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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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

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

C Name of organization
SPEARE MEMORIAL HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
16 HOSPITAL ROAD

City or town, state or country, and ZIP + 4
PLYMOUTH, NH 03264

D Employer identification number
02-0226774

E Telephone number
(603) 238-2231

G Gross receipts $ 60,262,973

F Name and address of principal officer
MICHELLE MCEWEN
16 HOSPITAL ROAD
PLYMOUTH, NH 03264

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: ▶ SPEAREHOSPITAL COM

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

L Year of formation 1899

M State of legal domicile NH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE INPATIENT, OUTPATIENT AND PHYSICIAN HEALTH CARE SERVICES

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**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	12
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	454
6	Total number of volunteers (estimate if necessary)	**6**	75
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	164,713	250,331
	9 Program service revenue (Part VIII, line 2g)	50,484,604	55,734,614
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	89,775	471,707
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	398,985	311,738
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	51,138,077	56,768,390
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	310,000	328,000
	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)	22,016,446	21,926,043
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶120,444		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	27,815,095	31,231,672
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	50,141,541	53,485,715
	19 Revenue less expenses Subtract line 18 from line 12	996,536	3,282,675

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	59,183,953	65,430,916
	21 Total liabilities (Part X, line 26)	25,075,585	27,993,419
	22 Net assets or fund balances Subtract line 21 from line 20	34,108,368	37,437,497

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

****** 2013-01-28
Signature of officer — Date

MICHELLE MCEWEN PRESIDENT/CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ W JAY SIMMS	Date 2013-01-28	Check if self-employed ▶ ☐	Preparer's taxpayer identification number (see instructions) P00435321
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ TYLER SIMMS & STSAUVEUR CPAS PC 19 MORGAN DRIVE LEBANON, NH 03766			EIN ▶ 02-0476956 Phone no ▶ (603) 653-0044

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

TO MAINTAIN A HOSPITAL AND OTHER SUCH INSTITUTIONS WITHIN THE STATE OF NEW HAMPSHIRE, WITH FACILITIES THAT INCLUDE MEDICAL SERVICES TO PROVIDE FOR THE DIAGNOSIS AND TREATMENT OF PATIENTS THAT MAY REQUIRE INPATIENT, OUTPATIENT, EMERGENCY CARE AND OTHER PURSUITS DESIGNED TO PROMOTE THE GENERAL HEALTH OF THE COMMUNITY SMH DOES NOT DISCRIMINATE RELATIVE TO RACE, RELIGION OR NATIONAL ORIGIN, ABILITY TO PAY AND WILL ASSURE THAT ALL PATIENTS RECEIVE THE SAME LEVEL OF CARE THROUGH QUALITY ASSESSMENT MONITORING AND IMPROVEMENT ACTIVITIES

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 48,797,157 including grants of $ 328,000) (Revenue $ 55,734,614)

SMH IS A 25-BED ACUTE-CARE HOSPITAL THAT PROVIDES INPATIENT AND OUTPATIENT SERVICES TO THE SURROUNDING COMMUNITY

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

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

4e Total program service expenses ▶ $ 48,797,157

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
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 questions 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 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**		No
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	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		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**	31		
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**	454			
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**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		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.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	12		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3	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	Did the organization have members or stockholders?		6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

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 made 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 made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

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

FINANCE DIRECTOR
SMH 16 HOSPITAL ROAD
PLYMOUTH,NH 03264
(603)238-2231

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) MICHELLE MCEWEN HOSPITAL PRESIDENT/CEO	40 00	X		X				221,494	0	44,849
(2) CLINT HUTCHINS CHAIR	1 00	X		X				0	0	0
(3) STANLEY LEE FREEMAN TREASURER	1 00	X		X				0	0	0
(4) ELDWIN WIXSON MEMBER	1 00	X						0	0	0
(5) SUSAN KARKHECK SECRETARY	1 00	X		X				0	0	0
(6) STEVE TAKSAR AST TREASURER	1 00	X		X				0	0	0
(7) QUENTIN BLAINE MEMBER	1 00	X						0	0	0
(8) SAM BRICKLEY II MEMBER	1 00	X						0	0	0
(9) WILLIAM LARSEN VICE CHAIR	1 00	X		X				0	0	0
(10) ALISON RITZ MEMBER	1 00	X						0	0	0
(11) JILL DUNCAN MEMBER	1 00	X						0	0	0
(12) RONALD SIBLEY MEMBER	1 00	X						0	0	0
(13) LINDA CRAWFORD MD MEMBER	1 00	X						0	0	0
(14) DANA MERRITHEW MD MEMBER/PHYSICIAN	40 00	X						203,800	0	30,241
(15) RICHARD F WERKOWSKI CFO	40 00			X				134,320	0	30,929
(16) MICHAEL P GIOVAN MD PHYSICIAN	40 00					X		415,561	0	86,588
(17) JOSEPH CASEY MD PHYSICIAN	40 00					X		289,914	0	88,231

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) VICTOR GENNARO MD PHYSICIAN	40 00					X		400,839	0	86,724
(19) STEVE F DANOSI MD PHYSICIAN	40 00					X		444,843	0	92,266
(20) TIMOTHY R LYONS MD PHYSICIAN	40 00					X		312,794	0	65,008
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								2,423,565	0	524,836

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 23

			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**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *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**		No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 0

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	4,335			
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	10,587			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	235,409			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		250,331			
			Business Code				
Program Service Revenue	2a	NET PATIENT REVENUE	624100	54,915,288	54,915,288		
	b	OTHER OPERATING REVENU	900099	819,326	819,326		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		55,734,614			
	3	Investment income (including dividends, interest and other similar amounts)		368,739			368,739
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	40,704				
	b	Less rental expenses	45,036				
	c	Rental income or (loss)	-4,332				
	d	Net rental income or (loss)		-4,332			-4,332
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	3,486,681	48,306			
	b	Less cost or other basis and sales expenses	2,958,252	473,767			
	c	Gain or (loss)	528,429	-425,461			
	d	Net gain or (loss)		102,968			102,968
Other Revenue	8a	Gross income from fundraising events (not including $ 4,335 of contributions reported on line 1c) See Part IV, line 18	a 37,960				
	b	Less direct expenses	b 17,528				
	c	Net income or (loss) from fundraising events		20,432			20,432
	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	PHARMACY INCOME	446110	163,247			163,247
	b	CAFETERIA INCOME	722210	132,391			132,391
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		295,638			
	12	**Total revenue.** See Instructions		56,768,390	55,734,614	0	783,445

Part IX Statement of Functional Expenses

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	328,000	328,000		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	471,159		471,159	
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	15,605,376	13,369,627	2,167,978	67,771
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,266,332	1,084,750	176,083	5,499
9	Other employee benefits	3,265,946	2,763,600	488,337	14,009
10	Payroll taxes	1,317,230	1,100,502	211,150	5,578
11	Fees for services (non-employees)				
a	Management				
b	Legal	47,664		47,664	
c	Accounting	57,484		57,484	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees	75,494		75,494	
g	Other				
12	Advertising and promotion	95,895	95,895		
13	Office expenses	4,644,123	4,589,718	32,912	21,493
14	Information technology				
15	Royalties . .				
16	Occupancy	1,296,891	1,222,449	74,442	
17	Travel	86,871	71,415	11,727	3,729
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	728	728		
20	Interest	881,456	881,456		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	3,004,309	3,004,309		
23	Insurance				
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	5,342,708	5,342,708		
b	PURCHASED SERVICES	5,214,052	5,108,308	104,304	1,440
c	PHYSICIAN FEES & WAGES	5,037,012	5,037,012		
d	PROVIDER TAX STATE OF N	2,217,823	2,217,823		
e					
f	All other expenses	3,229,162	2,578,857	649,380	925
25	**Total functional expenses.** Add lines 1 through 24f	53,485,715	48,797,157	4,568,114	120,444
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		4,027,602	1	7,777,432
	2	Savings and temporary cash investments		939,549	2	4,454,001
	3	Pledges and grants receivable, net		2,000	3	
	4	Accounts receivable, net		7,123,855	4	7,260,625
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		2,427,998	7	2,440,850
	8	Inventories for sale or use		777,014	8	758,600
	9	Prepaid expenses and deferred charges		363,056	9	453,318
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 44,969,716			
	b	Less accumulated depreciation	10b 19,981,250	25,556,373	10c	24,988,466
	11	Investments—publicly traded securities		12,959,711	11	13,678,453
	12	Investments—other securities See Part IV, line 11		2,826,829	12	1,609,825
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		1,032,407	14	1,014,765
	15	Other assets See Part IV, line 11		1,147,559	15	994,581
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		59,183,953	16	65,430,916
Liabilities	17	Accounts payable and accrued expenses		2,397,560	17	2,655,504
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		16,544,082	20	16,098,028
	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		920,466	23	659,554
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		5,213,477	25	8,580,333
	26	**Total liabilities.** Add lines 17 through 25		25,075,585	26	27,993,419
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		33,608,916	27	36,885,858
	28	Temporarily restricted net assets		233,320	28	285,507
	29	Permanently restricted net assets		266,132	29	266,132
		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		34,108,368	33	37,437,497
	34	Total liabilities and net assets/fund balances		59,183,953	34	65,430,916

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	56,768,390
2	Total expenses (must equal Part IX, column (A), line 25)	2	53,485,715
3	Revenue less expenses Subtract line 2 from line 1	3	3,282,675
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	34,108,368
5	Other changes in net assets or fund balances (explain in Schedule O)	5	46,454
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	37,437,497

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

2011

Open to Public Inspection

Name of the organization
SPEARE MEMORIAL HOSPITAL

Employer identification number
02-0226774

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test

Explanation

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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

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
SPEARE MEMORIAL HOSPITAL	02-0226774

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

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ 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 (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) 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		11,160
j	Total lines 1c through 1i			11,160
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 LOBBYING ACTIVITIES	PART II-B, LINE 1	SPEARE MEMORIAL HOSPITAL IS A MEMBER OF THE NEW HAMPSHIRE HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION A PORTION OF THE DUES PAID TO THESE ORGANIZATIONS IS AVAILABLE FOR LOBBYING EXPENDITURES ON BEHALF OF SPEARE MEMORIAL HOSPITAL AND THE OTHER MEMBER ORGANIZATIONS IN FURTHERANCE OF THEIR EXEMPT PURPOSE SPEARE MEMORIAL HOSPITAL DOES NOT DIRECTLY PERFORM ANY LOBBYING ACTIVITES

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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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SPEARE MEMORIAL HOSPITAL

Employer identification number
02-0226774

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	271,045	248,354	223,344	137,808	
b	Contributions		25,000	25,000	40,000	
c	Investment earnings or losses	7	5	10	45,536	
d	Grants or scholarships					
e	Other expenditures for facilities and programs	-854	2,314			
f	Administrative expenses					
g	End of year balance	270,198	271,045	248,354	223,344	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 98 500 %
- c Term endowment ▶ 1 500 %

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)		No
(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 Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		564,517		564,517
b Buildings		27,765,313	10,076,101	17,689,212
c Leasehold improvements		914,205	430,918	483,287
d Equipment		15,343,592	9,474,231	5,869,361
e Other		382,089		382,089
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				24,988,466

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
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
OTHER CURRENT LIABILITIES	2,343,416
EST THIRD-PARTY PAYER SETTLEMENTS	4,892,830
RELATED PARTY NOTE PAYABLE	335,426
INVESTMENT IN SUB-BOULDER	1,008,661
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	8,580,333

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	56,768,390
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	53,485,715
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	3,282,675
4	Net unrealized gains (losses) on investments	4	-100,863
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	147,317
9	Total adjustments (net) Add lines 4 - 8	9	46,454
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	3,329,129

