$ 476,002	$ 335,524

Assets limited as to use were designated for the following as of September 30:

	2011	2010
By Board of Trustees:		
Property and equipment reserve	$ 469,086	$ 412,693
Depreciation reserve	192,407	169,151
Long-term investment purposes	6,796,140	5,974,474
	7,457,633	6,556,318
Under Bond Indenture:		
Construction funds	-	19,962
Debt service funds	268,294	207,997
	268,294	227,959
Total assets limited as to use	$ 7,725,927	$ 6,784,277

	2011	2010
Investment performance for the years ended September 30, were as follows:		
Investment income		
Interest and dividend income	$ 301,183	$ 321,251
Investment fees	(48,624)	(46,735)
	252,559	274,516
Realized gains on sales of securities	96,261	12,124
Unrealized (losses) gains on investments	(161,589)	349,200
Total gains on investments	$ 187,231	$ 556,998

6. Property and Equipment

Property and equipment consists of the following as of September 30.

	2011	2010
Land and land improvements	$ 2,630,160	$ 2,620,201
Buildings and fixed equipment	38,885,090	38,847,286
Major moveable equipment	25,121,309	23,183,834
Construction in progress	704,321	381,056
	67,340,880	65,032,377
Less accumulated depreciation and amortization	35,609,947	31,817,555
	$31,730,933	$33,214,822

Equipment capitalized under capital lease agreements and included in major moveable equipment above consisted of the following as of September 30:

	2011	2010
Cost	$ 3,521,730	$ 2,704,730
Accumulated depreciation	(2,166,416)	(1,694,000)
Net book value	$ 1,355,314	$ 1,010,730

Depreciation expense for the years ended September 30, 2011 and 2010 amounted to $3,815,649 and $3,670,799, respectively.

7. Promises to Contribute

At September 30, 2011, the Association had received promises to contribute.

The amount due of $651,215 was receivable from donors at September 30, 2011. The pledges receivable are due as follows:

In less than one year	$ 446,965
In one to five years	204,250
	651,215
Less allowance for uncollectible amounts and discount to present value	82,786
	$ 568,429

8. Beneficial Interest in Perpetual Trust

The Association is an income beneficiary of a perpetual trust controlled by an unrelated third-party trustee. The beneficial interest in the assets of the trust is included in the Association's financial statements as permanently restricted net assets Income is distributed in accordance with the trust documents and is included in investment return. Trust income distributed to the Association for the years ended September 30, 2011 and 2010, was $76,711 and $78,842, respectively.

9. Borrowings

Line of Credit

The Association has a $2,000,000 available line of credit with a local bank, collateralized by a second security interest in the Association's gross receipts and accounts receivable. Interest on borrowings is charged at 4% at September 30, 2011. The credit line expires in March 2012. The outstanding balance at September 30, 2011 and 2010 was $2,000,000 and $3,000,000, respectively.

Bonds

On June 1, 2007, the Association entered into a loan agreement with New Hampshire Health and Education Facilities Authority (NHHEFA) issuing $20,000,000 in tax exempt bonds, $15,000,000 of this amount is long-term financing and $5,000,000 is a bridge loan As of September 30, 2011, approximately $3,585,000 has been repaid on the bridge loan. The funds from the issuance are being used to renovate the Association and construct a new medical office building. The interest rate on the bonds is variable, calculated monthly by Morgan Stanley and is based on a monthly average of the weekly remarketed rates by George Baum & Associates. The bonds are backed by an irrevocable direct pay letter of credit (LC) from Sovereign Bank with a termination date of June 20, 2017 The bonds are collateralized by substantially all of the Association's assets.

The Loan Agreement and LC both have certain financial covenants with which the Association must comply. At September 30, 2011, the Association was in compliance with these covenants.

