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Form 990

Return of Organization Exempt From Income Tax

2011

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

Open to Public Inspection

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

A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012

B Check if applicable	C Name of organization Huggins Hospital	D Employer identification number 02-0223332
<input type="checkbox"/> Address change	Doing Business As	E Telephone number (603) 569-7500
<input type="checkbox"/> Name change	Number and street (or P O box if mail is not delivered to street address)	F Gross receipts \$ 78,234,509
<input type="checkbox"/> Initial return	PO Box 912	
<input type="checkbox"/> Terminated		
<input type="checkbox"/> Amended return	City or town, state or country, and ZIP + 4 Wolfeboro, NH 03894	
<input type="checkbox"/> Application pending	F Name and address of principal officer Michael Connelly PO Box 912 Wolfeboro, NH 03894	G Group exemption number ►

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

J Website: ► www.hugginshospital.org

K Form of organization Corporation Trust Association Other ► L Year of formation 1907 M State of legal domicile NH

Part I Summary

1 Briefly describe the organization's mission or most significant activities Critical Access Hospital		
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	17
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	13
5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	595
6 Total number of volunteers (estimate if necessary)	6	250
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

8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	1,369,621	1,000,616
9 Program service revenue (Part VIII, line 2g)		51,475,090
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	557,662	1,566,768
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	149,235	149,312
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	59,232,937	54,191,786

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	Prior Year	Current Year
	0	0
14 Benefits paid to or for members (Part IX, column (A), line 4)		0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	27,289,323	29,247,467
16a Professional fundraising fees (Part IX, column (A), line 11e)		0
b Total fundraising expenses (Part IX, column (D), line 25) ► 36,982		0
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	34,906,882	24,889,279
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	62,196,205	54,136,746
19 Revenue less expenses Subtract line 18 from line 12	-2,963,268	55,040

20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	100,110,442	104,651,750
21 Total liabilities (Part X, line 26)		38,518,622
22 Net assets or fund balances Subtract line 21 from line 20	61,591,820	62,648,934

Part II Signature Block

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

Sign Here	***** Signature of officer Jeremy Roberge CFO Type or print name and title	2013-08-14 Date
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Paid Preparer's Use Only	Preparer's signature ► Barbara J McGuan CPA	Date 2013-08-14	Check if self-employed ►	Preparer's taxpayer identification number (see instructions) P00219457
	Firm's name (or yours if self-employed), address, and ZIP + 4 ► Berry Dunn McNeil & Parker LLC PO Box 1100 Portland, ME 041041100			EIN ► 01-0523282
				Phone no ► (207) 775-2387

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

It is the mission of Huggins Hospital to provide quality health care services and to promote well being in the communities we serve.

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 C.

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

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 \$ 46,741,671 including grants of \$) (Revenue \$ 50,751,645)

Huggins Hospital is a 25 bed critical access hospital that provides acute care and primary health care from emergency services to family medical practice care, along with essential wellness and prevention services to the residents of the Eastern Lakes Region of NH (lower Carroll County and North/Northeastern Belknap County). A significant portion of the hospital's service area is uninsured, underinsured and/or dependent on Medicaid/Medicare benefits. Carroll County has one of the largest elderly populations in the state, and also has a significant number of rural, low-income families. Physician Practices: The hospital is committed to providing primary care services throughout our service area. Huggins Hospital has 133 credentialed providers: 21 provide primary care including pediatrics, and 53 are specialists covering general surgery, anesthesiology, orthopedics, emergency medicine, and hospitalists.

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

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

4d Other program services (Describe in Schedule O)

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

4e Total program service expenses \$ 46,741,671

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?

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.

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.

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.

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.

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.

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.

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.

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.

11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.

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.

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.

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.

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.

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.

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.

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.

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.

14a Did the organization maintain an office, employees, or agents outside of the United States?

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.

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.

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.

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.

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.

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.

20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H.

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.

	Yes	No
1	Yes	
2	Yes	
3		No
4	Yes	
5		No
6		No
7		No
8		No
9		No
10	Yes	
11a	Yes	
11b		No
11c		No
11d		No
11e	Yes	
11f		No
12a		No
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18	Yes	
19		No
20a	Yes	
20b	Yes	

Part IV Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer 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	Yes	
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)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c		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	29	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32		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	33		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	34	Yes	
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	35a	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35b	Yes	
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	36		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	37		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	38	Yes	
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			

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	91
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, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	595
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes
<p>Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)</p>			
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).	7a	No
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?	7b	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c	No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7e	No
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8	
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?	9a	
9	Sponsoring organizations maintaining donor advised funds.	9b	
a	Did the organization make any taxable distributions under section 4966?	10a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	10b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12	11a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	11b	
11	Section 501(c)(12) organizations. Enter	12a	
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?	12b	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	13a	
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	13b	
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	13c	
c	Enter the aggregate amount of reserves on hand		
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	17
b Enter the number of voting members included in line 1a, above, who are independent	1b	13
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6 Did the organization have members or stockholders?	6	No
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	No
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a The governing body?	8a	Yes
b Each committee with authority to act on behalf of the governing body?	8b	Yes
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed 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
 Jeremy Roberge
 PO Box 912
 Wolfeboro, NH 03894
 (603) 569-7510

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
		Or Director	Individual trustee	Institutional Trustee	Officer	Key Employee			
(1) Stephen Wainwright Chairman	1 00	X		X			0	0	0
(2) Cecile M Chase Secretary	1 00	X		X			0	0	0
(3) William M Marsh MD Treasurer	1 00	X		X			0	0	0
(4) Timothy Sullivan Vice Chairman	1 00	X		X			0	0	0
(5) David Booth Trustee	1 00	X					0	0	0
(6) Gerard Bozuwa MD Trustee	1 00	X					0	0	0
(7) Judith Cole APRN Trustee	60 00	X					62,583	0	18,943
(8) James Cubeddu PA Trustee	40 00	X					107,973	0	9,021
(9) Gregory A Eldridge Trustee	1 00	X					0	0	0
(10) Brad Hayes Trustee	1 00	X					0	0	0
(11) James Rines Trustee	1 00	X					0	0	0
(12) George Walker Trustee	1 00	X					0	0	0
(13) Kathy Barnard Trustee	1 00	X					0	0	0
(14) J Pierre Lamy Trustee	1 00	X					0	0	0
(15) Reuben Wentworth Past Trustee	1 00	X					0	0	0
(16) Vlasta Zdrnja MD Past Trustee	1 00	X					0	0	0
(17) Michael Connelly President	40 00	X		X			100,800	0	0

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Individual trustee	Officer	Key employee	Highest compensated employee			
(18) Timothy Pinard Trustee	40 00	X					196,655	0	22,551
(19) John J Daigneault CPA CVA Assistant Treasurer	1 00	X	X				0	0	0
(20) Leslie MacLeod Past President	40 00		X				114,194	0	0
(21) Jeremy Roberge CFO	40 00		X				0	0	0
(22) George Costello Surgeon	30 00			X			329,761	0	22,551
(23) Thomas Barton Physician	30 00			X			305,369	0	27,366
(24) Dennis Badman Physician	40 00			X			292,756	0	22,551
(25) William Barton Surgeon	40 00			X			277,427	0	0
(26) Eric Lewis Physician	40 00			X			246,152	0	22,988
(27) David W Tower FACHE Former President	40 00				X		434,317	0	10,000
1b Sub-Total									
c Total from continuation sheets to Part VII, Section A									
d Total (add lines 1b and 1c)							2,467,987	0	155,971

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 **►31**

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. 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
Central NH ER Associates 6 Pickett Fence Road Meredith, NH 03253	ER Physicians	1,478,573
Bauen Corp PO Box 16211 Meredith, NH 03253	Construction	432,520
Francis J Tranfa PO Box 306 Melvin Village, NH 03850	Anesthesiologist	240,000
Dan Balser 24 Brice Drive Brookfield, NH 03872	CRNA Services	220,753
Weatherby Locums Inc PO Box 972633 Dallas, TX 75397	Hospitalist	201,587
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 ►14		

Part VII 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, grants, and other similar amounts					
1a	Federated campaigns	1a			
b	Membership dues	1b			
c	Fundraising events	1c			
d	Related organizations	1d			
e	Government grants (contributions)	1e			
f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,000,616		
g	Noncash contributions included in lines 1a-1f \$ 353,249				
h	Total. Add lines 1a-1f		1,000,616		
Program Service Revenue		Business Code			
2a	Patient Service Fees	621990	87,673,740	87,673,740	
b	Medicaid Tax Revenue	621990	4,082,346	4,082,346	
c	Miscellaneous	621990	1,753,021	1,029,576	723,445
d	Provision for Bad Debt	621990	-6,146,912	-6,146,912	
e	Contractual/Char Adj	621990	-35,887,105	-35,887,105	
f	All other program service revenue				
g	Total. Add lines 2a-2f		51,475,090		
3	Investment income (including dividends, interest and other similar amounts)		397,475		397,475
4	Income from investment of tax-exempt bond proceeds				
5	Royalties				
6a	Gross rents	(I) Real 119,230			
b	Less rental expenses	(II) Personal 0			
c	Rental income or (loss)	119,230			
d	Net rental income or (loss)		119,230		119,230
7a	Gross amount from sales of assets other than inventory	(I) Securities 25,185,763	12,880		
b	Less cost or other basis and sales expenses	24,021,504	7,846		
c	Gain or (loss)	1,164,259	5,034		
d	Net gain or (loss)		1,169,293		1,169,293
8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18				
a		a 43,455			
b	Less direct expenses	b 13,373			
c	Net income or (loss) from fundraising events		30,082		30,082
9a	Gross income from gaming activities See Part IV, line 19				
a		a			
b	Less direct expenses	b			
c	Net income or (loss) from gaming activities				
10a	Gross sales of inventory, less returns and allowances				
a		a			
b	Less cost of goods sold	b			
c	Net income or (loss) from sales of inventory				
	Miscellaneous Revenue	Business Code			
11a					
b					
c					
d	All other revenue				
e	Total. Add lines 11a-11d				
12	Total revenue. See Instructions		54,191,786	50,751,645	0 2,439,525

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Check if Schedule O contains a response to any question in this Part IX **Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	632,720	417,726	214,994	
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	22,079,563	19,379,972	2,686,107	13,484
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,300,791	1,133,493	166,524	774
9 Other employee benefits	3,682,073	3,293,753	388,042	278
10 Payroll taxes	1,552,320	1,345,383	205,906	1,031
11 Fees for services (non-employees)				
a Management				
b Legal	120,940		120,940	
c Accounting	111,900		111,900	
d Lobbying				
e Professional fundraising See Part IV, line 17				
f Investment management fees	3,816		3,816	
g Other	6,404,983	5,002,276	1,390,614	12,093
12 Advertising and promotion	99,003	97,867	905	231
13 Office expenses	688,486	416,543	263,486	8,457
14 Information technology	117,542	60,595	56,947	
15 Royalties				
16 Occupancy	3,855,636	3,668,415	187,177	44
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	1,498,096	1,498,096		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	4,926,276	4,080,931	845,345	
23 Insurance	626,075		626,075	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a Medical Supplies	4,082,338	4,082,338	0	0
b Medicaid Provider Tax	2,169,324	2,169,324		
c Miscellaneous	184,864	94,959	89,315	590
d				
e				
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	54,136,746	46,741,671	7,358,093	36,982
26 Joint costs. Check here <input type="checkbox"/> <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year	
Assets	1 Cash—non-interest-bearing	1,239,618	1	3,146,538	
	2 Savings and temporary cash investments	8,801,780	2	11,459,987	
	3 Pledges and grants receivable, net	728,796	3	339,213	
	4 Accounts receivable, net	7,011,612	4	6,376,157	
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5		
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6		
	7 Notes and loans receivable, net		7		
	8 Inventories for sale or use		8		
	9 Prepaid expenses and deferred charges	595,582	9	637,547	
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	91,415,755			
	b Less accumulated depreciation	10a	10b	31,421,038	
			63,748,345	10c	59,994,717
	11 Investments—publicly traded securities	14,682,022	11	18,842,696	
	12 Investments—other securities See Part IV, line 11		12	908,800	
	13 Investments—program-related See Part IV, line 11		13		
	14 Intangible assets	581,895	14	561,961	
	15 Other assets See Part IV, line 11	2,720,792	15	2,384,134	
	16 Total assets. Add lines 1 through 15 (must equal line 34)	100,110,442	16	104,651,750	
Liabilities	17 Accounts payable and accrued expenses	9,487,194	17	8,681,763	
	18 Grants payable		18		
	19 Deferred revenue		19		
	20 Tax-exempt bond liabilities	25,000,000	20	24,890,000	
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21		
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22		
	23 Secured mortgages and notes payable to unrelated third parties	868,570	23	715,599	
	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	3,162,858	25	7,715,454	
	26 Total liabilities. Add lines 17 through 25	38,518,622	26	42,002,816	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27 Unrestricted net assets	51,204,545	27	49,826,839	
	28 Temporarily restricted net assets	6,903,187	28	9,330,188	
	29 Permanently restricted net assets	3,484,088	29	3,491,907	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.				
	30 Capital stock or trust principal, or current funds		30		
	31 Paid-in or capital surplus, or land, building or equipment fund		31		
	32 Retained earnings, endowment, accumulated income, or other funds		32		
	33 Total net assets or fund balances	61,591,820	33	62,648,934	
	34 Total liabilities and net assets/fund balances	100,110,442	34	104,651,750	