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	51,068,642
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-100,863		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-5,342,708		
e	Add lines **2a** through **2d**			2e	-5,443,571
3	Subtract line **2e** from line **1**			3	56,512,213
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	75,494		
b	Other (Describe in Part XIV)	4b	180,683		
c	Add lines **4a** and **4b**			4c	256,177
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	56,768,390

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

1	Total expenses and losses per audited financial statements			1	47,739,513
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	47,739,513
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	75,494		
b	Other (Describe in Part XIV)	4b	5,670,708		
c	Add lines **4a** and **4b**			4c	5,746,202
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	53,485,715

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 ENDOWMENT FUND IS USED TO SUPPORT OPERATIONS OF THE HOSPITAL
PART XI, LINE 8 - OTHER ADJUSTMENTS		BAD DEBT EXPENSE ON MSHC RECEIVABLE 102,281 RENTAL EXPENSES 45,036 TOTAL TO SCHEDULE D, PART XI, LINE 8 147,317
PART XII, LINE 2D - OTHER ADJUSTMENTS		BAD DEBT EXPENSE -5,342,708
PART XII, LINE 4B - OTHER ADJUSTMENTS		GRANT EXPENSE 328,000 BAD DEBT EXPENSE ON MSHC RECEIVABLE -102,281 RENTAL EXPENSES -45,036
PART XIII, LINE 4B - OTHER ADJUSTMENTS		GRANT EXPENSE 328,000 BAD DEBT EXPENSE 5,342,708

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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

2011

Open to Public Inspection

Name of the organization
SPEARE MEMORIAL HOSPITAL

Employer identification number
02-0226774

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?		**(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
		Yes	**No**			
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 (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	42,295			42,295
	2 Less Charitable contributions	4,335			4,335
	3 Gross income (line 1 minus line 2)	37,960			37,960
Direct Expenses	4 Cash prizes	690			690
	5 Non-cash prizes	2,653			2,653
	6 Rent/facility costs	6,336			6,336
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses	7,849			7,849
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(17,528)
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				20,432

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

2011

Open to Public Inspection

Name of the organization
SPEARE MEMORIAL HOSPITAL

Employer identification number
02-0226774

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other **125.000000000000 %**	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other **225.000000000000 %**	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
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		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			2,879,301	1,160,965	1,718,336	3 210 %
b Medicaid (from Worksheet 3, column a)			4,966,734	4,599,446	367,288	0 690 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			7,846,035	5,760,411	2,085,624	3 900 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			627,875		627,875	1 170 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			243,721		243,721	0 460 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			349,860		349,860	0 650 %
j **Total** Other Benefits			1,221,456		1,221,456	2 280 %
k **Total.** Add lines 7d and 7j			9,067,491	5,760,411	3,307,080	6 180 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

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

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 Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	2,551,375		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	81,644		
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	15,102,686		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	16,936,364		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-1,833,678		
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	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1	1 PLYMOUTH REGIONAL REHABILITATION SERVICES	PHYSICAL THERAPY, OCCUPATIONAL THERAPY & MEDICAL FITNESS	50 000 %		
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 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	SPEARE MEMORIAL HOSPITAL 16 HOSPITAL ROAD PLYMOUTH, NH 03264	X	X			X		X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Y

Name of Hospital Facility: _____

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	**1**	Yes	
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☑ A definition of the community served by the hospital facility			
b ☑ Demographics of the community			
c ☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☑ How data was obtained			
e ☑ The health needs of the community			
f ☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☑ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☑ The process for consulting with persons representing the community's interests			
i ☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☑ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 11			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**	Yes	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☑ Hospital facility's website			
b ☑ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☑ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☑ Execution of the implementation strategy			
c ☑ Development of a community-wide community benefit plan for the facility			
d ☑ Participation in community-wide community benefit plan			
e ☑ Inclusion of a community benefit section in operational plans			
f ☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☑ Prioritization of health needs in the community			
h ☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	**7**	Yes	
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**8**	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care __%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 100 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☑ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☑ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16	Yes	
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☑ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☑ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART III, LINE 4 SMH HAS NO APPROPRIATE FOOTNOTE IN THE APPLICABLE AUDITED FINANCIAL STATEMENT SMH HAS USED A RATIO OF COSTS TO CHARGES OF 48% IN DETERMINING THE COST OF BAD DEBT EXPENSE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 100% OF THE SHORTFALL FROM MEDICARE SHOULD BE CONSIDERED A COMMUNITY BENEFIT THE SOURCE USED TO DETERMINE THIS AMOUNT IS THE MEDICARE PAYMENTS AND EXPENSES MADE TO SPEARE MEMORIAL HOSPITAL SERVICES THAT INCUR SUCH COSTS ARE PROVIDED BY THE HOSPITAL TO PROMOTE THE WELL-BEING OF THE COMMUNITY THE SERVICES ARE RENDERED IN CONJUNCTION WITH THE HOSPITAL'S CHARITABLE TAX EXEMPT PURPOSE TREATING THE SHORTFALL AS A COMMUNITY BENEFIT RELIEVES THE BURDEN ON LOCAL SOCIAL SERVICES AND GOVERNMENT SUPPORTED PROGRAMS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B SPEARE MEMORIAL HOSPITAL HAS BOTH A COLLECTIONS POLICY, AND A CHARITY CARE POLICY THAT DESCRIBES CHARITY ELIGIBILITY AND THE STEPS TO BE COMPLETED BEFORE A PATIENT'S ACCOUNT IS WRITTEN OFF TO BAD DEBT

Identifier	ReturnReference	Explanation
Y		PART V, SECTION B, LINE 1J SPEARE MEMORIAL HOSPITAL CONDUCTED A COMMUNITY WIDE PUBLIC PRESENTATION OF THE NEEDS ASSESSMENT REPORT IN OCTOBER 2011

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 INFORMATION GATHERING THROUGH SURVEYS, FOCUS GROUPS, COMMUNITY REPRESENTATION, PUBLIC FORUMS, INPUT FROM HEALTH CARE PROVIDERS, INDUSTRY LEADERS, OUTSIDE CONSULTANTS,AND ANALYSIS OF INTERNAL DATA AND EXTERNAL DATA PROVIDED BY HOSPITAL ASSOCIATIONS, PAYERS, ETC

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PATIENTS ARE EDUCATED AT TIME OF REGISTRATION OR THROUGH EDUCATIONAL MATERIALS THAT ARE DISTRIBUTED THROUGH THE HOSPITAL'S WEBSITE OR BY COMMUNITY OUTREACH SPEARE MEMORIAL HOSPITAL IS A MEMBER OF A STATE-WID COMMUNITY HEALTH NETWORK THAT PROVIDES ASSISTANCE, SUPPORT,AND EDUCATION RELATING TO ELIGIBILITY ASSISTANCE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 SPEARE MEMORIAL HOSPITAL IS LOCATED IN THE MOUNTAIN AND LAKES REGION OF NEW HAMPSHIRE AND PRIMARLY SERVES CONSTITUENTS IN GRAFTON COUNTY GRAFTON COUNTY POPULATION SIZE IS APPROXIMATELY 86,000 WITHIN ITS 40 DISTINCT MUNICIPALITIES ITS SERVICE AREA INCLUDES 17 TOWNS WITH AN APPROXIMATE TOTAL POPULATION OF 30,000

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 SPEARE MEMORIAL HOSPITAL PROVIDES PRESCRIPTION MEDICATION ASSISTANCE, PRIMARY-CARE CLINCS, MULTIPLE SUPPORT GROUPS, COMMUNITY EDUCATION PROGRAMS, SCHOOL DENTAL PROGRAM, ETC AND HAS AFFLIATIONS AND PARTNERSHIPS WITH MANY COMMUNITY ORGANIZATIONS, AN OPEN MEDICAL STAFF AND COMMUNITY BOARD OPERATING FUNDS ARE USED FOR ONGOING CAPITAL EXPENDITURES

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	NH

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SPEARE MEMORIAL HOSPITAL

Employer identification number
02-0226774

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) MID-STATE HEALTH CENTER101 BOULDER POINT DRIVE NO 1 PLYMOUTH,NH 03264	02-0487172	501 (C)(3)	328,000		FMV		COMMUNITY BENEFIT GRANT

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ _____

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ _____

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation

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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

2011

Open to Public Inspection

Name of the organization
SPEARE MEMORIAL HOSPITAL

Employer identification number
02-0226774

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**		
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?	**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**		No
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 Schedule J-1 if additional space needed.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) MICHELLE MCEWEN	(i)	221,494	0	0	18,185	26,664	266,343	0
	(ii)	0	0	0	0	0	0	0
(2) DANA MERRITHEW MD	(i)	203,800	0	0	0	30,241	234,041	0
	(ii)	0	0	0	0	0	0	0
(3) RICHARD F WERKOWSKI	(i)	134,320	0	0	11,574	19,355	165,249	0
	(ii)	0	0	0	0	0	0	0
(4) MICHAEL P GIOVAN MD	(i)	415,561	0	0	60,140	26,448	502,149	0
	(ii)	0	0	0	0	0	0	0
(5) JOSEPH CASEY MD	(i)	289,914	0	0	61,783	26,448	378,145	0
	(ii)	0	0	0	0	0	0	0
(6) VICTOR GENNARO MD	(i)	400,839	0	0	60,276	26,448	487,563	0
	(ii)	0	0	0	0	0	0	0
(7) STEVE F DANOSI MD	(i)	444,843	0	0	65,818	26,448	537,109	0
	(ii)	0	0	0	0	0	0	0
(8) TIMOTHY R LYONS MD	(i)	312,794	0	0	38,560	26,448	377,802	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule 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

2011

Open to Public Inspection

Name of the organization
SPEARE MEMORIAL HOSPITAL

Employer identification number
02-0226774

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	NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY	02-0279866	64461TCH5	11-01-2004	13,520,000	CONSTRUCTION AND RENOVATION PROJECT		X		X		X
B	NEW HAMPSHIRE HEALTH AND EDUCATION FACILITIES AUTHORITY	02-0279866	64461TCH5	05-19-2010	4,000,000	CONSTRUCTION AND RENOVATION PROJECT		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds defeased				
3	Total proceeds of issue	13,520,000	4,000,000		
4	Gross proceeds in reserve funds	978,181			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	318,768	58,963		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	13,201,232	3,941,037		
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2007	2010		

		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		X				
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		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		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		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		X				
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
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 ▶								
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 ▶								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		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			X				
2	Is the bond issue a variable rate issue?		X		X				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?		X		X				

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI 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 O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SPEARE MEMORIAL HOSPITAL

Employer identification number
02-0226774

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	THE COMMUNITY RELATIONS DIRECTOR IS THE SPOUSE OF A BOARD MEMBER
	FORM 990, PART VI, SECTION A, LINE 3	THE REHABILITATION DEPARTMENT IS NOW MANAGED BY ORTHOPEDIC HEALTH SERVICES INC
	FORM 990, PART VI, SECTION A, LINE 6	THE PROVISIONS OF SMH GOVERNING DOCUMENTS PROVIDES THE BOARD OF DIRECTORS IS COMPRISED OF ASSOCIATION MEMBERS
	FORM 990, PART VI, SECTION A, LINE 7A	THE ASSOCIATION MEMBERS ELECT THE BOARD MEMBERS
	FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 IS REVIEWED BY THE HOSPITAL CFO AND THE PRESIDENT/CEO AND THE FINANCE COMMITTEE. THE TAX FORM 990 IS MADE AVAILABLE FOR REVIEW TO THE BOARD OF DIRECTORS. THE FORM 990 IS THEN SIGNED AND FILED
	FORM 990, PART VI, SECTION B, LINE 12C	ANNUAL COMPLIANCE FORM COMPLETED BY EACH MEMBER OF THE BOARD
	FORM 990, PART VI, SECTION B, LINE 15A	COMPENSATION FOR THE CEO IS DETERMINED VIA A COMPENSATION COMMITTEE, COMPENSATION SURVEY OR STUDY, COMPARISON OF OTHER ORGANIZATIONS 990 INFORMATION, BOARD APPROVAL AND WRITTEN EMPLOYMENT CONTACT
	FORM 990, PART VI, SECTION C, LINE 19	UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -100,863 BAD DEBT EXPENSE ON MSHC RECEIVABLE 102,281 RENTAL EXPENSES 45,036 TOTAL TO FORM 990, PART XI, LINE 5 46,454

