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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

C Name of organization
UPPER CONNECTICUT VALLEY HOSPITAL

Doing Business As

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

City or town, state or country, and ZIP + 4
COLEBROOK, NH 03576

D Employer identification number
02-0276210

E Telephone number
(603) 237-4971

G Gross receipts $ 14,880,454

F Name and address of principal officer
WINSTON YOUNG
CORLISS LANE
COLEBROOK,NH 03576

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW DARTMOUTH-HITCHCOCK ORG/UCVH

K Form of organization ☐ Corporation ☐ Trust ☑ Association ☐ Other ▶ | **L** Year of formation 1969 | **M** State of legal domicile NH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE HEALTH CARE SERVICES

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	169
6	Total number of volunteers (estimate if necessary)	**6**	10
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	94,567	54,407
	9 Program service revenue (Part VIII, line 2g)	15,281,183	14,031,660
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	388,046	344,058
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	408,329	421,752
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	16,172,125	14,851,877
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	85,000
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	7,449,464	7,918,126
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶612		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	8,184,968	7,271,882
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	15,634,432	15,275,008
	19 Revenue less expenses Subtract line 18 from line 12	537,693	-423,131

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	16,103,171	17,882,185
	21 Total liabilities (Part X, line 26)	4,352,765	4,758,783
	22 Net assets or fund balances Subtract line 21 from line 20	11,750,406	13,123,402

Part II Signature Block

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

Sign Here

****** | 2013-02-04
Signature of officer | Date

JAMES TIBBETTS TREASURER
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ W JAY SIMMS	Date 2013-02-04	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions) P00435321
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ TYLER SIMMS & STSAUVEUR CPAS PC 19 MORGAN DRIVE LEBANON, NH 03766			EIN ▶ 02-0476956 Phone no ▶ (603) 653-0044

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

UPPER CONNECTIBUT VALLEY HOSPITAL STRIVES TO IMPROVE THE WELL-BEING OF THE RURUAL COMMUNITIES IT SERVES BY PROMOTING HEALTH AND ASSURING ACCESS TO QUALITY CARE

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 12,213,419 including grants of $ 85,000) (Revenue $ 14,418,065)

UPPER CONNECTICUT VALLEY HOSPTIAL PROVIDED HOSPITAL CARE AND INPATIENTS AND OUTPATIENTS SERVICES ON A REGION-WIDE BASIS

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

THE NET CHARITY CARE PROVIDED BY THE HOSPITAL FOR THE YEAR-ENDED SEPTEMBER 30, 2012 WAS $701,937

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 12,213,419

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	38		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	169			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	9		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9		
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 ▶

THE ORGANIZATION
UCVH CORLISS LANE
COLEBROOK, NH 03576
(603) 237-4971

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) E HARLAN CONNARY SECRETARY	1 00	X						0	0	0
(2) SHIRLEY POWELL TRUSTEE	1 00	X						0	0	0
(3) GREG E PLACY VICE CHAIRMAN	1 00	X						0	0	0
(4) JAMES TIBBETTS TREASURER	1 00	X						0	0	0
(5) WINSTON YOUNG CHAIRMAN	1 00	X						0	0	0
(6) THE REV CRAIG CHENEY TRUSTEE	1 00	X						0	0	0
(7) PALMER LEWIS TRUSTEE	1 00	X						0	0	0
(8) BRUCE BEAN TRUSTEE	1 00	X						0	0	0
(9) ODETTE CRAWFORD TRUSTEE	1 00	X						0	0	0
(10) CHARLES WHITE CHEIF ADMINISTRATIVE OFFICER	40 00			X				110,098	0	18,036
(11) ROBERT GOOCH PHARMACY DIRECTOR	40 00					X		142,593	0	3,493
(12) FERIAL LADAK MD PHYSICIAN HOSPITALISTS	29 00					X		185,760	0	5,585
(13) ROBERT SOUCY MD PHYSICIAN ED	47 00					X		201,986	0	23,945
(14) JOSEPH KIERNAN MD GENERAL SURGEON	31 00					X		180,335	0	25,069
(15) EDWARD LAVERTY CHIEF OF STAFF/EX-OFFICIO	53 00					X		165,661	0	23,941