In connection with the issuance of the Bonds, the Association entered into an interest rate swap agreement on $15,000,000 of its outstanding bond obligation for the life of the bond issue to hedge the interest rate risk associated with the Bonds. The interest rate swap agreement requires the Association to pay Morgan Stanley Capital Services, Inc., the swap counterparty, a fixed rate of 3 9354% in exchange for the counterparty's payment to the Association of a variable rate based on 67% of the USD-LIBOR-BBA

The Association is required to include the fair value of the swap in the balance sheet, and annual changes, if any, in the fair value of the swap in the statement of operations. For example, during the Bonds' 30-year holding period, the annually calculated value of the swap will be reported as an asset if interest rates increase above those in effect on the date the swap was entered into (and unrealized gain in the statement of operations), which will generally be indicative that the net fixed rate the Association is paying is below market expectations of rates during the remaining term of the swap. The swap will be reported as a liability (and as an unrealized loss in the statement of operations) if interest rates decrease below those in effect on the date the swap was entered into, which will generally be indicative that the net fixed rate the Association is paying on the swap is above market expectations of rates during the remaining term of the swap. These annual accounting adjustments of value changes in the swap transaction are non-cash recognition requirements, the net effect of which will be zero at the end of the 30-year Bonds' term. The Association retains the sole right to terminate the swap agreement should the need arise. The Association recorded the swap at its liability position of approximately $4,606,000 and $3,866,000 at September 30, 2011 and 2010, respectively.

Long-Term Debt and Capital Leases

Long-term debt consisted of the following as of September 30:

	2011	2010
Note payable to United States Department of Agriculture Rural Development (USDA-RD) payable in monthly installments of $53,096, including interest ranging from 1.26% to 4 92%, through October 2012; collateralized by certain property, equipment, and buildings.	**$ 631,306**	$ 1,239,096
NHHEFA Revenue Bonds, New London Hospital Issue Series 2007, interest is payable at a variable rate which was 0 36% at September 30, 2011, annual principal payments are of varying amounts ranging from $240,000 to $1,270,000 through 2037.	**16,415,000**	16,750,000
Various capital lease obligations; collateralized by equipment, payable in monthly installments of $45,735, including interest between 1 03% and 12.45%, through January 2012 and March 2016.	**1,250,133**	873,183
	18,296,439	18,862,279
Less current portion	**1,333,252**	1,187,118
Long-term debt and capital leases, excluding current portion	**$16,963,187**	$17,675,161

Aggregate annual principal payments required under long-term debt agreements and capital lease obligations are as follows as of September 30, 2011:

	Long-Term Debt	Capital Lease Obligations
Year ending September 30		
2012 (included in current liabilities)	$ 866,604	$ 510,038
2013	324,702	361,161
2014	335,000	225,971
2015	440,000	188,791
2016	460,000	53,266
Thereafter	14,620,000	-
	$ 17,046,306	1,339,227
Less amount representing interest under capital lease obligations		89,094
		$ 1,250,133

Cash paid for interest was approximately $865,000 and $880,000 for the years ended September 30, 2011 and 2010, respectively.

USDA-RD Loan

The Association is required to meet one financial covenant related to the USDA-RD Loan. At September 30, 2011, the Association was not in compliance with this covenant.

10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes for the years ended September 30:

	2011	2010
Health care services	$ 206,161	$ 133,971
Equipment and capital improvements	17,629	11,757
Other	83,895	75,366
	$ 307,685	$ 221,094

Permanently restricted net assets are restricted to the following for the years ended September 30:

	2011	2010
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as operating income)	$ 232,270	$ 232,270
Investments to be held in perpetuity, requiring income to be temporarily restricted for specific purposes (reported as increases in temporarily restricted net assets)	141,597	141,597
Beneficial interest in perpetual trust	1,516,608	1,554,169
	$ 1,890,475	$ 1,928,036

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of providing specific health care services and purchasing of related equipment were $111,747 and $97,571 in 2011 and 2010, respectively.

11. Split-Interest Agreements

The Association administers various charitable gift annuities. A charitable gift annuity provides for the payment of distributions to the donor or other designated beneficiaries for a specified period of time At the end of that period of time, the remaining assets are available for the Association's unrestricted use or as set forth by the donor agreement. The portion of the assets attributable to the present value of the future benefits to be received by the Association is recorded as an increase in net assets in the period the charitable gift annuity is established in accordance with the Association's policy for recording contribution revenue. There were no contributions for 2011 or 2010. On a quarterly basis, the Association makes distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments ($32,338 and $40,000 as of September 30, 2011 and 2010, respectively) is calculated using various discount rates and applicable mortality tables.

12. Related Party Transactions

The Association has entered into a management service agreement (Agreement) with Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital (collectively referred to as D-H), to provide certain management services for the Association. In April 2007, the Association agreed to extend this agreement without an expiration date. The Association engaged D-H to provide, during the term of the Agreement, the chief executive officer and also to provide other mutually agreed-upon consultative services and management support. Management fees for the years ended September 30, 2011 and 2010 were $355,813 and $462,937, respectively. Effective January 1, 2009, the Association pays an annual fee to New England Alliance for Health (NEAH), an LLC owned and managed by Mary Hitchcock Memorial Hospital, of $153,000, and many of these consultative services were provided as part of the NEAH arrangement.