Part XI Reconciliation of Net AssetsCheck 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	54,191,786
2 Total expenses (must equal Part IX, column (A), line 25)	2	54,136,746
3 Revenue less expenses Subtract line 2 from line 1	3	55,040
4 Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	61,591,820
5 Other changes in net assets or fund balances (explain in Schedule O)	5	1,002,074
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	62,648,934

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? <input type="checkbox"/>	2a	No
2b Were the organization's financial statements audited by an independent accountant? <input type="checkbox"/>	2b	Yes
2c 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 <input type="checkbox"/>	2c	Yes
2d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? <input type="checkbox"/>	3a	No
3b 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 <input type="checkbox"/>	3b	

2011

Open to Public
Inspection**SCHEDULE A**
(Form 990 or 990EZ)**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.

Department of the Treasury
Internal Revenue Service

Name of the organization
Huggins Hospital

Employer identification number

02-0223332

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

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

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

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

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

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

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

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

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

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

SCHEDULE C

(Form 990 or 990-EZ)

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.

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-E
- 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
Huggins Hospital

Employer identification number

02-0223332

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 function 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

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			
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:		
Not over \$500,000	20% of the amount on line 1e		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
g Grassroots nontaxable amount (enter 25% of line 1f)			
h Subtract line 1g from line 1a If zero or less, enter -0-			
i Subtract line 1f from line 1c If zero or less, enter -0-			
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No

4-Year Averaging Period Under Section 501(h)

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

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

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

	(a)		(b)
	Yes	No	
			Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		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		11,297
j Total lines 1c through 1i			11,297
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 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Explanation of Lobbying Activities	Part II-B, Line 1	The Organization pays dues to various associations, a portion of which are attributable to lobbying expenses

SCHEDULE D
(Form 990)**Supplemental Financial Statements****2011****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service

► 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.

Name of the organization
Huggins Hospital**Employer identification number**

02-0223332

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
2a	
2b	
2c	
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 <input type="checkbox"/> Public exhibition	d <input type="checkbox"/> Loan or exchange programs
b <input type="checkbox"/> Scholarly research	e <input type="checkbox"/> Other
c <input type="checkbox"/> Preservation for future generations	

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	9,500,670	9,918,249	9,805,179	9,684,899	
b Contributions	7,819	9,152	5,125	246,777	
c Investment earnings or losses	1,570,384	-307,873	376,905	-112,132	
d Grants or scholarships					
e Other expenditures for facilities and programs	152,411	118,858	268,960		
f Administrative expenses				14,365	
g End of year balance	10,926,462	9,500,670	9,918,249	9,805,179	

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

a Board designated or quasi-endowment ► 0 %

b Permanent endowment ► 31 960 %

c Term endowment ► 68 040 %

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

(i) unrelated organizations	Yes	No
--	------------	-----------

(ii) related organizations	Yes	No
---	------------	-----------

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

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

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

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,638,475			1,638,475
b Buildings		54,738,432	10,587,875		44,150,557
c Leasehold improvements					
d Equipment		28,692,527	19,231,060		9,461,467
e Other		6,346,321	1,602,103		4,744,218
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)					59,994,717

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.

(a) Description of Liability	(b) Amount	
Federal Income Taxes		
Interest Rate Swap	3,296,889	
Estimated Third-Party Payor Settlements	4,418,565	
Total. (Column (b) should equal Form 990, Part X, col (B) line 25) ►	7,715,454	

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
2 Total expenses (Form 990, Part IX, column (A), line 25)	2
3 Excess or (deficit) for the year Subtract line 2 from line 1	3
4 Net unrealized gains (losses) on investments	4
5 Donated services and use of facilities	5
6 Investment expenses	6
7 Prior period adjustments	7
8 Other (Describe in Part XIV)	8
9 Total adjustments (net) Add lines 4 - 8	9
10 Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10

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
2 Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a Net unrealized gains on investments	2a
b Donated services and use of facilities	2b
c Recoveries of prior year grants	2c
d Other (Describe in Part XIV)	2d
e Add lines 2a through 2d	2e
3 Subtract line 2e from line 1	3
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
b Other (Describe in Part XIV)	4b
c Add lines 4a and 4b	4c
5 Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5

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

1 Total expenses and losses per audited financial statements	1
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
3 Subtract line 2e from line 1	3
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
b Other (Describe in Part XIV)	4b
c Add lines 4a and 4b	4c
5 Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5

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 intended use of the endowment fund is to support health care services including indigent care, health education, adult daycare as well as capital improvements and acquisitions

SCHEDULE G
(Form 990 or 990-EZ)

Supplemental Information Regarding Fundraising or Gaming Activities

OMB No 1545-0047

2011

**Open to Public
Inspection**

**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.

Department of the Treasury
Internal Revenue Service

Name of the organization

Huggins Hospital

Employer identification number

02-022333

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

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

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 <u>2012 Golf Tournament</u> (event type)	(b) Event #2 (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
1 Gross receipts . . .	43,455			43,455
	43,455			43,455
Direct Expenses	4 Cash prizes . . .			
	5 Non-cash prizes . . .	2,630		2,630
	6 Rent/facility costs . . .			
	7 Food and beverages . . .	4,950		4,950
	8 Entertainment . . .			
	9 Other direct expenses . .	5,793		5,793
10 Direct expense summary Add lines 4 through 9 in column (d)				► (13,373)
11 Net income summary Combine lines 3 and 10 in column (d)				► 30,082

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))
1 Gross revenue . . .				
Direct Expenses	2 Cash prizes			
	3 Non-cash prizes			
	4 Rent/facility costs			
	5 Other direct expenses . . .			
6 Volunteer labor . . .		<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
7 Direct expense summary Add lines 2 through 5 in column (d)				► ()
8 Net gaming income summary Combine lines 1 and 7 in column (d)				►

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

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

b If "No," Explain _____

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

b If "Yes," Explain _____

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

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

13 Indicate the percentage of gaming activity operated in

13a	
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 questions on Schedule G (see instructions.)

Identifier

ReturnReference

Explanation

2011

Open to Public
InspectionSCHEDULE 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.Name of the organization
Huggins HospitalEmployer identification number
02-0223332

Part I Charity Care and Certain Other Community Benefits at Cost

1a Did the organization have a charity care policy? If "No," skip to question 6a

b If "Yes," is it a written policy?

1b 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 %

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 _____ %

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"?

5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?

b If "Yes," did the organization's charity care expenses exceed the budgeted amount?

c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?

6a Did the organization prepare a community benefit report during the tax year?

6b If "Yes," did the organization make it available to the public?

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

	Yes	No
1a	Yes	
1b	Yes	
3a	Yes	
3b	Yes	
4	Yes	
5a	Yes	
5b		No
5c		
6a	Yes	
6b	Yes	

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)			4,264,214	1,804,456	2,459,758	4 540 %
b Medicaid (from Worksheet 3, column a)			2,481,018	2,392,414	88,604	0 160 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			6,745,232	4,196,870	2,548,362	4 700 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total Other Benefits			6,745,232	4,196,870	2,548,362	4 700 %
k Total. Add lines 7d and 7j						

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

1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?

2 Enter the amount of the organization's bad debt expense

3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy

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

	Yes	No
1	Yes	
2	3,342,622	
3	0	
4		

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)

6 Enter Medicare allowable costs of care relating to payments on line 5

7 Subtract line 6 from line 5. This is the surplus or (shortfall)

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?

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

9a	Yes
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					
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

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)

Huggins Hospital

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	
If "Yes," indicate what the Needs Assessment describes (check all that apply)		
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public?	5	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)		
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes
If "Yes," indicate the FPG family income limit for eligibility for free care 125 000000000000%		
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 <u>200 000000000000%</u> 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 <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input type="checkbox"/> Medical indigency		
d <input type="checkbox"/> Insurance status		
e <input type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input type="checkbox"/> State regulation		
h <input type="checkbox"/> 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 <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site		
b <input checked="" type="checkbox"/> The policy was attached to all billing invoices		
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available upon request		
g <input type="checkbox"/> Other (describe in Part VI)		
Billing and Collections		
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14 Yes	
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments or arrests		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16 No	
If "Yes," check all actions in which the hospital facility or a third party engaged		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)		
a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission		
b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy		
e <input type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information (continued)**Policy Relating to Emergency Medical Care**

18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

If "No," indicate why

- 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)

	Yes	No
18	Yes	

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 its 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		No
21		No

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

If "Yes," explain in Part VI

21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?

If "Yes," explain in Part VI

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
		Part I, Line 7 The amounts reported on Lines 7a & 7b were computed using a cost-to-charge ratio

Identifier	ReturnReference	Explanation
		<p>Part II Community Building Activities Community-building activities include cash, in-kind donations, and budgeted expenditures by the Trust for the development of programs and partnerships intended to address social and economic determinants of health Sub-categories in this area include Physical Improvements/Housing Community improvement and revitalization projects, housing rehabilitation, public works, contribution to community-based assisted living, senior and low income housing projects, home safety assessment and installation Economic Development Small business development, participation in economic development council, chamber of commerce - Gene Goodwin is a member on the WEDCO Board and its mission is to promote and support businesses and the creation of employment opportunities by providing development assistance and financing - Gene Goodwin is a member on the Hearth Stone Homes of Wolfeboro Board of Directors which is two low income housing developments that assist people for placement within these two developments - Mike Connelly, President and CEO of the Hospital sits on the Wolfeboro Area Chamber of Commerce and the Town Economic Development Committee Support Systems Enhancements Adopt-a-school efforts, childcare for community residents with qualified need, mentoring programs, youth development initiatives, including categories of caring adults, safe places, emergency preparedness, community disease surveillance and reporting infrastructure, cost of stockpiling, medical, surgical, and pharmaceutical supplies, including barriers, respirators, clothing, IV pumps and poles, IV fluids, suction machines, stretchers, wheelchairs, linens, bandages, and dressings, personal protective equipment, costs associated with training, community partnership, and outreach planning - We have several employees that are specially trained as part of the Carroll County Emergency Preparedness team for the State of New Hampshire As being designated as part of that team our employees must attend specialized training and perform drills that stretch across Carroll County In addition our employee Ms. Janet Williamson is the Chair of our Emergency Preparedness Committee and the Hospital's EMS Interceptor She is qualified to provide continued education to our local EMS providers which she does several times a year As part of our Emergency Preparedness team we also provide flu clinics for all of our surrounding EMS providers - The Hospital has seen an increase in patients having mental health issues and the Hospital is having to hold patients for several days before beds become available Meetings were established with the State of New Hampshire Hospital, County Jail, and Northern Human Services and local police chiefs to evaluate and assess the process to ensure the agencies are working together to address the lack of mental health services in NH Environmental Improvements Efforts to reduce environmental hazards in the air, water and ground including lead detection and remediation, radon detection and remediation, community waste reduction and sharps disposal programs, health care facility waste and mercury reduction Coalition Building Organizational representation on community coalitions, collaborative partnerships with community groups to improve community health, community coalition meeting costs, visioning, sessions, task force meetings, etc. and costs for task-force specific project initiatives - Hospital employees sit on the Carroll County Coalition which provides training and development of teen initiatives to promote healthy life style choices and opportunities for the children in the community to participate in - Each quarter the Hospital publishes articles on various health topics for all of our service areas Our physicians contribute wellness information and other classes and programs that are being offered at Huggins Community Health Improvement Advocacy Local, state, and/or national advocacy for community members and groups relative to policies and funding to improve community and public health including the social and economic determinants of health - Mike Connelly sits on the Rural Health Coalition, which is made up of the 13 NH Critical Access Hospitals which specifically addresses issues and concerns relative to critical access hospitals Workforce Enhancement Recruitment of physicians and other health professionals for government-designated medically underserved areas, recruitment of underrepresented minorities, job creation and training programs, participation in community workforce boards, workforce partnerships, and welfare-to-work initiatives, partnerships to address the health care workforce shortage, school and community-based programs on health care careers - The Hospital is actively recruiting for several providers Due to our Hospital location it is extremely difficult to recruit physicians to a rural area and with many physicians moving towards specialized medicine it is difficult</p>