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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

2011

Open to Public Inspection

Name of the organization
SPEARE MEMORIAL HOSPITAL

Employer identification number
02-0226774

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
(1) SPEARE MEMORIAL AT BOULDER POINT BOULDER POINT DR PLYMOUTH, NH 03264 26-3888977	REAL ESTATE	NH	501(C)(3)	LINE 9	SPEARE MEMORIAL HOSPITAL		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) Disproportionate 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) SPEARE HEALTH VENTURE 16 HOSPITAL ROAD PLYMOUTH, NH 03264 02-0366565	HEALTHCARE SERVICES	NH		C	6,681	246,494	100 000 %
(2) SPEARE HEALTH NETWORK LLC 16 HOSPITAL ROAD PLYMOUTH, NH 03264 04-3372339	PHYSICIAN/HOSPITAL ORGANIZATION	NH		C		21,137	50 000 %

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 related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e	Yes	
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g		No
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by related organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m		No
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q		No
r Other transfer of cash or property from related 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) SPEARE MEMORIAL AT BOULDER POINT-LEASES ALL OF ITS SPACE TO SMH	J	688,208	ACTUAL
(2) SPEARE HEALTH VENTURE	D	215,673	FAIR MARKET VALUE
(3) SPEARE MEMORIAL AT BOULDER POINT	D	2,040,520	FAIR MARKET VALUE
(4) SPEARE MEMORIAL AT BOULDER POINT	P	8,066	ACTUAL
(5) SPEARE MEMORIAL AT BOULDER POINT	E	335,426	FAIR MARKET VALUE
(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) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

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Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2011

Attachment Sequence No **179**

Name(s) shown on return	Business or activity to which this form relates	**Identifying number**
SPEARE MEMORIAL HOSPITAL	FORM 990 PAGE 10	02-0226774

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1 Maximum amount (see instructions)	**1**	500,000
2 Total cost of section 179 property placed in service (see instructions)	**2**	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	**3**	2,000,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	**4**	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	**5**	

6	**(a)** Description of property	**(b)** Cost (business use only)	**(c)** Elected cost

7 Listed property Enter the amount from line 29	**7**		
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	**8**		
9 Tentative deduction Enter the **smaller** of line 5 or line 8	**9**		
10 Carryover of disallowed deduction from line 13 of your 2010 Form 4562	**10**		
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	**11**		
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	**12**		
13 Carryover of disallowed deduction to 2012 Add lines 9 and 10, less line 12 ▶	**13**		

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II **Special Depreciation Allowance and Other Depreciation (Do not** include listed property **)** (See instructions)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	**14**	
15 Property subject to section 168(f)(1) election	**15**	
16 Other depreciation (including ACRS)	**16**	2,967,527

Part III **MACRS Depreciation (Do not** include listed property.**)** (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2011	**17**	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

	(a) Classification of property	**(b)** Month and year placed in service	**(c)** Basis for depreciation (business/investment use only—see instructions)	**(d)** Recovery period	**(e)** Convention	**(f)** Method	**(g)** Depreciation deduction
19a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs		S/L	
h	Residential rental property			27 5 yrs	MM	S/L	
				27 5 yrs	MM	S/L	
i	Nonresidential real property			39 yrs	MM	S/L	
					MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs		S/L	
c	40-year		40 yrs	MM	S/L	

Part IV **Summary** (see instructions)

21 Listed property Enter amount from line 28	**21**	
22 **Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	**22**	2,967,527
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	**23**	

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* ***only*** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A—Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.***)**

24a Do you have evidence to support the business/investment use claimed? ☐ **Yes** ☐ **No** | **24b** If "Yes," is the evidence written? ☐ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						**25**		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						**28**		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1						**29**		

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2011 tax year (see instructions)					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 Total. Add amounts in column (f) See the instructions for where to report				**44**	

SPEARE MEMORIAL HOSPITAL
AND SUBSIDIARIES

Consolidated Financial Statements
and
Independent Auditors' Report

As of and for the Years Ended
June 30, 2012 and 2011

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES

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As of and for the Years Ended June 30, 2012 and 2011

TYLER, SIMMS & ST. SAUVEUR, P.C.
Certified Public Accountants & Business Consultants

Independent Auditors' Report

To the Board of Directors of
Speare Memorial Hospital and Subsidiaries:

We have audited the accompanying consolidated statements of financial position of Speare Memorial Hospital (a New Hampshire not-for-profit corporation) and Subsidiaries as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets - unrestricted, changes in net assets and retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 financial position of Speare Memorial Hospital and Subsidiaries as of June 30, 2012 and 2011, and the consolidated results of their operations, changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The consolidating information in Schedules 1 - 4 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Tyler, Simms and St. Sauveur, CPAs, P.C.

Lebanon, New Hampshire
September 17, 2012

Tyler, Simms & St Sauveur, P.C • 19 Morgan Drive • Lebanon, NH 03766 • Ph 603-653-0044 • Fax 603-653-0209
www.tss-cpa.com

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES

Consolidated Statements of Financial Position - Assets

As of June 30, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 12,610,994	$ 5,317,765
Patient accounts receivable, net	7,260,625	7,123,855
Current portion of pledges receivable	-	2,000
Other receivables	65,819	132,708
Inventories	758,600	777,014
Prepaid expenses	455,294	393,000
Assets whose use is limited	830,371	748,558
Due from related party	-	25,000
Current portion of notes receivable	59,947	65,792
Total current assets	22,041,650	14,585,692
OTHER ASSETS		
Notes receivable, less current portion	124,710	108,429
Investment in joint venture	207,265	195,577
Donor-restricted investments	270,198	271,045
Other investments	335,426	335,426
Goodwill and other intangibles	1,517,205	1,620,494
Deposits and other assets	17,528	80,039
Total other assets	2,472,332	2,611,010
ASSETS WHOSE USE IS LIMITED		
Funds held by trustee under revenue bond agreement	1,609,825	2,826,829
Internally designated	13,678,453	12,959,711
	15,288,278	15,786,540
Less: amounts required to meet current obligations	(830,371)	(748,558)
	14,457,907	15,037,982
PROPERTY AND EQUIPMENT	53,416,174	53,554,262
LESS: ACCUMULATED DEPRECIATION AND AMORTIZATION	20,976,307	20,146,765
	32,439,867	33,407,497
	$ 71,411,756	$ 65,642,181

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

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES

Consolidated Statements of Financial Position – Liabilities and Net Assets

As of June 30, 2012 and 2011

	2012	2011
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 2,214,757	$ 1,417,135
Construction payable	89,881	89,811
Accrued wages	358,666	988,427
Other current liabilities	2,343,416	2,459,349
Estimated third-party payor settlements	4,892,830	1,798,406
Current portion of notes payable	246,374	215,559
Current portion of bonds payable	498,236	448,867
Current portion of capital lease obligations	85,761	84,132
Total current liabilities	10,729,921	7,501,686
BONDS PAYABLE, less current portion shown above	15,599,792	16,095,215
NOTES PAYABLE, less current portion shown above	7,488,768	7,698,590
CAPITAL LEASE OBLIGATIONS, less current portion shown above	151,945	235,479
MINORITY INTEREST	26,346	26,345
Total liabilities	33,996,772	31,557,315
COMMITMENTS AND CONTINGENCIES (See Notes)		
NET ASSETS		
Unrestricted/retained earnings	36,863,345	33,585,414
Temporarily restricted	285,507	233,320
Permanently restricted	266,132	266,132
Total net assets	37,414,984	34,084,866
	$ 71,411,756	$ 65,642,181

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

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Net Assets - Unrestricted

For the Years Ended June 30, 2012 and 2011

	2012	2011
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT		
Net patient service revenue	$ 49,572,580	$ 45,332,203
Other operating revenue	1,198,418	1,104,272
Net assets released from restrictions (see Note 12)	7,821	9,150
Total unrestricted revenues, gains and other support	50,778,819	46,445,625
OPERATING EXPENSES		
Salaries and wages	16,176,739	15,835,245
Physician fees and wages	4,862,012	4,300,868
Contract nursing and technicians	1,678,846	676,494
Employee health and welfare	5,925,437	6,309,569
Supplies and expenses	12,493,404	11,958,433
Medicaid enhancement tax	2,217,823	2,103,863
Depreciation and amortization	3,441,603	3,172,563
Interest expense	1,284,797	1,319,748
Total operating expenses	48,080,661	45,676,783
INCOME FROM OPERATIONS	2,698,158	768,842
NONOPERATING INCOME (EXPENSE)		
Investment income	743,096	365,442
Equity (loss) in earnings of unconsolidated joint venture	(5,058)	4,904
Unrestricted gifts	150,175	184,931
Grant expense, net of write-off of loan (see Note 23)	(328,000)	(310,000)
Bad debt recovery on non-patient receivables	102,281	110,360
Loss on sale of fixed assets	(31,857)	(6,759)
Minority interest in Speare Health Network	(1)	(685)
	630,636	348,193
Change in unrealized gains (losses) on investments (see Note 11)	(100,863)	1,725,987
Nonoperating income (expense), net	529,773	2,074,180
EXCESS OF REVENUES OVER EXPENSES	3,227,931	2,843,022
NET ASSETS RELEASED FROM RESTRICTIONS (see Note 12)	50,000	40,420
CHANGE IN UNRESTRICTED NET ASSETS	$ 3,277,931	$ 2,883,442

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

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets and Retained Earnings

For the Years Ended June 30, 2012 and 2011

	Unrestricted/ Retained Earnings	Temporarily Restricted	Permanently Restricted	Total
BALANCE AT JUNE 30, 2010	$ 30,701,972	$ 279,026	$ 241,225	$ 31,222,223
Excess of revenues over expenses	2,843,022	-	-	2,843,022
Restricted contributions	-	7,500	25,000	32,500
Net restricted investment income	-	5	-	5
Net asset reclassification	-	(3,734)	-	(3,734)
Net assets released from restriction for capital expenditures	40,420	(40,420)	-	-
Net assets released from restriction for operations	-	(9,057)	(93)	(9,150)
Change in net assets	2,883,442	(45,706)	24,907	2,862,643
BALANCE AT JUNE 30, 2011	33,585,414	233,320	266,132	34,084,866
Excess of revenues over expenses	3,227,931	-	-	3,227,931
Restricted contributions	-	110,001	-	110,001
Net restricted investment income	-	7	-	7
Net assets released from restriction for capital expenditures	50,000	(50,000)	-	-
Net assets released from restriction for operations	-	(7,821)	-	(7,821)
Change in net assets	3,277,931	52,187	-	3,330,118
BALANCE AT JUNE 30, 2012	$ 36,863,345	$ 285,507	$ 266,132	$ 37,414,984