13. Commitments

Leases

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred.

The following is a schedule by year of future minimum lease payments under an operating lease for physician office space as of September 30, 2011.

Year Ending September 30	Minimum Lease Payments
2012	$ 260,670
2013	265,883
2014	271,201
2015	276,625
2016	282,157
Thereafter	2,139,590
	$3,496,126

The Association has recorded rent expense for the years ended September 30, 2011 and 2010 amounting to $568,924 and $607,892, respectively.

Management Agreement With D-H

The Association has a commitment to purchase management services through D-H for 2012 for the president and CEO, consultative services, and management support in the amount of $523,000

14. Contingencies

During the year, the Association was covered for malpractice claims under a modified claims-made policy purchased through NEAH. While the Association remains in the current insurance program under this policy, the coverage year is based on the date the claim is filed subject to a medical incident arising after the retroactive date (includes prior acts). The policy provides modified claims-made coverage for former insured providers for claims that relate to the employee's period of employment at the Association and for services that were provided within the scope of the employee's duties. Therefore, when an employee leaves the insured organization, tail coverage is not required.

The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the Association. In the event a loss contingency should occur, the Association would give it appropriate recognition in its financial statements in conformity with applicable accounting principles.

The Association is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect upon the Association's financial statements

15. Concentrations of Credit Risk

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts Association management believes it is not exposed to any significant risk on cash and cash equivalents

The Association grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows as of September 30:

	2011	2010
Medicare	**41 %**	28 %
Medicaid	**8**	14
Anthem Blue Cross	**12**	16
Other third-party payors	**15**	18
Patients	**24**	24
	100 %	100 %

16. Retirement Plans

Defined Contribution Plan

The Association has a tax-sheltered annuity plan under which contributions can be made into the plans by all employees. The Association makes contributions to the plan computed at a percentage of yearly earnings, for employees who meet certain annual and consecutive service requirements, as defined by the plan documents. Contributions for retirement, net of forfeitures, including life and disability, charged to operations amounted to $495,453 in 2010. The Association has temporarily suspended further contributions on behalf of its employees in 2011.

Deferred Compensation Plan

The Association has a nonqualified deferred compensation plan established under section 457 of the Internal Revenue Code of 1986. The plan covers key employees of the Association. Contributions charged to operations amounted to $19,110 and $20,695 in 2011 and 2010, respectively.

17. Self-Insured Health Plan

Effective October 1, 2001, the Association established a self-funded health insurance plan (Plan) The Plan is administered by an insurance company, which determines the current funding requirements of participants under the terms of the Plan and the liability for claims and assessments that would be payable at any given point in time. The Association is insured above a stop-loss amount of $125,000 on individual claims, with a maximum annual aggregate of approximately $4,380,000 for the year ended September 30, 2011. These stop-loss limits exclude the costs of services provided by the Association Unpaid claims have been recorded as a liability and are reflected in accrued expenses in the balance sheets. Health insurance claims expensed under this Plan amounted to $2,271,968 and $3,502,928 in 2011 and 2010, respectively.

18. Volunteer Services (unaudited)

Volunteer services to the Association totaled approximately 11,903 hours and 12,403 hours in 2011 and 2010, respectively. The value of these services was approximately $254,000 in 2011 and $259,000 in 2010 The value of a volunteer hour, $21 36, is calculated based on the value ascribed by the Thousand Points of Light Foundation. The Friends of New London Hospital also contributed countless hours supporting a variety of community-based programs. The in-hospital volunteers provide assistance to patients, visitors and staff in a wide range of services including: information and way finding, bedside delivery of mail and flowers, backroom support in multiple departments, system mail delivery and patient activities.