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								986,433	0	100,069

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 ▶ 12

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ANDROSCOGGIN VALLEY HOSPITAL 59 PAGE HILL ROAD BERLIN, NH 03570	REHAB PERSONNEL & SERVICES	522,794
VISTA STAFFING SOLUTIONS FILE 50834 LOS ANGELES, CA 50834	PROVIDES LOCUMS PHYSICIANS FOR HOSPITALI	423,758
HELMS & COMPANY INC 1 PILLSBURY STREET CONCORD, NH 03301	TEMPORARY CEO AND INSURANCE CONTRACT MAN	178,344

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 ▶ 3

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	46,535			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	7,872			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		54,407			
Program Service Revenue			Business Code				
	2a	NET PATIENT REVENUE	621990	14,031,660	14,031,660		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		14,031,660			
	3	Investment income (including dividends, interest and other similar amounts)		45,713			45,713
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	326,922				
	b	Less cost or other basis and sales expenses	0	28,577			
	c	Gain or (loss)	326,922	-28,577			
	d	Net gain or (loss)		298,345			298,345
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	OTHER INCOME	900099	194,577	194,577		
	b	SCHOOL NURSE PROGRAM	900099	158,560	158,560		
	c	CAFETERIA	900099	35,347			35,347
	d	All other revenue		33,268	33,268		
	e	**Total.** Add lines 11a–11d		421,752			
	12	**Total revenue.** See Instructions		14,851,877	14,418,065	0	379,405

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	85,000	85,000		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	148,004		148,004	
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	6,259,717	5,412,927	846,790	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	37,343	31,635	5,708	
9	Other employee benefits	1,090,728	939,260	151,468	
10	Payroll taxes	382,334	323,888	58,446	
11	Fees for services (non-employees)				
a	Management				
b	Legal	75,240		75,240	
c	Accounting	69,000		69,000	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other				
12	Advertising and promotion	32,027	27,287	4,740	
13	Office expenses	1,173,550	1,110,852	62,698	
14	Information technology	204,931	141,395	63,536	
15	Royalties . .				
16	Occupancy	639,244	549,595	89,649	
17	Travel	115,605	73,082	42,523	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	11,166		11,166	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	649,083	649,083		
23	Insurance	85,835		85,835	
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	PURCHASED SERVICES	1,736,989	1,082,205	654,784	
b	PROVISION FOR BAD DEBT	1,126,703	1,126,703		
c	MEDICAID ENHANCEMENT TA	593,177		593,177	
d	REPAIRS AND MAINTENANCE	227,929	220,550	7,379	
e					
f	All other expenses	531,403	439,957	90,834	612
25	**Total functional expenses.** Add lines 1 through 24f	15,275,008	12,213,419	3,060,977	612
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		565,903	1	652,544
	2	Savings and temporary cash investments		1,713,405	2	3,077,268
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		1,517,504	4	1,455,924
	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		279,493	8	288,789
	9	Prepaid expenses and deferred charges		204,376	9	121,176
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 10,403,082			
	b	Less accumulated depreciation	10b 6,303,636	4,522,692	10c	4,099,446
	11	Investments—publicly traded securities		5,916,947	11	7,021,043
	12	Investments—other securities See Part IV, line 11		808,417	12	704,068
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		574,434	15	461,927
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		16,103,171	16	17,882,185
Liabilities	17	Accounts payable and accrued expenses		1,303,529	17	1,213,582
	18	Grants payable			18	
	19	Deferred revenue		24,790	19	15,476
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		1,767,718	23	1,561,549
	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		1,256,728	25	1,968,176
	26	**Total liabilities.** Add lines 17 through 25		4,352,765	26	4,758,783
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		10,595,930	27	12,521,395
	28	Temporarily restricted net assets		1,085,291	28	532,822
	29	Permanently restricted net assets		69,185	29	69,185
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		11,750,406	33	13,123,402
	34	Total liabilities and net assets/fund balances		16,103,171	34	17,882,185

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	14,851,877
2	Total expenses (must equal Part IX, column (A), line 25)	2	15,275,008
3	Revenue less expenses Subtract line 2 from line 1	3	-423,131
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	11,750,406
5	Other changes in net assets or fund balances (explain in Schedule O)	5	1,796,127
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	13,123,402