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

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,330,118	$ 2,862,643
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	3,441,603	3,172,563
Provision for bad debts	5,342,708	4,454,701
Non-cash contributions	-	(67,183)
(Equity) loss in earnings of unconsolidated joint venture	5,058	(4,904)
Contributions restricted for long-term investment	(50,000)	(67,500)
Amortization reflected as interest	103,289	87,707
Net unrealized (gains) losses on investments	100,863	(1,725,987)
Loss on sale of fixed assets	31,857	6,759
Realized gain on sale of investments	(528,429)	(144,114)
Change in minority interest	1	685
(Increase) decrease in the following assets		
Patient accounts receivable	(5,479,478)	(5.655,116)
Inventories	18,414	(59,850)
Prepaid expenses	(62,294)	28,413
Other receivables	66,889	(23,010)
Increase (decrease) in the following liabilities:		
Accounts payable	797,622	(147,600)
Construction payable	70	(270,534)
Accrued wages	(629,761)	69,691
Other current liabilities	(115,933)	298,578
Estimated third-party payor settlements	3,094,424	996,740
Net cash provided by operating activities	9,467,021	3,812.682
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of fixed assets	50,000	-
Purchase of property and equipment	(2,503,336)	(2,390,704)
Investment in joint venture	8,254	-
Deposits and other assets	62,511	-
Changes in pledges receivable	2,000	7,402
Acquisition of business	-	(1,255,203)
Net (purchases) proceeds of donor-restricted investments	847	(22,691)
Proceeds on sales of investments whose use is limited	4,691,147	3,623,003
Purchases of investments whose use is limited	(3.765,319)	(2,657,109)
Net advances to joint venture	-	(25,000)
Notes receivable, net proceeds	(10,436)	89,184
Net cash used in investing activities	(1,464,332)	(2,631,118)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	(81,905)	(81,498)
Payments on bonds payable	(446,054)	(270,918)
Payments on notes payable	(231,501)	(211,926)
Contributions restricted for long-term investment	50,000	67,500
Net cash used in financing activities	(709,460)	(496,842)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,293,229	684,722
CASH AND CASH EQUIVALENTS, beginning of year	5,317,765	4,633,043
CASH AND CASH EQUIVALENTS, end of year	$ 12,610,994	$ 5,317,765

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

Supplemental Disclosure of Cash Flow Information

	2012	2011
Cash payments for interest	$ 717,223	$ 929,484

Supplemental Disclosure of Noncash Transactions

During 2012, the Organization acquired certain equipment totaling $52,494 through the issuance of notes payable.

Supplemental Disclosure of Investing Activities

During 2011, the Organization and its subsidiary, Speare Health Venture, Inc. (SHV), acquired, through the payment of cash, certain assets used in or related to the physical therapy and rehabilitation services practice of a New Hampshire Limited Liability Company located in Plymouth, New Hampshire and its satellite practices located in both Bristol and Plymouth, New Hampshire. SHV simultaneously transferred the satellite practice assets, totaling $190,673, to Plymouth Regional Rehabilitation Services, LLC (PRRS) in exchange for a 50% interest in the member's equity of the then established joint venture between SHV and an unrelated party. A summary of the initial asset acquisition follows:

Acquisition of business:	SMH Acquisition	SHV Practice Assets	Total Acquisition
Goodwill	$ 890,003	$ 127,673	$ 1,017,676
Other intangibles	148,400	51,000	199,400
Goodwill and other intangibles	1,038,403	178,673	1,217,076
Personal property	26,127	12,000	38,127
	$ 1,064,530	$ 190,673	$ 1,255,203

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

1. Summary of Significant Accounting Policies:

Organization – Speare Memorial Hospital (the Organization) provides medical services on an inpatient, outpatient and physician basis. The Organization is a provider of health services with facilities in Plymouth, New Hampshire. The Organization grants credit to patients, substantially all of whom are local residents. Effective May 1, 2005, the Organization was designated as a critical access hospital (see Note 8). The statements also include:

Speare Health Venture, Inc. (SHV) formerly Plymouth Hospital Professional Building (PHPB), the Organization's wholly-owned subsidiary, which holds a 50% equity interest in a joint venture, Plymouth Regional Rehabilitation Services, LLC (see Note 5).

Speare Health Network (SHN), the Organization's 50% owned subsidiary, which is a physician/hospital organization.

Speare Memorial at Boulder Point, Inc. (SMBP), the Organization's wholly-owned subsidiary, which provides professional rental space to the Organization in Plymouth, New Hampshire.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of the Organization and its subsidiaries, SMBP, SHV and SHN All significant intercompany transactions have been eliminated in consolidation.

Community Care – The Organization provides care to patients who meet certain criteria under its community care policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as community care, they are not reported as revenue.

Basis of Statement Presentation – The accompanying financial statements, which are presented on the accrual basis of accounting, have been prepared consistent with the American Institute of Certified Public Accountants *Audit and Accounting Guide, Health Care Organizations* (Audit Guide). In accordance with the provisions of the Audit Guide, net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, unrestricted net assets are amounts not subject to donor-imposed stipulations and are available for operations Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose and, generally, the net accumulated earnings on permanently restricted endowment funds. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity

Excess of Revenues Over Expenses – The statements of operations include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Assets Whose Use is Limited – Assets whose use is limited include assets set aside by the Board of Directors for future capital improvements and long-term investment purposes, over which the Board retains control and may at its discretion subsequently use for other purposes.

1. Summary of Significant Accounting Policies (continued):

Funds Held by Trustee Under Revenue Bond Agreement – Funds held by the trustee under the revenue bond agreements are recorded at cost, which approximate market value, and are comprised of short-term investments and United States Government obligations.

Goodwill Impairment – The Organization evaluates the carrying value of goodwill periodically throughout the year or when events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount Such circumstances could include, but are not limited to·

i A significant adverse change in legal factors or in business climate
ii. Unanticipated competition, or
iii An adverse action or assessment by a regulator

When evaluating whether goodwill is impaired, the Organization compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of the reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of the reporting unit goodwill to its carrying amount. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. The Organization's evaluation of goodwill completed during the year resulted in no impairment losses.

Intangible Asset Impairment – The Organization evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. Such circumstances could include, but are not limited to

i. A significant decrease in market value of an asset
ii. A significant adverse change in the extent or manner in which an asset is used, or
iii. An accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset

The Organization measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The Organization did not recognize an impairment charge relative to intangible assets for the year ended June 30, 2012.

Concentration of Credit Risk – Financial instruments that potentially expose the Organization to concentrations of credit and market risks consist primarily of cash and investments. The Organization has not experienced any losses on its cash. The Organization's investments do not represent significant concentrations of market risk in as much as the Organization's investment portfolio is adequately diversified among issuers

Estimates – The Organization uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

1. Summary of Significant Accounting Policies (continued):

Reclassification – Certain reclassifications have been made to the 2011 consolidated financial statements to conform to the 2012 presentation. Such reclassifications had no effect on previously reported excess of revenues over expenses or net assets.

Property and Equipment – Property and equipment acquisitions are recorded at cost. Property and equipment donated for Organization operations are recorded at fair value at the date of receipt. Expenditures for repairs and maintenance are expensed when incurred and betterments are capitalized.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Equipment under capital leases is amortized on the straight-line method over the estimated useful life of the equipment Such amortization is included in depreciation and amortization in the financial statements.

Estimated useful lives are as follows:

	YEARS
Land improvements	5 - 15
Buildings and building improvements	5 - 50
Equipment	5 - 20
Capital leases	5 - 10

Works of art are maintained as collections and, accordingly, are not depreciated.

Income Taxes – The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code.

SHV is a taxable corporation and is subject to Federal and New Hampshire income taxes.

SHN is a partnership that has elected to be taxed as a corporation and is subject to Federal and New Hampshire income taxes.

SMBP is a not-for-profit corporation as described in Section 501(c)(3) of the Code and is exempt from Federal income taxes on related income pursuant to Section 509(a)(3) of the Code.

Accounting Standards Codification Subtopic 740-10, *Accounting for Uncertainty in Income Taxes*, addresses the accounting uncertainty of income taxes recognized in an enterprise's financial statements and prescribes a threshold of "more-likely-than-not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Subtopic 740-10 also provides guidance on measurement classification, interest and penalties and disclosure The Organization has determined that the provisions of Subtopic 740-10 do not have a material effect on the Organization's consolidated financial statements. The Organization believes it is no longer subject to examinations for years prior to 2008.

Cash and Cash Equivalents – Cash and cash equivalents include demand deposits, petty cash funds and investments with a maturity of three months or less, and exclude amounts whose use is limited by Board designation or other arrangements under trust agreements or with third-party payors.

1. Summary of Significant Accounting Policies (continued):

Inventories – Inventories are stated at the lower of cost (first-in, first-out) or market.

Advertising – Advertising costs are charged to operations when incurred.

Patient Accounts Receivable – Standard charges for services to patients are recorded as revenue when services are rendered. Provisions are made in the accounts for estimated uncollectible amounts based on experience and any unusual circumstances, which may affect the ability of patients to meet their obligations.

Net Patient Service Revenue – 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. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Provisions for bad debt are reflected as a component of net patient service revenue in order to arrive at the net realizable amounts received (see Note 8).

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. The Organization accounts for its investment portfolio in accordance with Accounting Standards Codification Topic 825 – *Financial Instruments* – and, accordingly, investment income or loss (including realized gains and losses on investments, interest and dividends) and unrealized gains and losses are included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

Investment in Joint Venture – Investments in entities where the Organization or its subsidiaries own more than 20% and less than 51% and do not have significant operational influence are recorded under the equity method. Under the equity method of accounting, an investee company's accounts are not reflected within the Organization's Consolidated Statements of Financial Position and Statements of Operations; however, the Organization's share of the earnings of losses of the Investee company is reflected in the caption "equity in earnings of unconsolidated joint venture" in the Consolidated Statements of Operations and Change in Net Assets – Unrestricted. The Organization's carrying value in an equity method investee company in which it is a party to a joint venture is reflected in the caption "Investment in joint venture" in the Organization's Consolidated Statements of Financial Position.

When the Organization's carrying value in an equity method investee company is reduced to zero, no further losses are recorded in the Organization's consolidated financial statements unless the Organization guaranteed obligations of the investee company or has committed additional funding.

An investment in an entity where the Organization or its subsidiaries own less than 20% and do not have significant operating influence is recorded at cost

Risk and Uncertainties – Investment securities, including assets limited as to use, are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect the net assets of the Organization.

1. Summary of Significant Accounting Policies (continued):

Recent Accounting Pronouncements – In July 2011, the FASB issued Accounting Standards Update (ASU) No. 2010-07, *Health Care Entities Topic 954 – Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* The amendments in the ASU require that health care entities change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowance and discounts) Additionally, health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The amendments also require disclosures of patient services revenue (net of contractual allowances and discounts), as well as qualitative and quantitative information about change in the allowance for doubtful accounts The amendments are effective for periods ending after December 15, 2012, with early adoption permitted. The Organization adopted the provisions of ASU 2010-07 during 2011 (see Note 8).

In August 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-23, *Health Care Entities Topic 954 – Presentation of Insurance Claims and Related Insurance Recoveries.* The amendments in the ASU clarify that health care entities should not net insurance recoveries against claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. The amendments in this ASU are effective for fiscal years beginning after December 15, 2010. The Organization adopted the provision of ASU 2010-24 during 2012.

In August 2010, the FASB issued Accounting Standards Update (ASU) No 2010-24, *Health Care Entities Topic 954 – Measuring Charity Care for Disclosure.* The amendments in the ASU require that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing charity care. Amendments in this ASU also require disclosure of the method used to identify or determine such costs. The amendments in this ASU are effective for fiscal years beginning after December 15, 2010. The Organization adopted the provision of ASU 2010-23 during 2012 (see Note 2).