Identifier	ReturnReference	Explanation
		cult to recruit MD, DO and staff to this area without having specialized care options available to treat critically ill patients, which many graduates are familiar with

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
		Part III, Line 4 Patient accounts receivable are stated at the amount management expects to collect from outstanding balances Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable The Hospital used a cost-to-charge ratio as its costing methodology for amounts reported in Part III, Section A

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
		Part III, Line 8 The Organization used a cost-to-charge ratio as its costing methodology to determine the amount of Medicare allowable costs

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
		Part III, Line 9b As a not-for-profit, tax-exempt, and charitable organization, Huggins Hospital serves all in medical need regardless of ability to pay. The Organization is governed by a volunteer Board of Trustees committed to balancing community needs with our available resources to meet those needs. As a hospital-employed medical staff, all twelve physician practices accept patients regardless of ability to pay.

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
		Part VI, Line 2 In 2009 as part of an every three-year process, the Hospital in collaboration with the VNA of Southern Carroll County & Vicinity, Inc completed a Community Needs Assessment for the purpose of assessing the region's most prevalent medical conditions. The assessment was done through interviews and surveys of key community leaders, local and area selectmen, School Administrative Unit #49 teachers and staff including letters and surveys to all families in the district. Heart disease, cancer, stroke, respiratory illness, trauma, and diabetes make up much of the medical care needs of the area we serve. Many of the services we provide are inadequately reimbursed by both government and private insurers. Through the Community Needs Assessment, we have established programs that are designed to meet the needs of special populations such as at-risk youth, the elderly, the impoverished, and those with disabilities, chronic and terminal illnesses.

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Huggins Hospital provides a notice to all patients both in the hospital and its physician practices of the financial assistance programs available to them. There is a staff of three financial councilors who work with the uninsured and underinsured to assist in qualifying for Charity Care or a sliding fee schedule depending on the family income. Financial councilors also assist those uninsured in applying for and receiving assistance through the Medicaid program

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 4 The population served by Huggins Hospital consists of those towns that have been designated by the New Hampshire Department of Health and Human Services as being located in the Wolfeboro Hospital Service Area. The primary service area includes Alton, Brookfield, Effingham, Freedom, Ossipee, Tamworth, Tuftonboro, Wakefield, and Wolfeboro. Secondary service areas are parts of Gilford, Moultonborough, New Durham and Barnstead and are also considered a part of the Huggins Hospital service area. These towns are located in Carroll County, Belknap County, and Strafford County. Our community is rural in nature and is a section of the State that has seasonal population changes. Our year round population base of approximately 33,000 citizens expands in the tourist season to about 90,000 residents.</p>

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

Schedule H (Form 990) 2011

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

2011Department of the Treasury
Internal Revenue Service

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.

Open to Public Inspection**Name of the organization**
Huggins Hospital**Employer identification number**

02-0223332

Part I Questions Regarding Compensation

Yes

No

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> 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 or provision of all the expenses described above? If "No," complete Part III to explain

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?

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

<input type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> 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?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

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?

b Any related organization?

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?

b Any related organization?

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

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

1b		
2		
4a	Yes	
4b	Yes	
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
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.

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
	Part I, Lines 4a-b	Leslie MacLeod participates in a split-dollar life insurance plan related to his prior employment with the Organization several years ago. The applicable amounts are not readily determinable. David Tower received a severance payment from the organization in the amount of \$81,415 during calendar year 2011.
Supplemental Information	Part III	Form 990, Part VII, Section A, Line 5 Michael Connelly received compensation from Leaders for Today (an unrelated third party) for services rendered to the Organization in calendar year 2011. His compensation was as follows: Compensation \$100,800

**Schedule K
(Form 990)****2011**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.

**Open to Public
Inspection**Name of the organization
Huggins HospitalEmployer identification number
02-0223332**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 Business Finance Authority of the State of New Hampshire	52-1304598	64448KBF2	11-15-2007	10,000,000	Financing of Construction Project		X		X		X
B Business Finance Authority of the State of New Hampshire	52-1304598	64468KBM7	10-06-2009	15,000,000	Financing of Construction Project		X		X		X

Part II Proceeds

1	Amount of bonds retired	A		B		C		D	
		110,000							
2	Amount of bonds defeased								
3	Total proceeds of issue		10,000,000		15,000,000				
4	Gross proceeds in reserve funds				1,209,938				
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds		187,687		188,500				
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds		9,812,313		13,490,234				
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion		2010		2010				
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
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

1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?	A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		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?				X				
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ►								
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

Schedule L

Transactions with Interested Persons

OMB No 1545-0047

2011

Department of the Treasury
Internal Revenue Service

- Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
- Attach to Form 990 or Form 990-EZ. ► See separate instructions.

**Open to Public
Inspection**

Name of the organization

Huggins Hospital

Employer identification number

02-022333

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only)

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958. _____ \$ _____

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization.  \$

Part III Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Jodi C Balint	Family member of James Cubeddu, current trustee	127,146	Employment		No
(2) Richard Tower	Family member of David Tower, Former President	66,019	Employment (compensation & benefits)		No
(3) Jennifer Pinard	Family member of Timothy Pinard, current trustee	33,872	Employment		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

SCHEDULE M
(Form 990)

NonCash Contributions

OMB No 1545-0047

2011

Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

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

Name of the organization
Huggins Hospital

Employer identification number

02-0223332

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	11	353,249	Fair Market Value
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► (_____)				
26 Other ► (_____)				
27 Other ► (_____)				
28 Other ► (_____)				
29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement			29	

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

Part II

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

Identifier	Return Reference	Explanation
Third Party Use	Part I, Line 32b	Contributions of securities are sold through an investment broker All gifts of securities are sold as soon as administratively possible

Schedule M (Form 990) 2011

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.

2011**Open to Public
Inspection**Name of the organization
Huggins Hospital**Employer identification number**

02-0223332

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	A designated officer or management official meets with the preparer to discuss a draft of the Form 990 in detail. Once any necessary revisions are made, this draft is then submitted to the Finance & Budget Committee for further review. Afterwards, a copy of the public inspection copy of Form 990 is made available to the full board for their general review and comment prior to filing the return. A designated officer then signs the return after considering board comments.
	Form 990, Part VI, Section B, line 12c	A copy of the conflict of interest policy is given to every officer, board member, and key employee on an annual basis, along with an annual disclosure statement. Each person is asked to complete, date and sign the disclosure statement, listing any known financial interest that the individual, or a member of the individual's family, has in any business entity that transacts business with the Organization. The Chairman of the board then reviews and maintains the disclosure statements for future reference. If a conflict arises, the board member will recuse themselves from participation in the deliberations and decisions relating to that conflict.
	Form 990, Part VI, Section B, line 15	The Hospital relies on externally available market data to determine the appropriate salary and any incentive compensation for the President as well as other officers and key employees of the organization. Each year, the President provides the Board with a listing of the five highest paid senior staff. Base salary and incentive compensation provided to the President is determined by three members of the Executive Committee of the Board as part of an annual performance review and their recommendation is shared with the full Board for final approval.
	Form 990, Part VI, Section C, line 19	The governing documents, conflict of interest policy, and financial statements are made available to the public upon request for inspection in the President's office.
Contact Addresses for Officers, Directors, Etc	Form 990, Part VII	David W Tower, FACHE - 82 Kent Locke Circle, Alton, NH 03809
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 558,639 Pension Liability Adjustment -331,334 Change in Value of Interest Rate Swap -134,031 Beneficial Interest in Charitable Remainder Trust 908,800 Total to Form 990, Part XI, Line 5 1,002,074

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Department of the Treasury
Internal Revenue ServiceOpen to Public
Inspection

► 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.

Name of the organization

Huggins Hospital

Employer identification number

02-0223332

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
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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	
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Yes

No

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

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) Huggins Senior Housing	Elderly Housing	NH	N/A	C	670,770	637,245	100 000 %

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III or IV**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Sale of assets to related organization(s)
- g** Purchase of assets from related organization(s)
- h** Exchange of assets with related organization(s)
- i** Lease of facilities, equipment, or other assets to related organization(s)
- j** Lease of facilities, equipment, or other assets from related organization(s)
- k** Performance of services or membership or fundraising solicitations for related organization(s)
- l** Performance of services or membership or fundraising solicitations by related organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n** Sharing of paid employees with related organization(s)
- o** Reimbursement paid to related organization(s) for expenses
- p** Reimbursement paid by related organization(s) for expenses
- q** Other transfer of cash or property to related organization(s)
- r** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c		No
1d	Yes	
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m		No
1n		No
1o		No
1p		No
1q		No
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)	Huggins Senior Housing	D	1,090,565	Fair Market Value
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

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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HUGGINS HOSPITAL AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

and

ADDITIONAL INFORMATION

September 30, 2012 and 2011

With Independent Auditors' Report



HUGGINS HOSPITAL AND SUBSIDIARY

Index to Consolidated Financial Statements and Additional Information

September 30, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Huggins Hospital and Subsidiary

We have audited the consolidated balance sheets of Huggins Hospital and Subsidiary as of September 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Huggins Hospital and Subsidiary as of September 30, 2012 and 2011, and the consolidated results of their operations, changes in their net assets, and their consolidated cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
December 19, 2012

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidated Balance Sheets

September 30, 2012 and 2011

ASSETS	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents	\$ 5,718,363	\$ 3,773,221
Assets limited as to use - current portion	428,485	239,657
Accounts receivable from patients, less allowances for uncollectible accounts and contractuels (2012 - \$8,946,000, 2011 - \$9,019,000)	6,208,036	6,350,408
Estimated third-party payor settlements	-	357,921
Pledges receivable	176,766	463,055
Other accounts/notes receivable	194,351	694,747
Other current assets	<u>642,918</u>	<u>600,506</u>
Total current assets	<u>13,368,919</u>	12,479,515
Assets limited as to use, less current portion	10,092,342	6,617,290
Pledges receivable, net	162,447	265,741
Property and equipment, net	60,364,712	64,121,253
Deferred financing costs	561,961	581,895
Long-term investments	18,354,480	14,182,032
Cash surrender value of life insurance	<u>1,293,569</u>	<u>1,293,569</u>
Total assets	<u>\$ 104,198,430</u>	<u>\$ 99,541,295</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and other current liabilities	\$ 1,357,497	\$ 1,702,666
Accrued salaries and related accounts	2,518,781	2,893,550
Current portion of long-term debt	455,926	262,146
Estimated third-party payor settlements	<u>4,418,565</u>	<u>-</u>
Total current liabilities	<u>8,750,769</u>	4,858,362
Accrued pension cost	4,838,344	4,920,057
Interest rate swap	3,296,889	3,162,858
Long-term debt	<u>25,149,673</u>	<u>25,606,424</u>
Total liabilities	<u>42,035,675</u>	<u>38,547,701</u>
Commitments and contingencies (Notes 9 and 11)		
Net assets		
Unrestricted	49,340,660	50,606,319
Temporarily restricted	9,330,188	6,903,187
Permanently restricted	<u>3,491,907</u>	<u>3,484,088</u>
Total net assets	<u>62,162,755</u>	<u>60,993,594</u>
Total liabilities and net assets	<u>\$ 104,198,430</u>	<u>\$ 99,541,295</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidated Statements of Operations

Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted revenues and gains		
Patient service revenue (net of discounts and contractual allowances)	\$ 55,868,981	\$ 54,935,053
Less provision for bad debts	<u>6,146,912</u>	<u>5,289,734</u>
Net patient service revenue	49,722,069	49,645,319
Other operating revenues	2,159,108	2,560,909
Investment income allotted for operations	481,416	471,744
Net assets released from restrictions for operating purposes	<u>126,293</u>	<u>118,192</u>
Total revenues and gains	<u>52,488,886</u>	<u>52,796,164</u>
Expenses		
Salaries and wages	24,153,499	26,012,365
Supplies and other	23,643,581	24,590,507
Depreciation and amortization	4,929,188	4,667,672
Interest	1,498,096	1,517,243
Loss on disposal of property and equipment	<u>—</u>	<u>21,097</u>
Total expenses	<u>54,224,364</u>	<u>56,808,884</u>
Operating loss	<u>(1,735,478)</u>	<u>(4,012,720)</u>
Nonoperating gains (losses)		
Contributions	266,193	1,008,535
Development costs	(49,581)	(196,797)
Nonoperating investment income (loss)	223,166	(1,251)
Change in value of interest rate swap	<u>(134,031)</u>	<u>(740,535)</u>
Nonoperating gains, net	<u>305,747</u>	<u>69,952</u>
Deficiency of revenues and gains over expenses	<u>(1,429,731)</u>	<u>(3,942,768)</u>
Net assets released from restrictions for capital acquisitions	500,083	779,640
Net unrealized losses on investments	(4,677)	(27,780)
Pension liability adjustment	<u>(331,334)</u>	<u>808,693</u>
Decrease in unrestricted net assets	<u>\$ (1,265,659)</u>	<u>\$ (2,382,215)</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY
Consolidated Statements of Changes in Net Assets
Years Ended September 30, 2012 and 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balances, October 1, 2010	<u>\$ 52,988,534</u>	<u>\$ 7,875,789</u>	<u>\$ 3,474,936</u>	<u>\$ 64,339,259</u>
Deficiency of revenues and gains over expenses	(3,942,768)	-	-	(3,942,768)
Contributions	-	351,934	9,152	361,086
Investment income	-	41,984	-	41,984
Net assets released from restrictions for operations	-	(118,192)	-	(118,192)
Net assets released from restrictions for capital acquisitions	779,640	(779,640)	-	-
Spending policy allotment		(118,858)		(118,858)
Realized gains on sales of investments		181,325		181,325
Net unrealized losses on investments	(27,780)	(531,155)	-	(558,935)
Pension liability adjustment	<u>808,693</u>	<u>-</u>	<u>-</u>	<u>808,693</u>
Net increase (decrease) in net assets	<u>(2,382,215)</u>	<u>(972,602)</u>	<u>9,152</u>	<u>(3,345,665)</u>
Balances, September 30, 2011	<u>50,606,319</u>	<u>6,903,187</u>	<u>3,484,088</u>	<u>60,993,594</u>
Deficiency of revenues and gains over expenses	(1,429,731)	-	-	(1,429,731)
Contributions	-	726,604	7,819	734,423
Beneficial interest in charitable remainder trust	-	908,800	-	908,800
Investment income	-	44,509	-	44,509
Net assets released from restrictions for operations	-	(126,293)	-	(126,293)
Net assets released from restrictions for capital acquisitions	500,083	(500,083)	-	-
Spending policy allotment	-	(152,411)	-	(152,411)
Realized gains on sales of investments	-	962,559	-	962,559
Net unrealized gains on investments	(4,677)	563,316	-	558,639
Pension liability adjustment	<u>(331,334)</u>	<u>-</u>	<u>-</u>	<u>(331,334)</u>
Net increase (decrease) in net assets	<u>(1,265,659)</u>	<u>2,427,001</u>	<u>7,819</u>	<u>1,169,161</u>
Balances, September 30, 2012	<u>\$ 49,340,660</u>	<u>\$ 9,330,188</u>	<u>\$ 3,491,907</u>	<u>\$ 62,162,755</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ 1,169,161	\$ (3,345,665)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	4,929,188	4,667,672
Provision for bad debts	6,146,912	5,289,734
(Gain) loss on disposal of property and equipment	(5,034)	21,097
Net realized and unrealized (gains) losses on investments	(1,722,898)	358,663
Pension liability adjustment	331,334	(808,693)
Unrealized loss on interest rate swap	134,031	740,535
Restricted contributions	(734,423)	(361,086)
Charitable remainder trust	(908,800)	-
(Accrue) decrease in		
Accounts receivable from patients	(6,004,540)	(5,335,186)
Estimated third-party payor settlements	4,776,486	531,423
Other current assets	(42,412)	(7,671)
Other accounts/notes receivable	500,393	(326,838)
Increase (decrease) in		
Accounts payable and other current liabilities	(345,168)	(2,944)
Accrued salaries and related accounts	(374,769)	277,544
Accrued pension cost	(413,047)	(409,694)
Net cash provided by operating activities	<u>7,436,414</u>	<u>1,288,891</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,160,560)	(6,188,234)
Proceeds from sale of property and equipment	12,880	-
Purchase of investments	(30,390,390)	(14,296,734)
Proceeds from sale of investments	25,185,763	14,659,675
Net cash used by investing activities	<u>(6,352,307)</u>	<u>(5,825,293)</u>
Cash flows from financing activities		
Payments on long-term debt	(262,971)	(119,462)
Restricted contributions, including pledges	1,124,006	873,323
Net cash provided by financing activities	<u>861,035</u>	<u>753,861</u>
Net increase (decrease) in cash and cash equivalents	1,945,142	(3,782,541)
Cash and cash equivalents, beginning of year	<u>3,773,221</u>	<u>7,555,762</u>
Cash and cash equivalents, end of year	<u>\$ 5,718,363</u>	<u>\$ 3,773,221</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 1,528,886</u>	<u>\$ 1,082,232</u>

During 2011, the Hospital entered into a capital lease for equipment and has treated it as a non-cash transaction

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Organization

Huggins Hospital (the Hospital) is a not-for-profit critical access hospital in Wolfeboro, New Hampshire. The Hospital provides inpatient, outpatient, extended care, assisted living, primary care and emergency care services to residents of East-Central New Hampshire. Huggins Senior Housing, Inc. (HSH), organized during 1996, is a wholly-owned subsidiary of the Hospital. HSH is the for-profit management company of a retirement community in Wolfeboro, New Hampshire.

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements represent the parent and subsidiary activities after the elimination of all material intercompany balances and activity.

Use of Estimates

The preparation of financial statements in conformity with U.S generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. The Hospital has cash balances in financial institutions that exceed federal depository insurance limits. However, management believes that credit risk related to these investments is minimal. The Hospital has not experienced any losses in such accounts

Accounts Receivable from Patients

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

In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purposes of estimating the appropriate amounts for the allowance for doubtful accounts and the provision for bad debts. Data in each major payor source are regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. Specifically, for receivables relating to services provided to patients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

debts are established at varying levels based on the age of the receivables and payor source. For receivables relating to self-pay patients, a provision for doubtful accounts and corresponding allowance for doubtful accounts is made in the period services are rendered based on experience indicating the inability or unwillingness of patients to pay amounts for which they are financially responsible. Actual write-offs are charged against the allowance for doubtful accounts.

Investments

Investments in equity securities with readily determinable fair values, and all investments in debt securities are recorded at fair value. Investment income from funded depreciation, Board-designated investments, and unrestricted investments is reported as nonoperating investment income net of the amount allotted for operations per the Hospital's spending policy. This investment income is included in other operating revenues.

Realized gains or losses on the sale of investments are determined by use of average cost. Unrealized gains and losses on investments are excluded from the deficiency of revenues and gains over expenses, and are reported as an increase or decrease in net assets, except that declines in fair value that are judged to be other than temporary are reported as realized losses. No unrealized losses were deemed to be other than temporary in 2012 and 2011. The Hospital had investments that were below cost by approximately \$716,212 at September 30, 2011. There were no investments below cost at September 30, 2012.

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets and statements of operations.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Assets Limited as to Use

Assets limited as to use include designated assets set aside by the Board of Trustees for future capital improvements and funds held by trustees under the revenue bond agreement. Board-designated funds are controlled by the Board and it may, at its discretion, subsequently use them for other purposes.

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Interest Rate Swap

The Hospital uses an interest rate swap contract to eliminate the cash flow exposure of interest rate movements on variable-rate debt. The Hospital has adopted Financial Accounting Standards Board (FASB) ASC 815, *Derivatives and Hedging*, to account for its interest rate swap contract. The interest rate swap contract has not been designated as a cash flow hedge. Unrealized gains and losses on the fair value of derivative financial instruments not designated as cash flow hedges are required to be included in the performance indicator. As a result, the unrealized losses in fair value of the interest rate swap for 2012 and 2011 have been included in the deficiency of revenues and gains over expenses. The Hospital expects to hold the swap until its maturity, at which point unrealized gains or losses will be zero.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

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

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital have been limited by donors to a specific time period or purpose and appreciation on permanently restricted assets. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity

The Board of Trustees has interpreted state law as requiring the preservation of the purchasing power (real value) of the permanent endowment funds unless explicit donor stipulations specify how net appreciation must be used. To meet that objective, the Hospital's endowment management policies require net appreciation to be temporarily restricted until appropriated by the Board in accordance with the Hospital's spending policy.

Charity Care

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Deficiency of Revenues and Gains Over Expenses

Changes in unrestricted net assets which are excluded from the deficiency of revenues and gains over expenses, consistent with industry practice, include unrealized gains and losses on investments, pension liability adjustments 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).

Functional Expenses

The Hospital provides health care services to residents within its geographic location. Expenses related to providing these services are as follows as of September 30:

	<u>2012</u>	<u>2011</u>
Acute and clinical care services	\$ 46,908,969	\$ 48,979,338
General and administrative	<u>7,315,395</u>	<u>7,829,546</u>
	<u>\$ 54,224,364</u>	<u>\$ 56,808,884</u>

Fundraising expenses were \$49,581 in 2012 and \$196,797 in 2011 and are reported in nonoperating gains (losses) in the consolidated statements of operations.

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.

Employee Fringe Benefits

The Hospital has an "earned time" plan under which each employee earns paid leave for each period worked. These hours of paid leave may be used for vacations, holidays, or illnesses. Hours earned, but not used, are vested with the employee. In 2012 the policy changed to allow employees to vest up to 288 hours. Prior to 2012, employees could vest up to 560 hours. The Hospital accrues a liability for such paid leave as it is earned.

Income Taxes

The Internal Revenue Service currently recognizes the Hospital as an exempt organization under Internal Revenue Code Section 501(c)(3). HSH is a for-profit corporation and, as such, is subject to federal and state taxes. Taxes were not material in 2012 or 2011.

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

New Accounting Pronouncement

In July 2011, the Financial Accounting Standards Board (FASB) amended Accounting Standards Codification (ASC) 954, *Health Care Entities*, to require health care entities to change the presentation of the 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 allowances and discounts). Additionally, enhanced disclosures are required about the policies for recognizing revenues and assessing bad debts. The amendments also require disclosure of qualitative and quantitative information about significant changes in the allowance for doubtful accounts. The amendments to ASC 954 are effective for the first annual period ending after December 15, 2012. The Hospital elected to early adopt this amendment for fiscal year ended September 30, 2012. As a result, the 2011 financial statements have been reclassified for comparative purposes.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with GAAP, the Hospital has considered transactions or events occurring through December 19, 2012, which was the date the financial statements were issued.

Reclassification

Certain amounts in the 2011 financial statements have been reclassified to conform to the current year's presentation.

2. Pledges Receivable

Pledges receivable represent donors' unconditional promises to give and consist of pledges to the capital campaign which was started during 2009. Pledges receivable are scheduled to be received over future periods in the following amounts

Due within one year	\$ 176,766
Due between one and five years	<u>237,612</u>
	414,378
Less allowance for uncollectible pledges	(44,205)
Less discounts to net present value	<u>(30,960)</u>
	339,213
Less current portion	<u>(176,766)</u>
Pledges receivable, excluding current portion	\$ <u>162,447</u>

Pledges receivable are reflected at the present value of estimated future cash flows using a discount rate of 6.875%.