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number
02-0276210

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(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	Yes	No	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

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
UPPER CONNECTICUT VALLEY HOSPITAL	02-0276210

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		3,525
j	Total lines 1c through 1i			3,525
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	UPPER CONNECTICUT VALLEY HOSPITAL IS A MEMBER OF THE NEW HAMPSHIRE HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION A PORTION OF THE DUES PAID TO THESE ORGANIZATIONS IS AVAILABLE FOR LOBBYING EXPENDITURES ON BEHALF OF UCVH AND OTHER MEMBER ORGANIZATIONS IN FURTHERANCE OF THEIR EXEMPT PURPOSES UPPER CONNECTICUT VALLEY HOSPITAL DOES NOT DIRECLTY PERFORM ANY LOBBYING ACTIVITIES

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number
02-0276210

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	129,746	127,616	112,258	111,704	
b Contributions					
c Investment earnings or losses	31,310	2,130	15,358	554	
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	161,056	129,746	127,616	112,258	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 45 370 %
- c Term endowment ▶ 54 630 %

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

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		9,700		9,700
b Buildings		4,168,991	1,996,649	2,172,342
c Leasehold improvements		231,555	79,643	151,912
d Equipment		5,980,886	4,227,344	1,753,542
e Other		11,950		11,950
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				4,099,446

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
DUE TO THIRD PARTY PAYERS	1,946,914
CAPITAL LEASE	21,262
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	1,968,176

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	14,851,877
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	15,275,008
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-423,131
4	Net unrealized gains (losses) on investments	4	669,424
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	1,126,703
9	Total adjustments (net) Add lines 4 - 8	9	1,796,127
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	1,372,996

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	14,950,660
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	669,424		
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	669,424
3	Subtract line **2e** from line **1**			3	14,281,236
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	570,641		
c	Add lines **4a** and **4b**			4c	570,641
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	14,851,877

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

1	Total expenses and losses per audited financial statements			1	14,147,693
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	14,147,693
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	1,127,315		
c	Add lines **4a** and **4b**			4c	1,127,315
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	15,275,008

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 INVESTMENTS ARE TO BE HELD IN PERPETUITY THE INCOME FROM THE INVESTMENTS IS EXPENDABLE TO SUPPORT THE HOSPITAL'S HEALTH CARE SERVICES
PART XI, LINE 8 - OTHER ADJUSTMENTS		PROVISION FOR BAD DEBT 1,126,703
PART XII, LINE 4B - OTHER ADJUSTMENTS		FUNDRAISING EXPENSES 612 NET ASSETS RELEASED FOR CAP EXPENDITURES 570,029
PART XIII, LINE 4B - OTHER ADJUSTMENTS		FUNDRAISING EXPENSES 612 PROVISION FOR BAD DEBTS 1,126,703

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number
02-0276210

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			680,390	227,882	452,508	3 200 %
b Medicaid (from Worksheet 3, column a)			1,872,399	1,758,848	113,551	0 800 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			2,552,789	1,986,730	566,059	4 000 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			492,279	158,559	333,720	2 360 %
f Health professions education (from Worksheet 5)			136,896		136,896	0 970 %
g Subsidized health services (from Worksheet 6)			4,315,556	2,735,788	1,579,768	11 170 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			85,343		85,343	0 600 %
j **Total** Other Benefits			5,030,074	2,894,347	2,135,727	15 100 %
k **Total.** Add lines 7d and 7j			7,582,863	4,881,077	2,701,786	19 100 %

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			1,880		1,880	0 010 %
3	Community support			2,748		2,748	0 020 %
4	Environmental improvements						
5	Leadership development and training for community members			3,063		3,063	0 020 %
6	Coalition building			62,742		62,742	0 440 %
7	Community health improvement advocacy			6,556		6,556	0 050 %
8	Workforce development						
9	Other			7,242		7,242	0 050 %
10	**Total**			84,231		84,231	0 590 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense	2	620,641		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	19,861		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	7,776,384		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	7,699,390		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	76,994		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes		
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes		

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	UPPER CONNECTICUT VALLEY HOSPITAL 181 CORLISS LANE COLEBROOK, NH 03576	X	X			X		X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