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04, *Fair Value Measurement and Disclosure Topic 820 – Amendments to Achieve Common Fair Value Measurement and Disclosure Required in U.S. GAAP and IFRS.* Update 2011-04 changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurement. Some of the amendments included in 2011-04 clarify the FASB's intent about the application of existing fair value measurement requirements Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements In addition, 2011-04 clarifies specific disclosure requirements of Topic 820 that will not pertain to nonpublic entities, including information about transfers between Level I and Level II instruments, information about the sensitivity of fair value measurement for Level III instruments to changes in unobservable inputs, and the categorization in the fair value hierarchy of those items not presented at fair value on the statement of financial position but for which disclosure of fair value would otherwise be required. Update 2011-04 is effective for years beginning after December 15, 2011. The Organization adopted the provisions of ASU 2011-04 during 2012 (see Note 11).

2. Community Benefits:

The Organization's mission statement is to provide and coordinate quality health care services based on principles of compassion and professionalism while promoting wellness and prevention. As part of this mission statement, the Organization provides several benefits to the community at reduced or no cost. Community benefits include·

Community Care – The Organization maintains records to identify and monitor the level of community care they provide. These records include the amount of charges foregone for services and supplies furnished under their community care policies and the estimated cost of those services and supplies The following information measures the level of community care provided during the years ended June 30:

	2012	2011
Estimated expense incurred to provide community care	$ 1,548,607	$ 1,578,840
Medicaid enhancement tax – free care allocation	1,330,694	1,430,818
Gross estimated cost to provide community care	$ 2,879,301	$ 3,009,658
Direct offsetting revenue	$ 1,160,965	$ 2,104,910
Estimated cost to charge ratio	47.75%	51.83%
Percentage of community cost to total hospital operating expenses	6 0%	6.6%

The Organization estimates its estimated expense ratio based upon the ratio of total operating expenses before Medicaid enhancement tax to total gross patient revenues

The Organization provided community care for the following number of inpatient admissions and outpatient visits for the years ended June 30·

	2012			2011		
	Community	Total	%	Community	Total	%
Inpatient admissions	58	1,426	5.32%	77	1,448	5.32%
Outpatient visits	1,452	59,601	3.32%	2,017	60,819	3.32%

The Organization and its subsidiaries provide health care services to residents of Plymouth, New Hampshire and the surrounding area, without regard to the individual's ability to pay for their services

2. Community Benefits (continued):

Community Care (continued) –

Determination of eligibility for community care is granted on a sliding fee basis. Patients with family income less than the 125% of the Community Services Administration Income Poverty Guidelines shall not be responsible for the balance of their account for services rendered at the Organization. Those with family income at least equal to 126%, but not exceeding 150% of the Federal Poverty Guidelines, shall be responsible for 5% of the remaining balance of their accounts. Those with family income at least equal to 151%, but not exceeding 175% of the guidelines, will be responsible for 25% of the remaining balance of their accounts. Those with family income at least equal to 176%, but not exceeding 200% of the guidelines, will be responsible for 50% of the remaining balance of their accounts and lastly those with family income at least equal to 201%, but not exceeding 225% of the guidelines, will be responsible for 75% of the remaining balance of their accounts.

Third-Party Payor Losses – In addition, the Organization also incurred losses in the treatment of Medicare and Medicaid patients. Both of these government programs reimburse for medical services at less than billed charges to provide those services. In 2012 and 2011, the Organization incurred contractual losses of $26,732,624 and $21,617,666, respectively, related to treating Medicare and Medicaid patients representing 26% and 22%, respectively, of gross patient service revenue. The Organization also provided uncompensated care of $5,342,708 and $4,454,701 in 2012 and 2011, respectively, related to uncollectible accounts receivable.

Other Community Benefits – The Organization also provides services to the community at large for which it receives minimal or no payment. These include several health screenings, administration of a prescription assistance program for the low income and uninsured, physician recruitment, school dental programs, health fair screenings, mammography clinics, childbirth preparation classes and wellness promotion and health education classes, which are provided at various locations throughout the Plymouth area.

The Organization also provided other community benefits upon which no monetary value can be placed.

3. Inventories:

The major classes of inventories consisted of the following as of June 30:

	2012	2011
Pharmacy and IV therapy	$ 274,237	$ 304,340
Central storeroom	94,434	96,572
Dietary	15,367	13,776
Operating room supplies	352,384	343,753
Other	22,178	18,573
	$ 758,600	$ 777,014

4. Notes Receivable:

The Organization has entered into several unsecured notes receivable with physicians and Mid-State Health Center (MSHC), at varying terms. Also see Note 23 for additional information The total notes receivable outstanding at June 30, 2012 and 2011 was as follows·

	2012	2011
Physicians	$ 248,172	$ 237,736
MSHC	75,000	152,639
	323,172	390,375
Less: Allowance for doubtful accounts	(138,515)	(216,154)
	184,657	174,221
Less: Current portion	(59,947)	(65,792)
	$ 124,710	$ 108,429

5. Investment in Joint Venture:

During 2011, the Organization's wholly-owned subsidiary, SHV, purchased a 50% equity interest Plymouth Regional Rehabilitation Services, LLC, an entity that provides rehabilitation and physical therapy services to Plymouth, New Hampshire and the surrounding area.

The following is a summary of the Organization's equity method investments in joint ventures for the year ended December 31, 2012:

	Plymouth Regional Rehabilitation Services, LLC	
	2012	2011
Balance at beginning of year	$ 195,577	$ -
Net contributions	16,746	190,673
Equity (loss) in net earnings	(5,058)	4,904
Balance at end of year	$ 207,265	$ 195,577

5. Investment in Joint Venture (continued):

Summarized financial information for Plymouth Regional Rehabilitation Services, LLC for the year ended June 30, 2011 is as follows·

	Plymouth Regional Rehabilitation Services, LLC	
	2012	2011
Net revenues	$ 1,339,073	$ 488,023
Operating expenses	1,349,189	478,215
Net income (loss)	$ (10,116)	$ 9,808
SMH's equity (loss) in earnings	$ (5,058)	$ 4,904

6. Goodwill and Other Intangibles:

In January 2011, the Organization completed the asset purchase of a New Hampshire Limited Liability Company which provided rehabilitation and physical therapy services in the Plymouth, New Hampshire and surrounding area The assets acquired, inclusive of allocated legal fees, included goodwill in the amount of $890,002 and other intangible assets totaling $148,400. The intangibles assets included a covenant not-to-compete and the books and records of the Company with a weighted-average useful life of approximately 12 years.

The Organization incurred costs to obtain financing for construction programs that are amortized over the repayment periods of the associated long-term debt. The amortization expense associated with these costs was $103,289 and $81,711 for the years ended June 30, 2012 and 2011, respectively, and is included in interest expense on the consolidated statement of operations and changes in net assets – unrestricted.

The Organization had the following amounts related to goodwill and other intangible assets as of June 30,

	2012			2011
	Gross Carrying Amount	Accumulated Amortization and Impairment	Net Carrying Amount	Net Carrying Amount
Goodwill	$ 890,002	$ -	$ 890,002	$ 890,002
Covenant not-to-compete	43,893	(13,186)	30,707	40,551
Books and records	104,507	(10,451)	94,056	101,854
Deferred financing costs	842,440	(340,000)	502,440	588,087
	$ 1,880,842	$ (363,637)	$ 1,517,205	$ 1,620,494

7. Property and Equipment:

Property and equipment consisted of the following as of June 30:

	2012		2011	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land	$ 1,338,679	$ -	$ 1,338,679	$ -
Land improvements	1,252,453	503,667	1,262,865	416,799
Buildings and building improvements	35,041,782	10,985,012	35,035,154	9,615,173
Equipment	14,984,836	9,266,110	15,244,456	9,791,470
Capital leases	412,336	221,518	591,746	323,323
Works of art	67,183	-	67,183	-
Construction in progress	318,905	-	14,179	-
	$ 53,416,174	$ 20,976,307	$ 53,554,262	$ 20,146,765

8. Net Patient Service Revenue and Patient Accounts Receivable:

Net Patient Service Revenue – Net patient service revenue is reported net of contractual allowances and other discounts as follows as of June 30:

	2012	2011
GROSS PATIENT SERVICE REVENUE:		
Routine services	$ 5,423,554	$ 5,159,655
Ancillary and physician services	88,586,342	77,074,317
	94,009,896	82,233,972
PLUS. Medicaid disproportionate share hospital payments	5,122,815	4,582,196
LESS: Contractual allowances (primarily Medicare and Medicaid)	(40,974,563)	(33,982,781)
LESS. Provision for bad debts	(5,342,708)	(4,454,701)
LESS: Community care	(3,242,860)	(3,046,483)
NET PATIENT SERVICE REVENUE	$ 49,572,580	$ 45,332,203

Patient Accounts Receivable – Patient accounts receivable are reported net of estimated contractual allowances and allowance for doubtful accounts, as follows, as of June 30:

	2012	2011
Patient accounts receivable	$ 15,072,611	$ 15,272,214
Estimated contractual allowance	(4,595,614)	(4,586,093)
Estimated allowance for doubtful accounts	(3,216,372)	(3,562,266)
Patient accounts receivable, net	$ 7,260,625	$ 7,123,855

8. Net Patient Service Revenue and Patient Accounts Receivable (continued):

Patient accounts receivable has been reported gross of monies due third-party payors and self-pay patients Monies owed to third-party payors and self-pay patients have been reported on the consolidated statement of financial position as a component of Accounts Payable. Patient accounts receivable are reduced by an allowance for doubtful account. In evaluating the collectibility of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with service provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary For receivables associated with self-pay patients, including both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for only part of the bill, the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

As of June 30, 2012 and 2011, the Organization did not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors

The following table represents a summary of self-pay estimated allowances for doubtful accounts as of June 30, and the related write-offs for the years ended June 30:

	2012	2011
Allowance for doubtful accounts - self-pay as a percentage of net outstanding patient receivables	31%	33%
Write-offs of self-pay accounts receivable	5,688,602	3,914,603

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

Medicare – Effective May 1, 2005, the Organization was granted Critical Access Hospital (CAH) status. The Medicare Critical Access Hospital Program is a component of the Rural Hospital Flexibility Act passed as part of the Balanced Budget Act of 1997. CAHs can provide outpatient, emergency and limited inpatient services and receive reasonable cost for their services. The program requires the Organization to have an average length of stay limit of 96 hours, be part of a network with one acute care hospital and have no more than 25 inpatient beds that can be used for either acute or skilled nursing facility level of care.

The Organization is reimbursed for cost reimbursable items at tentative rates, with final settlement determined after submission of annual cost reports by the Organization and audits thereof, by the Medicare fiscal intermediary. The Organization's cost reports have been audited by the intermediary through June 30, 2007 and desk reviewed for cost report years ending 2008 to 2011.

8. Net Patient Service Revenue and Patient Accounts Receivable (continued):

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per unit. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospectively determined rate per unit for laboratory services and physician fees, with service unit limits for certain diagnostic services and under a cost reimbursement methodology for all other outpatient services The Organization is reimbursed at a tentative rate for New Hampshire outpatient services with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the fiscal intermediary. The Organization's Medicaid cost reports have been audited by the fiscal intermediary through June 30, 2007 and desk reviewed for cost report years ending 2008 to 2011 Final settlement amounts due for cost report years ended 2011, 2010 and 2009 included on the consolidated statement of financial position under the caption "Estimated third-party payor settlements" have not been paid by the state.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action. The Hospital believes that it is in compliance with all applicable laws and regulations. The Hospital has included reserves of $3,416,828 and $1,498,406 in 2012 and 2011, respectively, in due to third-party payors for open cost report years including the 2012 cost report yet to be filed.

The Organization has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

9. Investments:

The Organization had $1,609,825 and $2,826,829 in investments held by trustee under the revenue bond agreement in 2012 and 2011, respectively These investments are comprised of highly liquid U S. Treasury obligations and notes whose cost approximates market. These funds are to be used towards funding the debt service requirements and completing the construction project.