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3. Investments

Assets Limited as to Use

The composition of assets limited as to use as of September 30, 2012 and 2011, is set forth in the following table. Investments are stated at fair value.

	<u>2012</u>	<u>2011</u>
Internally designated for capital acquisitions		
Cash and cash equivalents	\$ 4,644,270	\$ 4,858,304
Mutual funds	1,753,863	-
Equity securities	458,664	-
Government securities	1,390,804	499,990
Corporate notes and bonds	<u>634,803</u>	<u>-</u>
	<u>8,882,404</u>	<u>5,358,294</u>
Trustee held funds, cash and cash equivalents		
Debt service funds	428,485	239,657
Debt service reserve fund	1,209,938	1,209,816
Escrow fund	<u>-</u>	<u>49,180</u>
	<u>1,638,423</u>	<u>1,498,653</u>
Total assets limited as to use	10,520,827	6,856,947
Less long-term assets limited as to use	<u>10,092,342</u>	<u>6,617,290</u>
Assets limited as to use - current portion	<u>\$ 428,485</u>	<u>\$ 239,657</u>

Other Investments

Other investments stated at fair value as of September 30 include:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 2,841,118	\$ -
Mutual funds	3,733,037	-
Equity securities	5,811,643	7,139,203
Government securities	3,368,238	4,452,596
Corporate notes and bonds	1,584,319	2,482,908
Other investments	107,325	107,325
Charitable remainder trust	<u>908,800</u>	<u>-</u>
	<u>\$ 18,354,480</u>	<u>\$ 14,182,032</u>

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Investment income and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended September 30:

	<u>2012</u>	<u>2011</u>
Income		
Investment income	\$ 549,886	\$ 497,345
Net realized gains on sales of securities	<u>1,164,259</u>	<u>200,272</u>
	<u>\$ 1,714,145</u>	<u>\$ 697,617</u>
 Investment income is reported as follows:		
Nonoperating investment income	\$ 223,166	\$ (1,251)
Investment income allotted for operations	<u>481,416</u>	<u>471,744</u>
Included in other operating income	2,495	3,815
Temporarily restricted investment income	<u>44,509</u>	<u>41,984</u>
Temporarily restricted realized gains	<u>962,559</u>	<u>181,325</u>
	<u>\$ 1,714,145</u>	<u>\$ 697,617</u>
 Other changes in net assets		
Unrealized gains (losses), net of realized gains and losses		
- unrestricted	\$ (4,677)	\$ (27,780)
- temporarily restricted	<u>563,316</u>	<u>(531,155)</u>
	<u>\$ 558,639</u>	<u>\$ (558,935)</u>

4. Endowment

The Hospital's endowment primarily consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the State of New Hampshire Uniform Prudent Management of Institutional Funds Act (UPMIFA), such that the Board of Trustees is allowed to appropriate for expenditure for the uses and purposes for which the endowment fund is established, unless otherwise specified by the donor, so much of the net appreciation, realized and unrealized, in the fair value of the assets of the endowment fund over the historic dollar value of the fund as is prudent. In so doing, the Board must consider the long- and short-term needs of the Hospital in carrying out its purpose, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

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Changes in endowment (donor restricted) net assets for the year ended September 30, 2012, are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 6,016,582	\$ 3,484,088	\$ 9,500,670
Investment income, net of fees	44,509	-	44,509
Realized gains on investments	962,559	-	962,559
Unrealized gains on investments	<u>563,316</u>	<u>-</u>	<u>563,316</u>
Total investment gain	1,570,384	-	1,570,384
Contributions	-	7,819	7,819
Spending policy allotment	<u>(152,411)</u>	<u>-</u>	<u>(152,411)</u>
Endowment net assets, end of year	\$ 7,434,555	\$ 3,491,907	\$ 10,926,462

Changes in endowment (donor restricted) net assets for the year ended September 30, 2011, are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 6,443,313	\$ 3,474,936	\$ 9,918,249
Investment income, net of fees	41,957	-	41,957
Realized gains on investments	181,325	-	181,325
Unrealized losses on investments	<u>(531,155)</u>	<u>-</u>	<u>(531,155)</u>
Total investment loss	(307,873)	-	(307,873)
Contributions	-	9,152	9,152
Spending policy allotment	<u>(118,858)</u>	<u>-</u>	<u>(118,858)</u>
Endowment assets, end of year	\$ 6,016,582	\$ 3,484,088	\$ 9,500,670

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Strategies Employed for Achieving Investment Objectives

The Hospital's investment strategy is for long-term growth and tolerance for a fair amount of volatility to achieve this growth. The investment time horizon is five years or more. The overall objective is to provide a strategic mix of asset classes that produce the highest expected return while controlling risk. The Hospital's target investment allocations is 55% equities, 15% alternatives and 30% bonds. Investment advisors are prohibited from purchasing hedge fund and private equity investments, without prior approval of the Hospital.

Spending Policy

Effective October 1, 2009, each year a calculation will be made to determine the maximum amount of money that can be withdrawn from the long-term portfolio to be used for each donor restricted and board-designated purpose. The annual amount available for spending will not exceed 5% of the fair market value calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for the expenditure is made. The amount distributed under the spending policy was \$481,416 and \$471,744 for the years ending September 30, 2012 and 2011, respectively. Investment income, within the spending policy guidelines, is reported in unrestricted revenue and gains in the accompanying financial statements.

5. Fair Value Measurements

GAAP establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy):

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

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

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

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

	Fair Value Measurements at September 30, 2012			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Assets limited as to use				
Cash and cash equivalents	\$ 6,282,693	\$ 6,282,693	\$ -	\$ -
Fixed income				
U S Government bonds	1,390,804	1,390,804	-	-
Corporate notes and bonds	<u>634,803</u>	-	<u>634,803</u>	-
Total fixed income	<u>2,025,607</u>	<u>1,390,804</u>	<u>634,803</u>	-
Equity securities				
Consumer	95,367	95,367	-	-
Information technology	82,070	82,070	-	-
International				
Other	<u>281,227</u>	<u>281,227</u>	-	-
Total equity securities	<u>458,664</u>	<u>458,664</u>	-	-
Mutual funds				
Emerging markets	476,152	476,152	-	-
Large cap	206,703	206,703	-	-
Mid cap	239,683	239,683	-	-
Premium strategy	142,569	142,569	-	-
Equity funds	224,530	224,530	-	-
Other	<u>464,226</u>	<u>464,226</u>	-	-
Total mutual funds	<u>1,753,863</u>	<u>1,753,863</u>	-	-
Assets limited as to use	<u>10,520,827</u>	<u>9,886,024</u>	<u>634,803</u>	-
Investments				
Cash and cash equivalents	2,841,118	2,841,118	-	-
Fixed income				
Government securities	3,368,238	3,368,238	-	-
Corporate bonds	<u>1,584,319</u>	-	<u>1,584,319</u>	-
Total fixed income	<u>4,952,557</u>	<u>3,368,238</u>	<u>1,584,319</u>	-
Equity securities				
Consumer	960,855	960,855	-	-
Energy and utilities	944,514	944,514	-	-
Financials	650,070	650,070	-	-
Healthcare	724,982	724,982	-	-
Information technology	977,454	977,454	-	-
International	719,843	719,843	-	-
Other	<u>833,922</u>	<u>833,922</u>	-	-
Total equity securities	<u>5,811,640</u>	<u>5,811,640</u>	-	-
Mutual funds				
Emerging markets	1,322,135	1,322,135	-	-
Large cap	269,270	269,270	-	-
Mid cap	550,153	550,153	-	-
Premium strategy	380,105	380,105	-	-
Equity funds	477,899	477,899	-	-
Other	<u>733,478</u>	<u>733,478</u>	-	-
Total mutual funds	<u>3,733,040</u>	<u>3,733,040</u>	-	-
Other investments	107,325	-	-	107,325
Charitable remainder trust	908,800	-	-	908,800
Total investments	<u>\$ 18,354,480</u>	<u>\$ 15,754,036</u>	<u>\$ 1,584,319</u>	<u>\$ 1,016,125</u>
Total assets	<u>\$ 28,875,307</u>	<u>\$ 25,640,060</u>	<u>\$ 2,219,122</u>	<u>\$ 1,016,125</u>

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Fair Value Measurements at September 30, 2012				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	<u>Total</u>			
Liabilities				
Interest rate swap	\$ 3,296,889	\$ -	\$ 3,296,889	\$ -
Total liabilities	<u>\$ 3,296,889</u>	<u>\$ -</u>	<u>\$ 3,296,889</u>	<u>\$ -</u>
Investments - held by defined benefit pension plan (Note 13)				
Cash and cash equivalents	\$ 239,796	\$ 239,796	\$ -	\$ -
Fixed income	666,348	-	666,348	-
Equity securities	8,696,733	8,696,733	-	-
Total	<u>\$ 9,602,877</u>	<u>\$ 8,936,529</u>	<u>\$ 666,348</u>	<u>\$ -</u>
Fair Value Measurements at September 30, 2011				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	<u>Total</u>			
Assets				
Assets limited as to use				
Cash and cash equivalents	\$ 6,356,957	\$ 6,356,957	\$ -	\$ -
Fixed income				
U S Government bonds	499,990	499,990	-	-
Total fixed income	<u>499,990</u>	<u>499,990</u>	-	-
Assets limited as to use	<u>6,856,947</u>	<u>6,856,947</u>	-	-
Investments				
Cash and cash equivalents	-	-	-	-
Fixed income				
Government securities	4,452,595	4,452,595	-	-
Corporate bonds	<u>2,482,908</u>	-	<u>2,482,908</u>	-
Total fixed income	<u>6,935,503</u>	<u>4,452,595</u>	<u>2,482,908</u>	-
Equity securities				
Consumer	1,454,489	1,454,489	-	-
Energy and utilities	1,177,684	1,177,684	-	-
Financials	958,778	958,778	-	-
Healthcare	899,573	899,573	-	-
Information technology	964,973	964,973	-	-
International	<u>1,683,706</u>	<u>1,683,706</u>	-	-
Total equity securities	<u>7,139,203</u>	<u>7,139,203</u>	-	-
Other investments	<u>107,325</u>	-	-	<u>107,325</u>
Total investments	<u>14,182,031</u>	<u>11,591,798</u>	<u>2,482,908</u>	<u>107,325</u>
Total assets	<u>\$ 21,038,978</u>	<u>\$ 18,448,745</u>	<u>\$ 2,482,908</u>	<u>\$ 107,325</u>
Liabilities				
Interest rate swap	\$ 3,162,858	\$ -	\$ 3,162,858	\$ -
Total liabilities	<u>\$ 3,162,858</u>	<u>\$ -</u>	<u>\$ 3,162,858</u>	<u>\$ -</u>
Investments - held by defined benefit pension plan (Note 13)				
Cash and cash equivalents	\$ 215,098	\$ 215,098	\$ -	\$ -
Fixed income	3,721,342	3,408,972	312,370	-
Equity securities	4,560,108	4,560,108	-	-
Total	<u>\$ 8,496,548</u>	<u>\$ 8,184,178</u>	<u>\$ 312,370</u>	<u>\$ -</u>

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The fair value of Level 3 assets are measured at management's estimate of net realizable value or the value of the underlying assets. The charitable remainder trust is based on the market value of the underlying assets, but is classified as Level 3 as there is no market in which to trade the beneficial interest itself. Activity related to Level 3 investments was entirely attributable to the recognition of the investment in the charitable remainder trust.

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

The Organization's financial instruments consist of cash and cash equivalents, marketable securities, trade accounts receivable and payable, life insurance policies, interest rate swaps, estimated third-party payor settlements, and long-term debt. The fair value of fixed rate long term debt as of the most recent trade on September 21, 2012 was \$16,199,400. The carrying values of all other financial instruments approximate their fair values.

6. Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, as well as the estimated cost of those services and supplies and equivalent service statistics. The following information measures the level of charity care provided during the years ended September 30:

	<u>2012</u>	<u>2011</u>
Charges forgone, based on established rates	<u>\$ 3,852,397</u>	<u>\$ 3,633,401</u>
Estimated costs and expenses incurred to provide charity care	<u>\$ 2,257,000</u>	<u>\$ 2,233,000</u>
Equivalent percentage of charity care charges to all Hospital patient charges	<u>4.20 %</u>	<u>3.93 %</u>

Cost of providing charity care services have been estimated based on an overall financial statement ratio of costs to charges applied to charges for the services.