UPPER CONNECTICUT VALLEY 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**	Yes	
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☑ A definition of the community served by the hospital facility			
b ☑ Demographics of the community			
c ☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☑ How data was obtained			
e ☑ The health needs of the community			
f ☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☑ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☑ The process for consulting with persons representing the community's interests			
i ☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 10			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**	Yes	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☑ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☑ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☑ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☑ Inclusion of a community benefit section in operational plans			
f ☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☑ Prioritization of health needs in the community			
h ☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	**7**	Yes	
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**8**	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 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 300 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☑ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 1126703

Identifier	ReturnReference	Explanation
		PART II THE COMMUNITY BUILDING ACTIVITIES UNDERTAKEN BY UCVH CONSIST OF SUPPORTING LOCAL GOVERNMENT AND OTHER HEALTH CARE PROVIDERS, COORDINATION OF DISASTER DRILLS, EMERGENCY PREPAREDNESS AND ALSO SUPPORT OF OTHER LOCAL ORGANIZATIONS WITHIN THE COMMUNITY IN ADDITION, IN AN EFFORT TO PROVIDE THE NECESSARY HEALTH CARE SERVICES FOR THE POPULATION WITHIN A REASONABLE DRIVING DISTANCE, UCVH HAS ENTERED INTO A COLLABORATION WITH THE OTHER TWO COOS COUNTY HOSPITALS TO PROVIDE NECESSARY SPECIALTY SERVICES FOR THE UCVH SERVICE AREA

Identifier	ReturnReference	Explanation
		PART III, LINE 4 COST TO CHARGE RATIO - OVERALL EXPENSES, NOT INCLUDING BAD DEBT, DIVIDED BY GROSS PATIENT REVENUE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 ALLOWABLE COSTS COME FROM THE FILED COST REPORT UCVH USES CCR TO DETERMINE COST, REVENUE RECEIVED IS NET PATIENT REVENUE, DSH FUNDS ARE INCLUDED AS PAYMENTS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B IF KNOWN TO QUALIFY FOR CHARITY OR FINANCIAL ASSISTANCE, THEY ARE GIVEN THE ASSISTANCE NEEDED

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 UCVH COMPLETES A COMMUNITY NEEDS ASSESMENT ON A PERIODIC BASIS THE 2010 COMMUNITY NEEDS ASSESMENT CONDUCTED FOCUS GROUPS TO SOLICIT FEEDBACK FROM KEY STAKEHOLDERS AND ANALYZED TRENDS IN REGARD TO POPULATION HEALTH AND RISK FACTORS FOR COOS COUNTY THE INFORMATION IS USED AS PART OF THE UCVH STRATEGIC PLANNING PROCESS IN 2013, UCVH WILL BE COLLABORATING WITH INDIAN STREAM HEALTH CENTER (A FEDERALLY QUALIFIED HEALTH CENTER) TO PERFORM A COMMUNITY NEEDS ASSESMENT

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 UCVH HAS A FULL TIME PATIENT FINANCIAL COUNSELOR WHO IS RESPONSIBLE FOR WORKING WITH PATIENTS AND ANY WHO MAY BE BILLED FOR THEIR CARE TO DETERMINE THEIR ELIGIBILITY, ON A CASE BY CASE BASIS, FOR ANY GOVERNMENT PROGRAMS, SUCH AS MEDICAID OR THE UCVH FINANCIAL ASSISTANCE PROGRAM ALL STAFF AT UCVH, PARTICULARLY REGISTRATION STAFF WHO WILL BE THE FIRST ONES TO NOTICE IF A PATIENT DOES NOT HAVE INSURANCE, ARE TRAINED TO REFER THE PATIENT TO THE FINANCIAL COUNSELOR IN ADDITION, BROCHURES ARE AVAILABLE, AS IS CONTACT INFORMATION ON THE WEBSITE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 UCVH IS THE SMALLEST CRITICAL ACCESS HOSPITAL IN NEW HAMPSHIRE THAT SERVES THE LARGEST GEOGRAPHIC SERVICE AREA (OVER 850 SQUARE MILES) INCLUDING COMMUNITIES IN THE STATES OF NEW HAMPSHIRE, VERMONT, AND MAINE ACCORDING TO THE NEW HAMPSHIRE STATE HEALTH PROFILE, OUR RESIDENTS ARE THE MOST FRAGILE OF ALL CITIZENS IN NEW HAMPSHIRE AS IT RELATES TO HEALTH OUTCOMES AND ECONOMIC CONDITIONS UCVH IS DEPENDENT OF PUBLIC FUNDING AND DISPROPORTIONATE SHARE FUNDING TO SUBSIDIZE THE CARE PROVIDED TO THE PATIENTS WE SERVE