10. Fair Value of Financial Instruments:

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Cash and Cash Equivalents – The carrying amount reported in the consolidated statement of financial position for cash and cash equivalents approximates its fair value due to its short-term nature.

Assets Whose Use is Limited – These assets are reported in the consolidated statement of financial position at their fair value. The fair value amounts are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities

10. Fair Value of Financial Instruments (continued):

Accounts Payable, Construction Payable and Accrued Expenses – The carrying amounts reported in the consolidated statement of financial position for accounts payable, construction payable and accrued expenses approximate their fair value due their short-term nature.

Estimated Third-Party Payor Settlements – The carrying amount reported in the consolidated statement of financial position for estimated third-party payor settlements approximates its fair value due to its short-term nature.

11. Fair Value Measurement:

Accounting Standards Codification Topic 820 prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I include listed equities held in the name of the Organization, and exclude listed equities and other securities held indirectly through commingled funds.

Level II – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies

Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Judgment about inputs into the determination of fair value shall be developed based on the best information available in the circumstances.

Accounting Standards Codification Topic 825, *Financial Instruments*, provides the option to elect fair value as an alternative measurement for selected financial assets and liabilities not previously required to be recorded at fair value The Organization carries its internally designated investments in accordance with Topic 825, measured utilizing the framework provided by Topic 820.

11. Fair Value Measurement (continued):

The following table summarizes the valuation of the Organization's internally designated investments carried in accordance with Accounting Standards Codification Topic 825 by the fair value hierarchy levels as of June 30, 2012:

		Based on		
	Fair Value at June 30, 2012	Quoted Prices in Active Markets (Level I)	Other Observable Inputs (Level II)	Unobservable Inputs (Level III)
Assets measured at fair value on a recurring basis				
Cash and cash equivalents	$ 621,743	$ 621,743	$ -	$ -
Fixed Income				
Taxable Bonds	1,765,624	1,765,624	-	-
High Yield Bonds	456,217	456,217	-	-
Strategic Reserves	1,987,497	1,987,497	-	-
Equities				
US Large Cap	7,011,404	7,011,404	-	-
US Small Cap	530,997	530,997	-	-
Non-US Developed	739,102	739,102	-	-
Emerging Markets	517,153	517,153	-	-
Alternative				
Private Equity	48,716	-	-	48,716
	$ 13,678,453	$ 13,629,737	$ -	$ 48,716

The following table summarizes the valuation of the Organization's internally designated investments carried in accordance with Accounting Standards Codification Topic 825 by the fair value hierarchy levels as of June 30, 2011:

		Based on		
	Fair Value at June 30, 2011	Quoted Prices in Active Markets (Level I)	Other Observable Inputs (Level II)	Unobservable Inputs (Level III)
Assets measured at fair value on a recurring basis				
Cash and cash equivalents	$ 761,770	$ 761,770	$ -	$ -
Fixed Income				
Taxable Bonds	524,745	524,745	-	-
High Yield Bonds	423,921	423,921	-	-
Strategic Reserves	3,031,621	3,031,621	-	-
Equities				
US Large Cap	5,879,763	5,879,763	-	-
US Small Cap	560,943	560,943	-	-
Non-US Developed	1,776,948	1,776,948	-	-
	$ 12,959,711	$ 12,959,711	$ -	$ -

11. Fair Value Measurement (continued):

Investment income and changes in net unrealized gains on investments included in the statements of operations for the years ended June 30, 2012 and 2011 consisted of the following:

	2012	2011
Interest and dividend income	$ 214,667	$ 221,328
Realized gains on sales of securities	528,429	144,114
Investment income	743,096	365,442
Change in unrealized gains (losses) on securities	(100,863)	1,725,987
Investment results	$ 642,233	$ 2,091,429

12. Temporarily Restricted Net Assets:

Temporarily restricted net assets at June 30 are restricted to:

	2012	2011
Capital improvements and equipment acquisitions	$ 139,479	$ 141,479
Education	141,962	86,928
Appreciation on endowment funds - UPMIFA	4,066	4,913
	$ 285,507	$ 233,320

Net assets released from temporary restrictions included the following as of June 30:

	2012	2011
Capital expenditures	$ 50,000	$ 40,420
Education and program	7,821	9,150
	$ 57,821	$ 49,570

13. Permanently Restricted Net Assets:

Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. The income earned from the investment of these funds is expendable in accordance with the Organization endowment spending policy

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors As of June 30, 2012, the Organization did not have any funds with deficiencies to note.

13. Permanently Restricted Net Assets (continued):

Return Objectives and Risk Parameters – The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Return Objectives and Risk Parameters (continued) –

Endowment Net Asset Composition by Type of Fund as of June 30, 2012.

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 4,066	$ 266,132	$ 270,198
Total funds	$ 4,066	$ 266,132	$ 270,198

Endowment Net Asset Composition by Type of Fund as of June 30, 2011:

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 4,913	$ 266,132	$ 271,045
Total funds	$ 4,913	$ 266,132	$ 271,045

The changes in estimated fair value of net assets held in endowment and similar funds for the year ended June 30, 2012 were as follows:

	2012		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 4,913	$ 266,132	$ 271,045
Investment income	7	-	7
Appropriation for expenditure	(854)	-	(854)
Endowment net assets, end of year	$ 4,066	$ 266,132	$ 270,198

13. Permanently Restricted Net Assets (continued):

Return Objectives and Risk Parameters (continued) –

The changes in estimated fair value of net assets held in endowment and similar funds for the year ended June 30, 2011 were as follows:

	2011		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 7,129	$ 241,225	$ 248,354
Investment income	5	-	5
Appropriation for expenditure	(2,221)	(93)	(2,314)
Contributions	-	25,000	25,000
Endowment net assets, end of year	$ 4,913	$ 266,132	$ 271,045

14. Capital Lease Obligations:

The Organization has entered into capital lease obligations on certain equipment. The cost of the assets under capital lease as of June 30, 2012 and 2011 was $412,336 and $591,746, respectively. Accumulated amortization on assets under capital lease as of June 30, 2012 and 2011 was $221,518 and $323,323, respectively, and the total amortization expense related to these and assets was $77,605 and $88,188 for the years ended June 30, 2012 and 2011, respectively. The terms of the leases are for five years with all leases expiring by 2015.

The following is a schedule, by year, of future minimum lease payments under the capital leases as of June 30, 2012:

2013	$ 96,392
2014	96,392
2015	64,204
	256,988
LESS. Amount representing interest	19,282
Present value of minimum lease payments	237,706
LESS. Current portion	85,761
Long-term capital lease obligation	$ 151,945

15. Bonds Payable:

In November 2004, the Organization in conjunction with the New Hampshire Higher Educational and Health Facilities Authority (the "Authority"), issued $13,520,000 of tax-exempt revenue bonds (Series 2004) to finance the Organization's construction and renovation project. The proceeds are to be used to finance the acquisition of certain land adjacent to the hospital, construction, furnishing and equipping of approximately a 23,000 square foot expansion and renovation of approximately 46,000 square feet of the existing hospital facility. Total capitalized interest carried in property and equipment was $158,522 as of June 30, 2012 related to this project.

The Series 2004 bond issue requires the Organization to meet certain covenants. As of June 30, 2012, the Organization was in compliance with these covenants.

In relation to the Series 2004 bonds, the Organization's agreement with the Authority provides for the establishment of various funds, the use of which is generally restricted to the payment of construction and debt. These funds are administered by a Trustee and income on certain of these funds is similarly restricted.

In May 2010, the Hospital in conjunction with the Authority, issued $4,000,000 of tax-exempt revenue bonds (Series 2010) to finance the Organization's construction and renovation project. The proceeds are used to finance the renovation of a building and its connecting walkway to the main hospital, approximately 10,000 square feet, demolition of the existing medical office building, renovation of the hospital building, approximately 5,000 square feet and other related project components such as a heating and cooling system upgrade and parking lot improvements.

The Series 2010 bond issue requires the Organization to meet certain covenants. As of June 30, 2012, the Organization was in compliance with these covenants.

In relation to the Series 2010 bonds, the Organization's agreement with the Authority provides for the establishment of various funds, the use of which is generally restricted to the payment of construction and debt. These funds are administered by a Trustee and income on certain of these funds is similarly restricted.

Bonds payable consisted of the following as of June 30:

	2012	2011
Series 2004 bonds with various interest rates ranging from 4.5% to 5.875% per year, payable in annual installments ranging from $225,000 in 2007 to $920,000 in 2034 or until the aforementioned Trustee funds are utilized to retire the outstanding debt.	$ 12,290,000	$ 12,560,000
Series 2010 bonds, payable in 180 monthly principal and interest installments of $30,101 commencing July 2011. The bonds mature June 2026	3,808,028	3,984,082
	16,098,028	16,544,082
Less: Current portion	498,236	448,867
Bonds payable, excluding current portion	$ 15,599,792	$ 16,095,215

15. Bonds Payable (continued):

Maturities for bonds payable for fiscal years subsequent to June 30, 2012 are as follows:

	Series 2004	Series 2010	Total
2013 (included in current liabilities)	$ 285,000	$ 213,236	$ 498,236
2014	295,000	212,055	507,055
2015	310,000	221,256	531,256
2016	325,000	230,856	555,856
2017	345,000	240,873	585,873
Thereafter	10,730,000	2,689,752	13,419,752
	$ 12,290,000	$ 3,808,028	$ 16,098,028

16. Notes Payable:

During 2010, the Organization was granted a distance learning and telemedicine combination loan and grant through the United States Department of Agriculture Rural Utilities Service (USDA) Under the security agreement, the loan proceeds are reimbursable upon the submission of a reimbursement form to the USDA. The total available funds under the agreement are $797,421, all of which has been drawn as of June 30, 2012. The agreement calls for 44 monthly installments of principal and interest, adjusted for total draws on the available balance, with interest stated at the Security of the Treasury rate, .19% as of June 30, 2012.

Notes payable consisted of the following as of June 30:

	2012	2011
Non-interest bearing note payable, unsecured, payable in 15 annual installments of $15,000 and interest at an imputed rate of 2 08%, maturing July 1, 2020.	$ 109,411	$ 121,852
Interest bearing note payable, first security on all SMBP assets, payable in 83 monthly interest only payments at 4.596% commencing on February 1, 2009 and ending December 1, 2015 and one lump sum principal payment on December 23, 2015	4,500,000	4,500,000
Interest bearing note payable, fourth priority lien on SMBP land and building, payable in 131 monthly interest only payments at 4.596% commencing on February 1, 2009 and ending December 1, 2019, 228 monthly principal and interest payments of $18,632 commencing on January 1,2020 and ending December 1, 2038 and a final payment of any outstanding principal and accrued interest due at the maturity date, December 23, 2038 After the seventh anniversary of the note, and pending certain other events, the lender has a Put Option to require SMBP to purchase the note for a Put Price of $283,000	2,813,294	2,813,294

16. Notes Payable (continued):

	2012	2011
Interest bearing note payable, secured by USDA project assets, payable in 44 monthly installments including interest as published by the Security of the Treasury, .19% at June 30, 2012, maturing November 3, 2013.	312,437	479,003
	7,735,142	7,914,149
Less: Current portion	246,374	215,559
Notes payable, excluding current portion	$ 7,488,768	$ 7,698,590

Maturities for notes payable for fiscal years subsequent to June 30, 2012 are as follows:

2013 (included in current liabilities)	$ 246,374
2014	91,724
2015	13,242
2016	7,326,814
2017	13,804
Thereafter	43,184
	$ 7,735,142

17. Retirement Program:

The Organization adopted a tax sheltered annuity plan under 403(b) of the Code for eligible employees, effective July 1, 1987. Each year, the Organization contributes 4% of base pay and a dollar for dollar match of employee contributions up to 4½% of compensation. Contributions to the plan for the years ended June 30, 2012 and 2011 amounted to $1,298,377 and $1,201,864, respectively.