Funds received from gifts to subsidize charity care services were \$38,000 and \$13,000 for the years ended September 2012 and 2011, respectively.

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7. Property and Equipment

The major categories of property and equipment are as follows as of September 30:

	<u>2012</u>	<u>2011</u>
Land	\$ 1,828,321	\$ 1,828,321
Land improvements	6,346,321	6,346,321
Buildings	54,738,432	54,738,432
Building services equipment	11,786,595	11,332,963
Major moveable equipment	17,231,768	16,618,758
Construction in progress	<u>101,627</u>	<u>101,627</u>
	92,033,064	90,966,422
Less accumulated depreciation	<u>31,668,352</u>	<u>26,845,169</u>
	<u><u>\$ 60,364,712</u></u>	<u><u>\$ 64,121,253</u></u>

8. Net Patient Service Revenue

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

Medicare

Effective June 1, 2005, the Hospital was granted Critical Access Hospital (CAH) status. With CAH designation, the Hospital is reimbursed at 101% of allowable costs for its inpatient and outpatient services provided to Medicare patients. The Hospital is reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2008.

Medicaid

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

Medicaid disproportionate share hospital (DSH) payments provide financial assistance to hospitals that serve a large number of low-income patients. The federal government distributes federal DSH funds to each state based on a statutory formula. The states, in turn, distribute their portion of the

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DSH funding among qualifying hospitals. The states are to use their federal DSH allotments to help cover costs of hospitals that provide care to low-income patients when those costs are not covered by other payors. The State of New Hampshire's plan for the distribution of DSH monies to the Hospital has not yet been approved by the Centers for Medicare and Medicaid Services. Amounts recorded by the Hospital are therefore subject to change. The disproportionate share payments amounted to \$4,031,000 and \$3,225,948 for 2012 and 2011, respectively, and are recorded as an increase in net patient service revenue.

Revenues from the Medicare and Medicaid programs accounted for approximately 50% and 6%, respectively, of the Hospital's patient revenue for the year ended September 30, 2012, and approximately 52% and 6%, respectively, for the year ended September 30, 2011. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2012 and 2011 net patient service revenue increased approximately \$409,000 and \$182,000, respectively, due to prior-year retroactive adjustments in excess of amounts previously estimated.

Anthem Blue Cross

Inpatient and outpatient services rendered to Anthem Blue Cross subscribers are reimbursed at submitted charges less a negotiated discount. The amounts paid to the Hospital are not subject to any retroactive adjustments.

Patient service revenue, contractual, and other allowances consisted of the following for the years ended September 30:

	<u>2012</u>	<u>2011</u>
Patient services		
Inpatient	\$ 18,078,917	\$ 21,876,845
Outpatient	<u>73,677,169</u>	<u>70,474,253</u>
Less Medicare allowances	91,756,086	92,351,098
Less other payor allowances	19,290,560	19,351,779
Less free care and charity allowances	<u>12,744,148</u>	<u>14,430,865</u>
	<u>3,852,397</u>	<u>3,633,401</u>
Patient service revenue (net of discounts and contractual allowances)	55,868,981	54,935,053
Less provision for bad debts	<u>6,146,912</u>	<u>5,289,734</u>
Net patient service revenue	<u>\$ 49,722,069</u>	<u>\$ 49,645,319</u>

The allowance for doubtful accounts was approximately \$3,904,000 and \$3,505,000 at September 30, 2012 and 2011, respectively, and relates almost entirely to self-pay accounts. Gross self-pay accounts receivable was approximately \$5,301,000 and \$4,823,000 at September 30, 2012 and 2011, respectively. During 2012, self-pay write-offs were approximately \$5,048,000.

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Revenue related to self-pay patients was approximately \$7,887,000 and \$6,990,000 for the years ended September 30, 2012 and 2011 respectively.

9. Long-Term Debt

Long-term debt consists of the following at September 30:

	<u>2012</u>	<u>2011</u>
6.82% note payable to TD Banknorth with monthly payments of \$3,698 through 2027, collateralized by real estate.	\$ 409,742	\$ 425,568
Business Finance Authority of the State of New Hampshire (BFA) (Huggins Hospital Issue) Series 2009 6.875% fixed rate demand bonds payable in annual installments ranging from \$180,000 in 2013 to \$1,165,000 in 2039; secured by gross revenues and substantially all assets of the Hospital.	<u>15,000,000</u>	15,000,000
BFA (Huggins Hospital Issue) Series 2007 variable rate demand bonds payable in annual installments ranging from \$115,000 in 2013 to \$2,855,000 in 2043; secured by a letter of credit which is collateralized by substantially all Hospital assets.	<u>9,890,000</u>	10,000,000
10.54% capital lease with vendor, monthly payments of \$8,974, including interest, through 2013; collateralized by leased equipment.	137,713	235,424
6.2% capital lease with vendor, monthly payments of \$4,215, including interest, through 2016; collateralized by leased equipment.	<u>168,144</u>	<u>207,544</u>
Less current portion	<u>25,605,599</u>	25,868,536
	<u>455,926</u>	262,146
Long-term debt, excluding current portion	<u><u>\$ 25,149,673</u></u>	<u><u>\$ 25,606,390</u></u>

Principal repayments for the next five years are as follows

2012	\$ 455,926
2013	408,037
2014	405,392
2015	411,970
2016	401,448
Thereafter	<u>23,522,826</u>
	<u><u>\$ 25,605,599</u></u>

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In October 2009, the Hospital issued \$15,000,000, 6.875% fixed rate 30-year bonds (2009 Series) with the BFA to fund the remaining portion of the new hospital construction project. The interest on the bonds is to be paid semi-annually on April 1 and October 1. The net proceeds of \$13,082,818 were deposited with a trustee and were used by the Hospital during construction.

In November 2007, the Hospital issued \$10,000,000 of variable rate demand bonds (Series 2007) to finance the construction project. The proceeds were held by a custodian until used for their intended purpose. The interest rate is determined daily by a remarketing agent based on the current market value of the bonds up to a maximum rate of 10%. The interest rate on the bonds at September 30, 2012 was .24%. The bonds can be converted to a fixed rate with 45 days' notice provided to the trustee, the tender agent, and the remarketing agent in conjunction with an opinion of bond counsel.

Interest expense on long-term debt was \$1,498,096 and \$1,517,243 for the years ending September 30, 2012 and 2011, respectively.

Interest Rate Swap

In connection with the issuance of the 2007 bonds, the Hospital entered into an interest rate swap agreement. The swap agreement's notional amount was \$9,890,000 and \$10,000,000 at September 30, 2012 and 2011, respectively. The swap terminates on October 1, 2042. The Hospital pays a fixed rate of 3.6175% and receives a variable rate of 68% USD-LIBOR-BBA. The Hospital records the interest rate swap at fair value, and has recorded a liability of \$3,296,889 and \$3,162,858 as of September 30, 2012 and 2011, respectively.

Letter of Credit

As part of the bond covenants, the Hospital is required to maintain a letter of credit. The fee for the letter of credit can vary from .50% to .65% depending on certain financial ratios for the preceding year. Fees related to the line of credit approximated \$65,100 and \$65,000 for 2012 and 2011, respectively. The letter of credit is in the amount of \$10,104,110 with TD Bank and expires on September 30, 2017. At September 30, 2012, the Hospital was in compliance with all of the financial covenants related to the letter of credit.

10. Related Parties

The Hospital owns the land on which Sugar Hill Retirement Community (SHRC) is built and leases it to SHRC. The rental fee was \$957 and \$906 a month for 2012 and 2011, respectively. SHRC paid Huggins Senior Housing management fees of \$66,293 and \$62,469 for the years ended 2012 and 2011, respectively.

11. Commitments and Contingencies

The Hospital carries malpractice insurance coverage under a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured. The Hospital intends to

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Notes to Consolidated Financial Statements

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renew its coverable on a claims-made basis and has no reason to believe that it may be prevented from renewing such coverage. The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business. U.S. generally accepted accounting principles requires the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Hospital has evaluated its exposure to losses arising from potential claims and determined that no such accrual is necessary for the year ended September 30, 2012.

Litigation: The Hospital is involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results of operations.

Operating Leases: The Hospital leases various equipment and facilities under operating leases expiring at various dates through September 2016. Total rental expense in 2012 and 2011 for all operating leases was approximately \$450,000 and \$370,000, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2012, that have initial or remaining lease terms in excess of one year.

<u>Year Ending September 30,</u>	<u>Amount</u>
2013	\$ 400,000
2014	205,000
2015	114,000

12. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods

	<u>2012</u>	<u>2011</u>
Health care services		
Capital acquisitions	\$ 65,310	\$ 78,194
Bond principal	1,444,075	-
Adult daycare	1,424	4,479
Health education	44,254	43,809
Indigent care	477,245	462,263
Building pledges	338,768	728,796
Net appreciation of permanently restricted net assets	<u>6,959,112</u>	<u>5,585,646</u>
	<u>\$ 9,330,188</u>	<u>\$ 6,903,187</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Permanently restricted net assets are restricted to:

	<u>2012</u>	<u>2011</u>
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as operating when released)	\$ 3,080,613	\$ 3,072,794
Indigent care	<u>411,294</u>	<u>411,294</u>
	<u><u>\$ 3,491,907</u></u>	<u><u>\$ 3,484,088</u></u>

13. Pension Plan

In June 2011, the Board of Trustees voted to curtail benefits under the defined benefit plan effective October 1, 2011. All benefits for active employees became fully vested at that time. The projected benefit obligation at September 30, 2011 has been adjusted to reflect a curtailment gain of \$1,964,872, which is primarily due to the elimination of deferred losses. There are no immediate plans to settle the benefit obligation.

Beginning July 2005, the Hospital sponsored a contributory defined contribution plan available to substantially all employees. The Hospital's policy under the defined contribution plan is to fund its portion of amounts due under the plan on a current basis and to recognize expense as incurred. Expense related to this plan for the years ended September 30, 2012 and 2011 approximated \$812,500 and \$332,000, respectively.

The following tables set forth the funded status of the defined benefit plan and amounts recognized in the Hospital's financial statements as of and for the years ended September 30:

	<u>2012</u>	<u>2011</u>
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 13,416,605	\$ 14,058,025
Service cost	-	501,030
Interest cost	670,647	748,041
Benefits paid	(1,045,144)	(675,064)
Curtailment	-	(1,964,872)
Actuarial loss	<u>1,399,113</u>	<u>749,445</u>
 Benefit obligation, end of year	 <u>\$ 14,441,221</u>	 <u>\$ 13,416,605</u>
Accumulated benefit obligation	\$ 14,441,221	\$ 13,416,605
Effect of future compensation increases	-	-
Projected benefit obligation	<u>\$ 14,441,221</u>	<u>\$ 13,416,605</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 8,496,548	\$ 7,919,581
Actual return on plan asset	1,349,510	(181,058)
Employer contributions	801,963	1,433,089
Benefits paid	<u>(1,045,144)</u>	<u>(675,064)</u>
Fair value of plan assets, end of year	<u>\$ 9,602,877</u>	<u>\$ 8,496,548</u>
Funded status - accrued liability		
	<u>\$ (4,838,344)</u>	<u>\$ (4,920,057)</u>
Amounts recognized in other changes in unrestricted net assets		
Actuarial loss	<u>\$ 4,829,732</u>	<u>\$ 4,498,398</u>
Total	<u>\$ 4,829,732</u>	<u>\$ 4,498,398</u>

The incremental increase in the amount recognized in other changes in unrestricted net assets was \$331,334 for the year ended September 30, 2012, and has been reflected outside the operating indicator in the statement of operations.

The actuarial loss for the Plan that is expected to be amortized from unrestricted net assets into net periodic pension benefit cost over the next fiscal year is \$366,012.