19. Fair Value of Financial Instruments

FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability

Assets and liabilities measured at fair value on a recurring basis are summarized below

	Fair Value Measurements at September 30, 2011			
	Level 1	Level 2	Level 3	Total
Assets				
Assets limited as to use				
Cash and cash equivalents	$ 1,005,846	$ -	$ -	$ 1,005,846
Mortgage backed securities	-	266,949	-	266,949
Corporate bonds	-	1,254,918	-	1,254,918
International bonds		506,407		506,407
U S Treasury obligations	492,488	-	-	492,488
Marketable equity securities				
Basic materials	184,522	-	-	184,522
Consumer staples	564,535	-	-	564,535
Consumer discretionary	348,178	-	-	348,178
Energy	476,899	-	-	476,899
Financial services	368,102	-	-	368,102
Healthcare	697,826	-	-	697,826
Industrials	498,718	-	-	498,718
Technology	804,959	-	-	804,959
Utilities	177,564	-	-	177,564
Miscellaneous	78,016	-	-	78,016
Total marketable equity securities	4,199,319	-	-	4,199,319
Investments				
Cash and short-term investments	413,334	-	-	413,334
Equity mutual funds	24,661	-	-	24,661
Bond mutual funds	38,007	-	-	38,007
Beneficial interest in perpetual trust	-	-	1,516,608	1,516,608
Deferred compensation plan assets				
Growth mutual funds	108,353	-	-	108,353
Equity mutual funds	366,485	-	-	366,485
Bond mutual funds	179,162	-	-	179,162
International mutual funds	207,114	-	-	207,114
Total deferred compensation plan assets	861,114	-	-	861,114
Total	$ 7,034,769	$ 2,028,274	$ 1,516,608	$ 10,579,651
Liabilities				
Interest rate swap	$ -	$ 4,605,904	$ -	$ 4,605,904
Total	$ -	$ 4,605,904	$ -	$ 4,605,904

	Fair Value Measurements at September 30, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Assets limited as to use				
Cash and cash equivalents	$ 492,416	$ -	$ -	$ 492,416
Mortgage backed securities	-	245,543	-	245,543
Corporate bonds	-	1,144,440	-	1,144,440
International bonds		330,397		330,397
U S Treasury obligations	695,056	-	-	695,056
Marketable equity securities				
Basic materials	403,517	-	-	403,517
Communication services	157,190	-	-	157,190
Consumer staples	452,606	-	-	452,606
Consumer discretionary	170,179	-	-	170,179
Energy	296,628	-	-	296,628
Financial services	377,256	-	-	377,256
Healthcare	571,854	-	-	571,854
Industrials	758,676	-	-	758,676
Technology	536,341	-	-	536,341
Utilities	152,178	-	-	152,178
Total marketable equity securities	3,876,425	-	-	3,876,425
Investments				
Cash and short-term investments	262,370	-	-	262,370
Equity mutual funds	26,725	-	-	26,725
Bond mutual funds	46,429	-	-	46,429
Beneficial interest in perpetual trust	-	-	1,554,169	1,554,169
Deferred compensation plan assets				
Growth mutual funds	86,163	-	-	86,163
Equity mutual funds	226,406	-	-	226,406
Bond mutual funds	168,348	-	-	168,348
International mutual funds	264,659	-	-	264,659
Total deferred compensation plan assets	745,576	-	-	745,576
Total	$ 6,144,997	$ 1,720,380	$ 1,554,169	$ 9,419,546
Liabilities.				
Interest rate swap	$ -	$ 3,866,180	$ -	$ 3,866,180
Total	$ -	$ 3,866,180	$ -	$ 3,866,180

The fair value of Level 2 assets and liabilities is primarily based on market prices of underlying assets, comparable securities, interest rates, and credit risk. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument

The fair value of the beneficial interest in trust is based on the market prices of the underlying assets which consist of cash and cash equivalents, marketable equity securities, corporate bonds, and U.S. treasury obligations It is classified as Level 3 as there is no market in which to trade the beneficial interest itself.

The Association's financial instruments consist of cash and cash equivalents, assets limited as to use, investments, trade accounts receivable and payable, estimated third-party payor settlements, interest rate swap, and long-term debt. The fair values of all financial instruments approximate their carrying values at September 30, 2011 and 2010.