18. Commitments and Contingencies:

Professional Liability Insurance – The Organization is covered under a claims made medical malpractice insurance policy. Malpractice claims have been asserted against the Organization by claimants and are in various stages of processing. Management estimates that any claims against the Organization for incidents that have occurred will not result in a loss in excess of the insurance coverage available, and additionally, estimate that there will be no liability to the Organization for any incidents that may have occurred but which have not been reported. Accordingly, no accrual for potential loss has been recorded in the accompanying financial statements.

Operating Leases – The Organization leases equipment and office space under various operating lease agreements with unrelated parties. In addition, the Organization has a 30 year lease commitment with SMBP that commenced in 2010. The monthly rent expense for the first seven years is $41,882, $502,582 per annum From and after the first seven years the base rent shall be determined and adjusted annually equal to 105% of the debt service charge for mortgage loans then securing the premises, together with reasonable administrative overhead as mutually agreed upon, and together with $34,916, all payable in equal monthly installments. In addition, the Organization will be responsible for additional rent payments to cover taxes, betterments, insurance, maintenance and other agreed-upon charges Rent expense for the years ended June 30, 2012 and 2011 was $272,177 and $302,647, respectively.

18. Commitments and Contingencies (continued):

Related party rental income and expense are eliminated for consolidating purposes. The following schedule reflects the future minimum lease payments including related party rent as of June 30, 2012:

2013	$ 502,582
2014	502,582
2015	502,582
2016	502,582
2017	502,582
Thereafter	11,056,804
Total future minimum lease payments	$ 13,569,714

During 2012, SMBP entered into an agreement with the Town of Plymouth, New Hampshire Municipal Corporation ("Town") related to the tax exempt status of its operating facility. As part of the agreement, SMBP has agreed to provide a payment in lieu of taxes, on an annual basis, commencing July 31, 2012, in the amount of $22,000. The Town has agreed to accept this payment annually through calendar year 2020. The following schedule reflects the future payments in lieu of taxes as of June 30, 2012:

2013	$ 22,000
2014	22,000
2015	22,000
2016	22,000
2017	22,000
Thereafter	66,000
Total future payments in lieu of taxes	$ 176,000

19. Health Insurance:

The Organization has elected to self-insure employee dental and health benefits for services that are provided at the Organization to participating employees and their covered dependents. The Organization has established a self-insurance fund and pays an amount into this fund based on actuarial estimates of the amount needed to meet claims to be covered under this arrangement. A third-party administrator is engaged to provide the actuarial estimates and to administer the processing of claims for services rendered by providers other than the Organization The self-insured reserve fund was $285,000 and $364,579 as of June 30, 2012 and 2011, respectively, and is included in other current liabilities in the accompanying consolidated statement of financial position. Stop-loss insurance has been purchased to cover unusually large claims not performed at the Organization. This stop-loss insurance coverage consists of $90,000 on each individual participating employee. There is no stop-loss insurance coverage for claims performed at the Organization.

20. Medicaid Enhancement Tax and Disproportionate Share Payments:

Section 1923 of the Social Security Act, as amended, requires that States make Medicaid disproportionate share hospital (DSH) payments to hospitals that serve disproportionately large numbers of low-income patients. The Omnibus Budget Reconciliation Act of 1993 limits these payments to a hospital's uncompensated care costs, which are the annual costs incurred to provide services to Medicaid and uninsured patients less payments received for those patients States then have the flexibility of administering the DSH program. The State of New Hampshire imposes a tax on the net patient service revenue of every hospital in the state. The monies generated by this tax are then disbursed to the hospitals in support of health care services to Medicaid and low-income individuals The Organization identifies the Medicaid enhancement tax paid on net patient revenue to the State of New Hampshire as a separate expense item and the disproportionate share hospital payment received from the State of New Hampshire as a separate net patient service revenue item In fiscal year 2012 and 2011, the Hospital received approximately $1.3 and $2.8 million in payments in excess of tax paid, respectively. Due to the definitions and interpretations used in this year's disproportionate share program and the payment to critical access hospitals, and the fact this payment is subject to audit, the Organization has included a cumulative $1,746,000 and $300,000 in due to third-party in 2012 and 2011, respectively, related to potential audit and calculation adjustments

21. Functional Expenses:

The Organization provides general health care services to residents within its geographic location. Expenses related to providing services are as follows as of June 30:

	2012	2011
Health care services	$ 34,173,242	$ 31,413,032
General and administrative	13,479,964	13,812,766
Fundraising	86,307	87,568
	$ 47,739,513	$ 45,313,366

22. Minority Interest:

Speare Health Network – The Organization's financial statements include the assets, liabilities and earnings of SHN. The Organization owns 50% of the issued common stock and exerts significant influence over its operations. The ownership interest of the other shareholders is called minority interest.

In 1997, SHN in conjunction with four other Physician Hospital Organizations, created a regional physician hospital organization for the purposes of contract negotiation and health care education. This entity is a limited liability company established in New Hampshire. As of June 30, 2012, the PHO consisted of only three members of which SHN a 12% member interest

Minority interest as of June 30 was as follows:

	2012	2011
SHN	$ 26,346	$ 26,345

23. Related Party and Investment in Affiliate:

Mid-State Health Center – MSHC, formerly Speare Medical Associates, is a non-profit physician practice and was a former subsidiary of the Organization. Effective November 15, 2003, the Organization relinquished control of MSHC to allow the entity to operate on its own. The Organization has provided financial assistance over several years including working capital grants and loans. The Organization provided MSHC with working capital grants of $328,000 and $310,000 in 2012 and 2011, respectively.

In March 2005, the Organization also restructured a previous short term note totaling $500,000 into a term note, with interest charged at prime and minimal monthly payments of $2,000. During fiscal year 2009, the Organization signed a community benefit grant agreement forgiving certain outstanding debt owed by MSHC to the Organization. The supplemental grants consisted of a one-time grant of $175,733 and scheduled monthly grants in the amount of $5,000 per month to be used towards reducing the outstanding loan and line of credit balance held between the two parties. The outstanding debt owed by MSHC to the Organization at June 30, 2012 and 2011 was $75,000 and $181,594, respectively, which included both the term note line of credit and also outstanding operating expenses paid for by the Organization during the year.

MSHC also leases office space from the Organization at a monthly cost of $2,608 on a month-to-month basis.

Speare Memorial at Boulder Point – The Organization signed two notes payable with SMBP during 2009. The proceeds of the notes are to be used to finance construction of the building site in Plymouth, New Hampshire. The notes are interest bearing at 4.596% and call for 107 monthly interest payments that commenced on February 1, 2009 and end December 1, 2017. The notes mature and are due in one lump sum on December 23, 2017. The notes have been eliminated in the statement of financial position as of June 30, 2012 and 2011. The Organization's note receivable balance and SMBP's note payable balances were as follows as of June 30, 2012:

Note 1	$ 1,540,520
Note 2	500,000
	$ 2,040,520

Plymouth Regional Rehabilitation Services, LLC (PRRS) – As of June 30, 2011, PRRS owed SHV $25,000 representing the original working capital of PRRS. The Organization received payment from PRRS during 2012 in full satisfaction of the outstanding balance.

24. Concentration of Credit Risk:

The Organization grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements The mix of receivable from patients and third-party payors at June 30 was as follows.

	2012	2011
Medicare	18.5%	21.5%
Medicaid	17.7%	13.7%
Patients	33.0%	31.4%
Other third-party payors	30 8%	33.4%
	100.0%	100.0%

25. Subsequent Events:

The Organization has reviewed events occurring after June 30, 2012 through September 17, 2012, the date management accepted the final draft of the financial statements and made them available to be issued. The Organization noted one event requiring disclosure which has been summarized below. The Organization has not reviewed events occurring after the report date, September 17, 2012, for their potential impact on the information contained in these consolidated financial statements.

Subsequent to June 30, 2012, the Organization, in conjunction with the New Hampshire Health and Education Facilities Authority, began the process of issuing approximately $21,000,000 of tax-exempt revenue bonds. The proceeds are to be used to refinance certain of its outstanding debt and to fund routine capital expenditures.

As a result of continued economic uncertainty, there is a reasonable possibility that changes in the fair value of investments may occur after the date of the accompanying financial statements. These potential changes may result in additional changes in unrealized gains (losses) on investments subsequent to year end and be unrecognized in these financial statements

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES
Consolidating Statements of Financial Position – Assets – Schedule 1
As of June 30, 2012

	SPEARE	SMBP	SHV	SHN	CONSOLIDATION ADJ & ELIMIN	2012 CONSOL
CURRENT ASSETS						
Cash and cash equivalents	$ 12,231,433	$ 309,796	$ 27,490	$ 42,275	$ -	$ 12,610,994
Patient accounts receivable, net	7,260,625	-	-	-	-	7,260,625
Current portion of pledges receivable	-	-	-	-	-	-
Other receivables	64,797	1,022	-	-	-	65,819
Inventories	758,600	-	-	-	-	758,600
Prepaid expenses	453,318	1,976	-	-	-	455,294
Assets whose use is limited	830,371	-	-	-	-	830,371
Due from related party	-	-	-	-	-	-
Current portion of notes receivable	59,947	-	-	-	-	59,947
Total current assets	21,659,091	312,794	27,490	42,275	-	22,041,650
OTHER ASSETS						
Notes receivable, less current portion	124,710	-	-	-	-	124,710
Notes receivable, related party	2,256,193	335,426	-	-	(2,591,619)	-
Investment in subsidiaries	35,011	-	-	-	(35,011)	-
Investment in joint venture	-	-	207,265	-	-	207,265
Donor-restricted investments	270,198	-	-	-	-	270,198
Other investments	335,426	-	-	-	-	335,426
Goodwill and other intangibles	1,286,386	230,819	-	-	-	1,517,205
Deposits and other assets	17,528	-	-	-	-	17,528
Total other assets	4,325,452	566,245	207,265	-	(2,626,630)	2,472,332
ASSETS WHOSE USE IS LIMITED						
Funds held by trustee under revenue bond agreement	1,609,825	-	-	-	-	1,609,825
Internally designated	13,678,453	-	-	-	-	13,678,453
	15,288,278	-	-	-	-	15,288,278
Less amounts required to meet current obligations	(830,371)	-	-	-	-	(830,371)
	14,457,907	-	-	-	-	14,457,907
PROPERTY AND EQUIPMENT	44,969,716	8,485,020	-	-	(38,562)	53,416,174
LESS: Accumulated depreciation and amortization	19,981,250	1,011,106	-	-	(16,049)	20,976,307
	24,988,466	7,473,914	-	-	(22,513)	32,439,867
	$ 65,430,916	$ 8,352,953	$ 234,755	$ 42,275	$ (2,649,143)	$ 71,411,756

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES
Consolidating Statements of Financial Position – Liabilities and Net Assets – Schedule 1
As of June 30, 2012