For the years ended September 30, net pension cost for the Plan included the following components:

	<u>2012</u>	<u>2011</u>
Service cost for benefits earned during the year	\$ -	\$ 501,030
Interest cost on projected benefit obligation	670,647	748,041
Expected return on Plan assets	(635,922)	(603,791)
Asset loss	(713,588)	784,849
Net amortization and deferral	<u>1,067,779</u>	<u>(406,734)</u>
Net periodic pension benefit cost	<u>\$ 388,916</u>	<u>\$ 1,023,395</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Assumptions

The weighted average assumptions used in the measurement of the Hospital's benefit obligation at September 30:

	<u>2012</u>	<u>2011</u>
Discount rate	4.25 %	5.00 %

The weighted average assumptions used in the measurement of the Hospital's net periodic pension cost for the years ended September 30 are shown in the following table

	<u>2012</u>	<u>2011</u>
Discount rate	5.00 %	5.50 %
Expected long-term return on plan assets	7.50 %	7.50 %

The Hospital considers various factors in estimating the expected long-term rate of return on plan assets. Among the factors considered are the historical long-term returns on plan assets, the current and expected allocation of plan assets, input from actuaries and investment consultants, and long-term inflation assumptions. The expected allocation of plan assets is based on a diversified portfolio consisting of domestic and international equity and fixed income securities.

Plan Assets

The Hospital's investment policy for its pension plan is to balance risk and return using a diversified portfolio consisting primarily of high quality equity and fixed income securities. To accomplish this goal, the plan's assets are actively managed by outside investment managers with the objective of optimizing long-term return while maintaining a high standard of portfolio quality and proper diversification. The Hospital monitors the maturities of fixed income securities so that there is sufficient liquidity to meet current benefit payment obligations. The Hospital's Investment Committee provides oversight of the plan investments and the performance of the investment managers.

Cash Flows

The Hospital funds the Hospital's pension plan and no contributions are made by employees. The Hospital funds the plan annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the Hospital's actuary. However, the Hospital may also fund the plan in excess of the minimum required amount. The Hospital does not expect to make a contribution to the plan in fiscal year 2013.

Cash contributions in subsequent years will depend on a number of factors including performance of plan assets.

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Projected Benefit Payments

<u>Year Ending</u>	<u>Expected Benefit Payments</u>
2013	\$ 247,000
2014	272,000
2015	369,000
2016	502,000
2017	539,000
2018-2022	4,009,000

14. Concentrations of Credit Risk

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

	<u>2012</u>	<u>2011</u>
Medicare	29 %	36 %
Medicaid	7	7
Anthem Blue Cross	7	8
Other third-party payors	17	15
Patients	40	34
	<u>100 %</u>	<u>100 %</u>

ADDITIONAL INFORMATION

HUGGINS HOSPITAL AND SUBSIDIARY

Other Operating Revenues

Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Investment income	\$ 2,495	\$ 3,815
Assisted living revenue	911,114	789,513
Space and equipment rentals	119,230	129,469
Miscellaneous	615,647	1,175,870
Non-patient pharmacy and supplies	14,100	22,712
Employee meals	222,272	229,054
Coffee and gift shop revenue	9,800	11,317
Huggins Senior Housing	235,873	172,341
Meals on Wheels	<u>28,577</u>	<u>26,818</u>
 Total other operating revenues and other investment income	 <u>\$ 2,159,108</u>	 <u>\$ 2,560,909</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidating Balance Sheets

September 30, 2012

ASSETS

	Huggins Hospital	Huggins Senior Housing	Total	Eliminations	Consolidated
Current assets					
Cash and cash equivalents	\$ 5,482,714	\$ 235,649	\$ 5,718,363	\$ -	\$ 5,718,363
Assets limited as to use - current portion	428,485	-	428,485	-	428,485
Accounts receivable from patients, net	6,208,036	-	6,208,036	-	6,208,036
Pledges receivable	176,766	-	176,766	-	176,766
Other accounts/notes receivable	168,121	26,230	194,351	-	194,351
Other current assets	637,547	5,371	642,918	-	642,918
Total current assets	13,101,669	267,250	13,368,919	-	13,368,919
Assets limited as to use, less current portion					
Pledges receivable, net	10,092,342	-	10,092,342	-	10,092,342
Property and equipment, net	162,447	-	162,447	-	162,447
Deferred financing costs	59,994,717	369,995	60,364,712	-	60,364,712
Long-term investments	561,961	-	561,961	-	561,961
Cash surrender value of life insurance	18,354,480	-	18,354,480	-	18,354,480
Due from subsidiary	1,293,569	-	1,293,569	-	1,293,569
Total assets	\$ 104,651,750	\$ 637,245	\$ 105,288,995	\$ (1,090,565)	\$ 104,198,430

LIABILITIES AND NET ASSETS (DEFICIT)

Current liabilities					
Accounts payable and other current liabilities	\$ 1,324,638	\$ 32,859	\$ 1,357,497	\$ -	\$ 1,357,497
Accrued salaries and related accounts	2,518,781	-	2,518,781	-	2,518,781
Current portion of long-term debt	455,926	-	455,926	-	455,926
Due to parent	-	1,090,565	1,090,565	(1,090,565)	-
Estimated third-party payor settlements	4,418,565	-	4,418,565	-	4,418,565
Total current liabilities	8,717,910	1,123,424	9,841,334	(1,090,565)	8,750,769
Accrued pension cost	4,838,344	-	4,838,344	-	4,838,344
Interest rate swap	3,296,889	-	3,296,889	-	3,296,889
Long-term debt	25,149,673	-	25,149,673	-	25,149,673
Total liabilities	42,002,816	1,123,424	43,126,240	(1,090,565)	42,035,675
Net assets (deficit)					
Unrestricted	49,826,839	(486,179)	49,340,660	-	49,340,660
Temporarily restricted	9,330,188	-	9,330,188	-	9,330,188
Permanently restricted	3,491,907	-	3,491,907	-	3,491,907
Total net assets (deficit)	62,648,934	(486,179)	62,162,755	-	62,162,755
Total liabilities and net assets (deficit)	\$ 104,651,750	\$ 637,245	\$ 105,288,995	\$ (1,090,565)	\$ 104,198,430

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidating Statements of Operations

Year Ended September 30, 2012

	Huggins Hospital	Huggins Senior Housing	Total	Eliminations	Consolidated
Unrestricted revenues and gains					
Patient service revenue	\$ 55,868,981	\$ -	\$ 55,868,981	\$ -	\$ 55,868,981
Less provision for bad debts	<u>6,146,912</u>	<u>-</u>	<u>6,146,912</u>	<u>-</u>	<u>6,146,912</u>
Net patient service revenue	49,722,069	-	49,722,069	-	49,722,069
Other operating revenues	1,923,235	235,873	2,159,108	-	2,159,108
Investment income allotted for operations	481,416	-	481,416	-	481,416
Net assets released from restrictions for operating purposes	<u>126,293</u>	<u>-</u>	<u>126,293</u>	<u>-</u>	<u>126,293</u>
Total revenues and gains	<u>52,253,013</u>	<u>235,873</u>	<u>52,488,886</u>	<u>-</u>	<u>52,488,886</u>
Expenses					
Salaries and wages	24,153,499	-	24,153,499	-	24,153,499
Supplies and other	23,522,667	120,914	23,643,581	-	23,643,581
Depreciation and amortization	4,926,276	2,912	4,929,188	-	4,929,188
Interest	<u>1,498,096</u>	<u>-</u>	<u>1,498,096</u>	<u>-</u>	<u>1,498,096</u>
Total expenses	<u>54,100,538</u>	<u>123,826</u>	<u>54,224,364</u>	<u>-</u>	<u>54,224,364</u>
Operating (loss) income	(1,847,525)	112,047	(1,735,478)	-	(1,735,478)
Nonoperating gains (losses)					
Contributions	266,193	-	266,193	-	266,193
Development costs	(49,581)	-	(49,581)	-	(49,581)
Nonoperating investment income	223,166	-	223,166	-	223,166
Change in value of interest rate swap	<u>(134,031)</u>	<u>-</u>	<u>(134,031)</u>	<u>-</u>	<u>(134,031)</u>
Nonoperating gains, net	<u>305,747</u>	<u>-</u>	<u>305,747</u>	<u>-</u>	<u>305,747</u>
(Deficiency) excess of revenues and gains over expenses	(1,541,778)	112,047	(1,429,731)	-	(1,429,731)
Net assets released from restrictions for capital acquisitions	500,083	-	500,083	-	500,083
Net unrealized losses on investments	(4,677)	-	(4,677)	-	(4,677)
Pension liability adjustment	<u>(331,334)</u>	<u>-</u>	<u>(331,334)</u>	<u>-</u>	<u>(331,334)</u>
Decrease in unrestricted net assets	<u>\$ (1,377,706)</u>	<u>\$ 112,047</u>	<u>\$ (1,265,659)</u>	<u>\$ -</u>	<u>\$ (1,265,659)</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidating Statements of Cash Flows

Year Ended September 30, 2012

	Huggins Hospital	Huggins Senior Housing	Total
Cash flows from operating activities			
Change in net assets	\$ 1,057,114	\$ 112,047	\$ 1,169,161
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Depreciation and amortization	4,926,276	2,912	4,929,188
Provision for bad debts	6,146,912	-	6,146,912
Gain on sale of property and equipment	(5,034)	-	(5,034)
Net realized and unrealized gains on investments	(1,722,898)	-	(1,722,898)
Pension liability adjustment	331,334	-	331,334
Unrealized loss on interest rate swap	134,031	-	134,031
Restricted contributions	(734,423)	-	(734,423)
Charitable remainder trust	(908,800)	-	(908,800)
(Increase) decrease in			
Accounts receivable from patients	(6,004,540)	-	(6,004,540)
Estimated third-party payor settlements	4,776,486	-	4,776,486
Other current assets	(41,965)	(447)	(42,412)
Other accounts/notes receivable	493,080	7,313	500,393
Increase (decrease) in			
Accounts payable and other current liabilities	(348,949)	3,781	(345,168)
Accrued salaries and related accounts	(374,769)	-	(374,769)
Due from (to) subsidiary	(21,263)	21,263	-
Accrued pension cost	(413,047)	-	(413,047)
Net cash provided by operating activities	<u>7,289,545</u>	<u>146,869</u>	<u>7,436,414</u>
Cash flows from investing activities			
Purchase of property and equipment	(1,160,560)	-	(1,160,560)
Proceeds from sale of property and equipment	12,880	-	12,880
Purchase of investments	(30,390,390)	-	(30,390,390)
Proceeds from sale of investments	<u>25,185,763</u>	<u>-</u>	<u>25,185,763</u>
Net cash used by investing activities	<u>(6,352,307)</u>	<u>-</u>	<u>(6,352,307)</u>
Cash flows from financing activities			
Payments on long-term debt	(262,971)	-	(262,971)
Proceeds from restricted contributions	<u>1,124,006</u>	<u>-</u>	<u>1,124,006</u>
Net cash provided by financing activities	<u>861,035</u>	<u>-</u>	<u>861,035</u>
Net increase in cash and cash equivalents	1,798,273	146,869	1,945,142
Cash and cash equivalents, beginning of year	<u>3,684,441</u>	<u>88,780</u>	<u>3,773,221</u>
Cash and cash equivalents, end of year	<u>\$ 5,482,714</u>	<u>\$ 235,649</u>	<u>\$ 5,718,363</u>

HUGGINS HOSPITAL

Schedule 5

Net Patient Service Revenue (Hospital Only)