ADDITIONAL INFORMATION

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES **Schedule 1**

Consolidating Balance Sheet

September 30, 2011
(With Comparative Totals for September 30, 2010)

ASSETS

	New London Hospital Association, Inc	Kearsarge Community Services, Inc and New London Medical Center East, Inc	Eliminations	**2011 Consolidated**	(As Restated) 2010 Consolidated
Current assets					
Cash and cash equivalents	$ 6,214,770	$ 209,422	$ -	**$ 6,424,192**	$ 4,491,426
Assets limited as to use	268,294	-	-	**268,294**	207,997
Patient accounts receivable, net	6,914,025	-	-	**6,914,025**	8,507,773
Pledges receivable, net	402,269	-	-	**402,269**	466,666
Due from affiliates	602,608	-	602,608	-	-
Other accounts receivable, net	33,261	19,140		**52,401**	96,977
Supplies	1,002,338	-	-	**1,002,338**	975,689
Prepaid expenses	543,702	-	-	**543,702**	544,387
Total current assets	15,981,267	228,562	602,608	**15,607,221**	15,290,915
Assets limited as to use					
By Trustees	7,457,633	-	-	**7,457,633**	6,556,318
Under bond indenture	268,294	-	-	**268,294**	227,959
Deferred compensation plan assets	861,114	-	-	**861,114**	745,576
	8,587,041	-	-	**8,587,041**	7,529,853
Less current portion	268,294	-	-	**268,294**	207,997
	8,318,747	-	-	**8,318,747**	7,321,856
Long-term investments	476,002			**476,002**	335,524
Beneficial interest in perpetual trust	1,516,608	-	-	**1,516,608**	1,554,169
Property and equipment, net	31,195,022	535,911	-	**31,730,933**	33,214,822
Deferred financing costs, net of amortization	315,079	-	-	**315,079**	326,365
Pledges receivable, net of current portion	166,160	-	-	**166,160**	591,483
Other assets	6,066	-	-	**6,066**	6,066
Total assets	$ 57,974,951	$ 764,473	$ 602,608	**$ 58,136,816**	$ 58,641,200

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

Consolidating Balance Sheets

September 30, 2011
(With Comparative Totals for September 30, 2010)

LIABILITIES AND NET ASSETS

	New London Hospital Association, Inc	Kearsarge Community Services, Inc and New London Medical Center East, Inc	Eliminations	**2011 Consolidated**	(As Restated) 2010 Consolidated
Current liabilities					
Line of credit	$ 2,000,000	$ -	$ -	**$ 2,000,000**	$ 3,000,000
Current portion of long-term debt	866,604	-	-	**866,604**	842,527
Current portion of capital lease obligations	466,648	-	-	**466,648**	344,591
Accounts payable and accrued expenses	2,913,763	9,367	-	**2,923,130**	3,280,689
Accrued salaries, wages, and related amounts	1,567,343	-	-	**1,567,343**	1,748,970
Estimated third-party payor settlements	3,011,675	-	-	**3,011,675**	696,210
Due to affiliates	-	602,608	602,608	-	-
Current portion of charitable gift annuities	10,172	-	-	**10,172**	10,172
Other current liabilities	20,000	-	-	**20,000**	20,000
Total current liabilities	10,856,205	611,975	602,608	**10,865,572**	9,943,159
Deferred compensation	861,114	-	-	**861,114**	745,576
Long-term debt, excluding current portion	16,179,702	-	-	**16,179,702**	17,146,569
Capital lease obligations, excluding current portion	783,485	-	-	**783,485**	528,592
Interest rate swap	4,605,904	-	-	**4,605,904**	3,866,180
Charitable gift annuities, excluding current portion	22,166	-	-	**22,166**	29,828
Total liabilities	33,308,576	611,975	602,608	**33,317,943**	32,259,904
Net assets					
Unrestricted	22,468,215	152,498	-	**22,620,713**	24,232,166
Temporarily restricted	307,685	-	-	**307,685**	221,094
Permanently restricted	1,890,475	-	-	**1,890,475**	1,928,036
Total net assets	24,666,375	152,498	-	**24,818,873**	26,381,296
Total liabilities and net assets	$ 57,974,951	$ 764,473	$ 602,608	**$ 58,136,816**	$ 58,641,200

THE NEW LONDON HOSPITAL ASSOCIATION. INC. AND SUBSIDIARIES

Schedule 2

Consolidating Statements of Operations

Years Ended September 30. 2011
(With Comparative Totals for the Year Ended September 30, 2010)