	SPEARE	SMBP	SHV	SHN	CONSOLIDATION ADJ & ELIMIN	2012 CONSOL
CURRENT LIABILITIES						
Accounts payable	$ 2,206,957	$ 7,800	$ -	$ -	$ -	$ 2,214,757
Construction payable	89,881	-	-	-	-	89,881
Accrued wages	358,666	-	-	-	-	358,666
Other current liabilities	2,343,416	-	-	-	-	2,343,416
Estimated third-party payor settlements	4,892,830	-	-	-	-	4,892,830
Current portion of notes payable	246,374	-	-	-	-	246,374
Current portion of bonds payable	498,236	-	-	-	-	498,236
Current portion of capital lease obligations	85,761	-	-	-	-	85,761
Total current liabilities	10,722,121	7,800	-	-	-	10,729,921
BONDS PAYABLE, less current portion shown above	15,599,792	-	-	-	-	15,599,792
NOTES PAYABLE, less current portion shown above	175,474	7,313,294	-	-	-	7,488,768
RELATED PARTY NOTE PAYABLE	335,426	2,040,520	215,673	-	(2,591,619)	-
DEFICIT INVESTMENT IN SUBSIDIARY - SMBP	1,008,661	-	-	-	(1,008,661)	-
CAPITAL LEASE OBLIGATIONS, less current portion shown above	151,945	-	-	-	-	151,945
MINORITY INTEREST	-	-	-	-	26,346	26,346
Total liabilities	27,993,419	9,361,614	215,673	-	(3,573,934)	33,996,772
NET ASSETS						
Common stock	-	-	1	-	(1)	-
Unrestricted/retained earnings	36,885,858	(1,008,661)	19,081	42,275	924,792	36,863,345
Temporarily restricted	285,507	-	-	-	-	285,507
Permanently restricted	266,132	-	-	-	-	266,132
Total net assets	37,437,497	(1,008,661)	19,082	42,275	924,791	37,414,984
	$ 65,430,916	$ 8,352,953	$ 234,755	$ 42,275	$ (2,649,143)	$ 71,411,756

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES

Consolidating Statements of Operations and Changes in Net Assets – Unrestricted – Schedule 2

For the Year Ended June 30, 2012

	SPEARE	SMBP	SHV	SHN	CONSOLIDATION ADJ & ELIMIN	2012 CONSOL
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT						
Net patient service revenue	$ 49,572,580	$ -	$ -	$ -	$ -	$ 49,572,580
Other operating revenue	1,266,974	688,208	4	-	(756,768)	1,198,418
Net assets released from restrictions (see Note 12)	7,821	-	-	-	-	7,821
Total unrestricted revenues, gains and other support	50,847,375	688,208	4	-	(756,768)	50,778,819
OPERATING EXPENSES						
Salaries and wages	16,176,739	-	-	-	-	16,176,739
Physician fees and wages	4,862,012	-	-	-	-	4,862,012
Contract nursing and technicians	1,678,846	-	-	-	-	1,678,846
Employee health and welfare	5,925,437	-	-	-	-	5,925,437
Supplies and expenses	12,992,891	188,381	186	133	(688,187)	12,493,404
Medicaid enhancement tax	2,217,823	-	-	-	-	2,217,823
Depreciation and amortization	2,969,453	473,139	-	-	(989)	3,441,603
Interest expense	916,312	437,066	-	-	(68,581)	1,284,797
Total expenses	47,739,513	1,098,586	186	133	(757,757)	48,080,661
INCOME (LOSS) FROM OPERATIONS	3,107,862	(410,378)	(182)	(133)	989	2,698,158
NONOPERATING INCOME (EXPENSE)						
Investment income	720,948	22,013	-	135	-	743,096
Gain(loss) on investment in subsidiaries	(393,604)	-	-	-	393,604	-
Equity in earnings of unconsolidated joint venture	-	-	(5,058)	-	-	(5,058)
Unrestricted gifts	150,175	-	-	-	-	150,175
Grant expense, net of write-off of loan (See Note 23)	(328,000)	-	-	-	-	(328,000)
Bad debt recovery on non-patient receivables	102,281	-	-	-	-	102,281
Loss on sale of fixed assets	(31,857)	-	-	-	-	(31,857)
Minority interest in Speare Health Network	-	-	-	-	(1)	(1)
	219,943	22,013	(5,058)	135	393,603	630,636
Change in unrealized losses on investments (See Note 11)	(100,863)	-	-	-	-	(100,863)
Nonoperating income (expense), net	119,080	22,013	(5,058)	135	393,603	529,773
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	3,226,942	(388,365)	(5,240)	2	394,592	3,227,931
DISTRIBUTIONS	-	-	-	(10,415)	10,415	-
NET ASSETS RELEASED FROM RESTRICTIONS (See Note 12)	50,000	-	-	-	-	50,000
CHANGE IN UNRESTRICTED NET ASSETS	$ 3,276,942	$ (388,365)	$ (5,240)	$ (10,413)	$ 405,007	$ 3,277,931

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES
Consolidating Statements of Financial Position – Assets – Schedule 3
As of June 30, 2011

	SPEARE	SMBP	SHV	SHN	CONSOLIDATION ADJ & ELIMIN	2011 CONSOL
CURRENT ASSETS						
Cash and cash equivalents	$ 4,967,151	$ 290,609	$ 17,732	$ 42,273	$ -	$ 5,317,765
Patient accounts receivable, net	7,123,855	-	-	-	-	7,123,855
Current portion of pledges receivable	2,000	-	-	-	-	2,000
Other receivables	119,130	1,477	1,686	10,415	-	132,708
Inventories	777,014	-	-	-	-	777,014
Prepaid expenses	363,056	29,944	-	-	-	393,000
Assets whose use is limited	748,558	-	-	-	-	748,558
Due from related party	-	-	25,000	-	-	25,000
Current portion of notes receivable	65,792	-	-	-	-	65,792
Total current assets	14,166,556	322,030	44,418	52,688	-	14,585,692
OTHER ASSETS						
Notes receivable, less current portion	108,429	-	-	-	-	108,429
Notes receivable, related party	2,256,193	335,426	-	-	(2,591,619)	-
Investment in subsidiaries	50,667	-	-	-	(50,667)	-
Investment in joint venture	-	-	195,577	-		195,577
Donor-restricted investments	271,045	-	-	-	-	271,045
Other investments	335,426	-	-	-	-	335,426
Goodwill and other intangibles	1,321,243	299,251	-	-	-	1,620,494
Deposits and other assets	80,039	-	-	-	-	80,039
Total other assets	4,423,042	634,677	195,577	-	(2,642,286)	2,611,010
ASSETS WHOSE USE IS LIMITED						
Funds held by trustee under revenue bond agreement	2,826,829	-	-	-	-	2,826,829
Internally designated	12,959,711	-	-	-	-	12,959,711
	15,786,540	-	-	-	-	15,786,540
Less: amounts required to meet current obligations	(748,558)	-	-	-	-	(748,558)
	15,037,982	-	-	-	-	15,037,982
PROPERTY AND EQUIPMENT	45,111,802	8,481,022	-	-	(38,562)	53,554,262
LESS: Accumulated depreciation and amortization	19,555,429	606,398	-	-	(15,062)	20,146,765
	25,556,373	7,874,624	-	-	(23,500)	33,407,497
	$ 59,183,953	$ 8,831,331	$ 239,995	$ 52,688	$ (2,665,786)	$ 65,642,181

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES
Consolidating Statements of Financial Position – Liabilities and Net Assets – Schedule 3
As of June 30, 2011

	SPEARE	SMBP	SHV	SHN	CONSOLIDATION ADJ & ELIMIN	2011 CONSOL
CURRENT LIABILITIES						
Accounts payable	$ 1,319,322	$ 97,813	$ -	$ -	$ -	$ 1,417,135
Construction payable	89,811	-	-	-	-	89,811
Accrued wages	988,427	-	-	-	-	988,427
Other current liabilities	2,459,349	-	-	-	-	2,459,349
Estimated third-party payor settlements	1,798,406	-	-	-	-	1,798,406
Current portion of notes payable	215,559	-	-	-	-	215,559
Current portion of bonds payable	448,867	-	-	-	-	448,867
Current portion of capital lease obligations	84,132	-	-	-	-	84,132
Total current liabilities	7,403,873	97,813	-	-	-	7,501,686
BONDS PAYABLE, less current portion shown above	16,095,215	-	-	-	-	16,095,215
NOTES PAYABLE, less current portion shown above	385,296	7,313,294	-	-	-	7,698,590
RELATED PARTY NOTE PAYABLE	335,426	2,040,520	215,673	-	(2,591,619)	-
DEFICIT INVESTMENT IN SUBSIDIARY - SMBP	620,296	-	-	-	(620,296)	-
CAPITAL LEASE OBLIGATIONS, less current portion shown above	235,479	-	-	-	-	235,479
MINORITY INTEREST	-	-	-	-	26,345	26,345
Total liabilities	25,075,585	9,451,627	215,673	-	(3,185,570)	31,557,315
NET ASSETS						
Common stock	-	-	1	-	(1)	-
Unrestricted/retained earnings	33,608,916	(620,296)	24,321	52,688	519,785	33,585,414
Temporarily restricted	233,320	-	-	-	-	233,320
Permanently restricted	266,132	-	-	-	-	266,132
Total net assets	34,108,368	(620,296)	24,322	52,688	519,784	34,084,866
	$ 59,183,953	$ 8,831,331	$ 239,995	$ 52,688	$ (2,665,786)	$ 65,642,181

SPEARE MEMORIAL HOSPITAL AND SUBSIDIARIES

Consolidating Statements of Operations and Changes in Net Assets – Unrestricted – Schedule 4

For the Year Ended June 30, 2011

	SPEARE	SMBP	SHV	SHN	CONSOLIDATION ADJ & ELIMIN	2011 CONSOL
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT						
Net patient service revenue	$ 45,332,203	$ -	$ -	$ -	$ -	$ 45,332,203
Other operating revenue	1,174,403	693,331	-	-	(763,462)	1,104,272
Net assets released from restrictions (See Note 11)	9,150	-	-	-	-	9,150
Total unrestricted revenues, gains and other support	46,515,756	693,331	-	-	(763,462)	46,445,625
OPERATING EXPENSES						
Salaries and wages	15,835,245	-	-	-	-	15,835,245
Physician fees and wages	4,300,868	-	-	-	-	4,300,868
Contract nursing and technicians	676,494	-	-	-	-	676,494
Employee health and welfare	6,309,569	-	-	-	-	6,309,569
Supplies and expenses	12,431,381	220,047	221	115	(693,331)	11,958,433
Medicaid enhancement tax	2,103,863	-	-	-	-	2,103,863
Depreciation and amortization	2,700,745	472,807	-	-	(989)	3,172,563
Interest expense	955,201	434,678	-	-	(70,131)	1,319,748
Total expenses	45,313,366	1,127,532	221	115	(764,451)	45,676,783
INCOME (LOSS) FROM OPERATIONS	1,202,390	(434,201)	(221)	(115)	989	768,842
NONOPERATING INCOME (EXPENSE)						
Investment income	341,090	22,867	-	1,485	-	365,442
Loss on investment in subsidiaries	(405,966)	-	-	-	405,966	-
Equity in earnings of unconsolidated joint venture	-	-	4,904	-	-	4,904
Unrestricted gifts	184,931	-	-	-	-	184,931
Grant expense, net of write-off of loan (See Note 23)	(310,000)	-	-	-	-	(310,000)
Bad debt expense on non-patient receivables	110,360	-	-	-	-	110,360
Loss on sale of fixed assets	(6,759)	-	-	-	-	(6,759)
Minority interest in Speare Health Network	-	-	-	-	(685)	(685)
	(86,344)	22,867	4,904	1,485	405,281	348,193
Change in unrealized losses on investments (see Note 10)	1,725,987	-	-	-	-	1,725,987
Nonoperating income (expense), net	1,639,643	22,867	4,904	1,485	405,281	2,074,180
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	2,842,033	(411,334)	4,683	1,370	406,270	2,843,022
NET ASSETS RELEASED FROM RESTRICTIONS (See Note 12)	40,420	-	-	-	-	40,420
CHANGE IN UNRESTRICTED NET ASSETS	$ 2,882,453	$ (411,334)	$ 4,683	$ 1,370	$ 406,270	$ 2,883,442

Additional Data

Software ID:
Software Version:
EIN: 02-0226774
Name: SPEARE MEMORIAL HOSPITAL

Form 990, Special Condition Description:

Special Condition Description