Years Ended September 30, 2012 and 2011

	Inpatient		Outpatient		Total	
	2012	2011	2012	2011	2012	2011
Room and board						
Medical, surgical, and obstetrics	\$ 3,460,071	\$ 3,758,389	\$ -	\$ -	\$ 3,460,071	\$ 3,758,389
Intensive care unit	1,444,881	1,127,174	-	-	1,444,881	1,127,174
Medium care facility	1,507,096	536,900	-	-	1,507,096	536,900
Extended care facility	41,107	2,491,733	-	-	41,107	2,491,733
Total room and board	6,453,155	7,914,196	-	-	6,453,155	7,914,196
Patient services						
Operating room	3,223,889	3,072,438	6,101,863	4,955,869	9,325,752	8,028,307
Recovery room	38,933	49	309,401	316,428	348,334	316,477
Central services and supply	15,373	3,005	19,084	26,596	34,457	29,601
Emergency room	408,817	9,792	11,334,056	10,452,021	11,742,873	10,461,813
Observation	-	-	1,623,405	1,081,680	1,623,405	1,081,680
Anesthesiology	484,436	485,529	1,490,166	1,278,772	1,974,602	1,764,301
Inpatient procedures	204,500	210,437	-	-	204,500	210,437
Total patient services	4,375,948	3,781,250	20,877,975	18,111,366	25,253,923	21,892,616
Other professional services						
Laboratory	1,820,918	1,924,079	13,774,673	14,671,930	15,595,591	16,596,009
Electrocardiology	144,701	149,054	878,901	925,830	1,023,602	1,074,884
Medical imaging	1,208,728	1,348,453	16,914,484	16,088,725	18,123,212	17,437,178
Pharmacy	1,775,673	2,795,346	4,071,396	3,354,272	5,847,069	6,149,618
Respiratory therapy	755,933	1,514,860	271,686	340,665	1,027,619	1,855,525
Physical therapy	620,128	1,110,756	3,770,509	3,611,762	4,390,637	4,722,518
Occupational therapy	809,081	1,217,659	310,634	277,490	1,119,715	1,495,149
Speech therapy	103,658	115,084	173,722	245,945	277,380	361,029
Cardiac rehabilitation	10,994	6,108	476,831	508,302	487,825	514,410
Total other professional services	7,249,814	10,181,399	40,642,836	40,024,921	47,892,650	50,206,320
Physician practices						
Total revenues from services to patients	\$ 18,078,917	\$ 21,876,845	\$ 73,677,169	\$ 70,474,253	\$ 91,756,086	\$ 92,351,098
Deductions from revenues						
Contractual allowances						
Medicare					19,290,560	19,351,779
Other payors					12,744,148	14,430,865
					32,034,708	33,782,644
Free care and charity allowances					3,852,397	3,633,401
Total contractual allowances and discounts					35,887,105	37,416,045
Patient service revenue (net of contractual allowance and discounts)					55,868,981	54,935,053
Less provision for bad debts					6,146,912	5,289,734
Net patient service revenue					\$ 49,722,069	\$ 49,645,319

HUGGINS HOSPITAL

Schedule 6

Expenses (Hospital Only)

Years Ended September 30, 2012 and 2011

	<u>Salaries and Wages</u>		<u>Supplies, Expenses, and Fees</u>		<u>Depreciation and Amortization</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Clinical services								
Administrative office	\$ 607,211	\$ 600,521	\$ 9,381	\$ 9,004	\$ 25,498	\$ 24,218	\$ 642,090	\$ 633,743
Adult day care	56,801	80,608	11,282	13,858	3,184	4,184	71,267	98,650
Anesthesiology	145,911	111,818	561,295	469,844	15,455	15,455	722,661	597,117
Assisted living	404,381	403,100	137,366	141,058	90,465	86,280	632,212	630,438
Bio medicine	-	-	9	153	-	-	9	153
Cardiac rehabilitation	127,963	131,103	38,303	31,829	12,988	13,695	179,254	176,627
Central services and supply	80,598	81,926	84,590	45,589	98,009	96,626	263,197	224,141
Clinical laboratory	843,723	951,385	1,098,853	1,295,228	127,569	123,310	2,070,145	2,369,923
Education	-	-	7,688	5,136	14,634	14,544	22,322	19,680
Emergency room	1,633,284	1,626,363	1,715,852	1,660,688	287,050	276,885	3,636,186	3,563,936
Extended care facility	134,270	1,476,506	7,801	481,749	8,092	51,962	150,163	2,010,217
Infection control	57,314	55,462	402	1,032	780	815	58,496	57,309
Intensive care unit	703,434	710,523	47,500	29,071	149,771	142,555	900,705	882,149
Medical, surgical, and obstetrics	2,051,844	1,974,553	190,971	233,583	782,532	738,628	3,025,347	2,946,764
Medical building	13,248	12,724	-	-	-	-	13,248	12,724
Occupational health	42,160	43,193	1,883	2,099	157	1,609	44,200	46,901
Occupational therapy	213,442	378,782	4,137	26,693	545	558	218,124	406,033
Operating room	634,135	600,931	1,117,641	999,191	495,163	475,617	2,246,939	2,075,739
Pharmacy	498,810	568,047	1,295,539	1,316,787	54,333	43,372	1,848,682	1,928,206
Physical therapy	1,159,096	1,204,333	135,971	168,592	101,758	97,293	1,396,825	1,470,218
Physician practices	7,613,783	7,601,844	2,331,958	1,659,036	249,513	247,048	10,195,254	9,507,928
Quality assurance	110,617	83,017	8,938	24,958	4,361	4,125	123,916	112,100
Recovery room	491,950	473,109	46,223	31,858	18,230	18,700	556,403	523,667
Respiratory therapy	306,011	377,109	54,991	80,223	49,867	47,821	410,869	505,153
School nurses	232,099	190,931	-	-	-	-	232,099	190,931
Social services	66,072	119,867	125	540	4,187	4,003	70,384	124,410
Speech therapy	-	-	98,488	117,465	514	519	99,002	117,984
	18,228,157	19,857,755	9,007,187	8,845,264	2,594,655	2,529,822	29,829,999	31,232,841

HUGGINS HOSPITAL

Schedule 6 (Concluded)

Expenses (Hospital Only)

Years Ended September 30, 2012 and 2011

	Salaries and Wages		Supplies, Expenses, and Fees		Depreciation and Amortization		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Operations								
Coffee and gift shop	\$ -	\$ -	\$ 8,249	\$ 11,236	\$ 8,436	\$ 7,948	\$ 16,685	\$ 19,184
Marketing	91,036	111,268	26,191	110,312	18,930	17,898	136,157	239,478
Dietary services	553,981	643,977	297,730	346,799	233,785	218,673	1,085,496	1,209,449
Housekeeping	346,710	323,705	54,730	57,831	22,452	21,324	423,892	402,860
Laundry and linen	54	22,752	134,850	210,048	4,736	5,070	139,640	237,870
Medical imaging	969,946	989,568	1,194,472	1,236,463	607,447	576,221	2,771,865	2,802,252
Medical buildings	-	-	47,832	57,543	131,656	138,205	179,488	195,748
Operations	232,396	214,604	46,608	46,675	21,172	20,071	300,176	281,350
Plant	409,984	541,089	2,082,534	2,180,067	331,736	310,494	2,824,254	3,031,650
Purchasing	157,264	231,764	80,424	73,080	104,881	103,026	342,569	407,870
Volunteer program	44,695	45,945	7,336	7,171	1,045	1,183	53,076	54,299
	2,806,066	3,124,672	3,980,956	4,337,225	1,486,276	1,420,113	8,273,298	8,882,010
Financial services								
Administrative office	2,536,524	2,506,346	1,909,131	2,315,953	768,541	643,172	5,214,196	5,465,471
Employee retirement	-	-	1,300,791	1,439,292	-	-	1,300,791	1,439,292
General insurance	-	-	917,379	1,260,609	-	-	917,379	1,260,609
Group insurance	-	-	3,837,461	3,573,492	-	-	3,837,461	3,573,492
Health information	582,752	523,592	290,906	274,279	76,804	71,540	950,462	869,411
Telephone	-	-	109,532	170,094	-	-	109,532	170,094
Medicaid Enhancement Tax	-	-	2,169,324	2,313,363	-	-	2,169,324	2,313,363
	3,119,276	3,029,938	10,534,524	11,347,082	845,345	714,712	14,499,145	15,091,732
Interest expense	-	-	1,498,096	1,517,243	-	-	1,498,096	1,517,243
Loss on disposal of property and equipment	-	-	-	21,097	-	-	-	21,097
Total expenses	\$ 24,153,499	\$ 26,012,365	\$ 25,020,763	\$ 26,067,911	\$ 4,926,276	\$ 4,664,647	\$ 54,100,538	\$ 56,744,923

HUGGINS HOSPITAL

Schedule 7

Restricted Funds

Year Ended September 30, 2012

	<u>Net Assets</u> <u>October 1, 2011</u>	<u>Contributions</u>	<u>Net Assets</u> <u>September 30, 2012</u>	<u>Temporarily</u> <u>Restricted</u> <u>October 1, 2011</u>	<u>Investment</u> <u>Income and Net</u> <u>Appreciation</u>	<u>Transfers</u> <u>to</u> <u>Other Funds</u>	<u>Temporarily</u> <u>Restricted</u> <u>September 30, 2012</u>
Permanently restricted net assets							
Income restricted for free care							
Frank P Blake	\$ 305	\$ -	\$ 305	\$ 1,704	\$ 64	\$ -	\$ 1,768
The Camp Fund	32,656	-	32,656	143,954	3,548	-	147,502
Abbie H Chamberland	3,000	-	3,000	4,713	595	-	5,308
Charles W Davis	4,520	-	4,520	3,875	888	-	4,763
J McKenzie Haley	2,000	-	2,000	1,797	393	-	2,190
Carrie L Knight	5,425	-	5,425	8,641	1,084	-	9,725
Frank W Lowe	5,000	-	5,000	6,230	1,006	-	7,236
Albert N Parlin	15,000	-	15,000	14,984	2,912	-	17,896
Susan A Thompson Widden	5,000	-	5,000	6,392	987	-	7,379
Marie Robbins	29,500	-	29,500	8,198	2,365	-	10,563
W Herbert Lamb	256,129	-	256,129	33,677	24,892	-	58,569
Income restricted for other purposes							
Eliza W Hanson	14,832	-	14,832	42,695	1,606	-	44,301
Dr Ralph Adams	12,927	-	12,927	12,760	862	-	13,622
Francis Sinclair	25,000	-	25,000	141,316	3,307	-	144,623
Total income restricted	<u>411,294</u>	<u>_____</u>	<u>411,294</u>	<u>430,936</u>	<u>44,509</u>	<u>_____</u>	<u>475,445</u>
Income unrestricted							
Lydia Jones Burbank	2,500	-	2,500	-	298	(298)	-
Lydia F Chadwick	14,000	-	14,000	-	2,725	(2,725)	-
Greanleaf Clark	4,365	-	4,365	-	850	(850)	-
Fred and Bessie Clow	7,247	-	7,247	-	1,020	(1,020)	-
Martha Corkum	1,978	-	1,978	-	303	(303)	-
Edmond F Dagnino	9,031	-	9,031	-	867	(867)	-
Dr W J Paul Dye	7,210	-	7,210	-	1,023	(1,023)	-
George W Elkins	9,690	-	9,690	-	1,268	(1,268)	-
Charlotte B Hoagland	1,000	-	1,000	-	195	(195)	-
Theodore and Mable Lafayette	7,674	-	7,674	-	796	(796)	-
James H Martin	10,000	-	10,000	-	1,947	(1,947)	-
James H and Mary Martin	394,468	-	394,468	-	40,635	(40,635)	-
Jennie H Sinclair	1,000	-	1,000	-	195	(195)	-
Fred A Stackpole	5,000	-	5,000	-	517	(517)	-
Ada Smith Tibbets	181	-	181	-	22	(22)	-
Gladys White Long	84,500	-	84,500	-	8,205	(8,205)	-
Ralph and Edna Dube	186,150	-	186,150	-	17,076	(17,076)	-
Clark Robinson	69,357	7,819	77,176	-	-	-	-
Fred R and Nellie F Blake	65,559	-	65,559	-	6,207	(6,207)	-
Jennie H Sinclair	1,181,616	-	1,181,616	-	111,875	(111,875)	-
Col and Mrs Hugh Wilkin	52,253	-	52,253	-	4,947	(4,947)	-
George W Rockwell Foundation	958,015	-	958,015	-	90,704	(90,704)	-
Total income unrestricted	<u>3,072,794</u>	<u>7,819</u>	<u>3,080,613</u>	<u>_____</u>	<u>291,675</u>	<u>(291,675)</u>	<u>_____</u>
Temporarily restricted appreciation on permanently restricted net assets							
Total endowments	<u>\$ 3,484,088</u>	<u>\$ 7,819</u>	<u>\$ 3,491,907</u>	<u>\$ 5,585,646</u>	<u>\$ 1,525,875</u>	<u>\$ (152,411)</u>	<u>\$ 6,959,110</u>
				<u>\$ 6,016,582</u>	<u>\$ 1,862,059</u>	<u>\$ (444,086)</u>	<u>\$ 7,434,555</u>