	New London Hospital Association, Inc	Kearsarge Community Services, Inc and New London Medical Center East, Inc.	Eliminations	2011 Consolidated	(As Restated) 2010 Consolidated
Unrestricted revenues, gains, and other support					
Net patient service revenue	$ 55,413,835	$ -	$ -	**$ 55,413,835**	$ 55,553,955
Other operating revenue	1,418,823	224,087	222,021	**1,420,889**	1,428,931
Net assets released from restrictions used for operations	61,372	-	-	**61,372**	97,571
Total revenues, gains, and other support	56,894,030	224,087	222,021	**56,896,096**	57,080,457
Expenses					
Salaries and benefits	31,961,943	-	-	**31,961,943**	33,961,104
Supplies and other	9,537,483	135,519	222,021	**9,450,981**	9,159,592
Purchased services	6,179,634	-	-	**6,179,634**	6,199,105
Provision for bad debts	3,546,621	-	-	**3,546,621**	2,617,070
Depreciation and amortization	3,778,326	48,609	-	**3,826,935**	3,682,320
Medicaid enhancement tax	2,413,347	-	-	**2,413,347**	2,527,774
Interest	881,667	54,087	54,087	**881,667**	923,504
Total expenses	58,299,021	238,215	276,108	**58,261,128**	59,070,469
Operating loss	(1,404,991)	(14,128)	(54,087)	**(1,365,032)**	(1,990,012)
Nonoperating gains (losses)					
Investment income	306,646	-	54,087	**252,559**	274,516
Contributions and program support	605,090	-	-	**605,090**	582,635
Other nonoperating expenses	(349,393)	-	-	**(349,393)**	-
Unrealized loss on interest rate swap	(739,724)	-	-	**(739,724)**	(1,015,744)
Realized and unrealized (losses) gains on investments	(65,328)	-	-	**(65,328)**	361,324
Nonoperating gains (losses), net	(242,709)	-	54,087	**(296,796)**	202,731
Deficiency of revenues, gains, and other support over expenses and nonoperating gains (losses)	(1,647,700)	(14,128)	-	**(1,661,828)**	(1,787,281)
Net assets released from restrictions for purchase of property and equipment	50,375	-	-	**50,375**	-
Decrease in unrestricted net assets	$ (1,597,325)	$ (14,128)	$ -	**$ (1,611,453)**	$ (1,787,281)

[redacted]

[redacted]

Additional Data

Software ID:
Software Version:
EIN: 02-0222171
Name: New London Hospital Association Inc

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Anne B Holmes Trustee	2 00	X						0	0	0
Beverly S Payne Trustee	2 00	X						0	0	0
Bruce P King President & CEO	50 00	X		X				332,030	0	11,112
Celeste C Cook Trustee	2 00	X						0	0	0
David E Marshall Treasurer	8 00	X		X				0	0	0
Eileen Kirk MD Pres of Medical Staff	40 00	X						233,942	0	19,917
G William Helm Jr Chair	8 00	X		X				0	0	0
Jane Rastallis Trustee	2 00	X						0	0	0
John C Ferries Trustee	2 00	X						0	0	0
John F Robb MD Vice Chair	8 00	X		X				0	0	0
John R Butterly MD Trustee	2 00	X						0	0	0
Lori D Richer MD Trustee	2 00	X						141,453	0	25,445
Patricia Tilley Secretary	8 00	X		X				0	0	0
Peter E Hager Trustee	2 00	X						0	0	0
Robert M Rex Trustee	2 00	X						0	0	0
Sage Chase Trustee	2 00	X						0	0	0
Stanley I Cundey Jr Trustee	2 00	X						0	0	0
Stephen Jordan MD Trustee	2 00	X						109,290	0	4,442
Susan A Reeves Trustee	2 00	X						0	0	0
Donald Griffin Chief Financial Officer	50 00			X				102,503	0	14,926
Gregory Q Curtis MD Chief Medical Officer	40 00			X				242,203	0	31,579
Patricia Sweezey Chief Nursing Officer	50 00			X				92,834	0	18,287
Teresa LeBlanc Chief Operating Officer	50 00			X				143,130	0	5,113
Tina Naimie Chief Financial Officer	50 00			X				145,819	0	5,106
Adnan Khan Hospitalist	40 00					X		293,479	0	18,779

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Donald Eberly MD General Surgeon	40 00					X		282,865	0	31,073
Kenneth Call MD Emergency Room Physician	40 00					X		313,519	0	5,322
Sean Bears MD General Surgeon	40 00					X		268,156	0	27,856
Thomas F Lucas MD Anesthesiologist	40 00					X		302,040	0	30,893
James G McGuire MD Former Officer	2 00						X	157,865	0	0
Dudley Smith Chair	8 00						X	0	0	0