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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number
02-0276210

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) 45TH PARALLEL EMS46 RAMSEY ROAD COLEBROOK,NH 03576	26-2005001	501(C)3	35,000		FMV		AMBULANCE SERVICES
(2) INDIAN STREAM HEALTH CENTER INC2 CORLISS LN RR2 BOX 14 COLEBROOK,NH 03576	20-0999212	501(C)3	50,000		FMV		MEDICAL SERVICES

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

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

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

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

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

Identifier	Return Reference	Explanation

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number
02-0276210

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) FERIAL LADAK MD	(i)	185,760	0	0	183	5,402	191,345	0
	(ii)	0	0	0	0	0	0	0
(2) ROBERT SOUCY MD	(i)	201,986	0	0	4,032	19,913	225,931	0
	(ii)	0	0	0	0	0	0	0
(3) JOSEPH KIERNAN MD	(i)	180,335	0	0	2,800	22,269	205,404	0
	(ii)	0	0	0	0	0	0	0
(4) EDWARD LAVERTY	(i)	165,661	0	0	2,853	21,088	189,602	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number
02-0276210

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE 990 IS PROVIDED TO THE FINANCE COMMITTEE FOR REVIEW AND APPROVAL BEFORE IT IS FILED
	FORM 990, PART VI, SECTION B, LINE 12C	OFFICERS, DIRECTORS, AMD KEY EMPLOYEES ARE REQUIRED TO SIGN A CONFLICT OF INTEREST DOCUMENT
	FORM 990, PART VI, SECTION B, LINE 15	THE HOSPITAL CAO'S COMPENSATION AND BENEFIT PACKAGE IS REVIEWED PERIODICALLY BY COMMUNITY BOARD MEMBERS WHO GOVERN THE NON-PROFIT ORGANZATION AS UNPAID, INDEPENDENT VOLUNTEERS THE PERIODIC REVIEW INCLUDES COMPARABILITY DATA, AND THE DELIBERATION AND DECISION-MAKING IS SUBSTANTIATED BY WRITTEN MINUTES HIS COMPENSATION PACKAGE IS REVIEWED BY THE UCVH BOARD OF TRUSTEES
	FORM 990, PART VI, SECTION C, LINE 18	UVCH MAKES ITS 990 AVAILABLE UPON REQUEST AND ON THE GUIDESTAR WEBSITE
	FORM 990, PART VI, SECTION C, LINE 19	AVAILABLE UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 669,424 PROVISION FOR BAD DEBT 1,126,703 TOTAL TO FORM 990, PART XI, LINE 5 1,796,127

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number
02-0276210

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) WEEKS MEDICAL CENTER 173 MIDDLE STREET LANCASTER, NH 03584 02-0222242	HOSPITAL	NH	501C(3)	170(B)(1)(A)III			No
(2) ANDROSCOGGIN VALLEY HOSPITAL 59 PAGE HILL ROAD BERLIN, NH 03570 02-0280367	HOSPITAL	NH	501C(3)	170(B)(1)(A)III			No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) NORTHERN NH HEALTHCARE COLLABORATIVE LLC 45-5617105	HEALTHCARE COLLABORATIVE	NH		RELATED				No		Yes		33 330 %

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

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) ANDROSCOGGIN VALLEY HOSPITAL	L	605,611	FMV
(2) WEEKS MEDICAL CENTER	L	72,713	FMV
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Additional Data

Software ID:
Software Version:
EIN: 02-0276210
Name: UPPER CONNECTICUT VALLEY HOSPITAL

Form 990, Special Condition Description:

Special Condition Description

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Financial Statements and Independent Auditors' Report

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Table of Contents

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

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

Independent Auditors' Report

To the Board of Trustees of
Upper Connecticut Valley Hospital Association:

We have audited the accompanying statements of financial position of Upper Connecticut Valley Hospital Association as of September 30, 2012 and 2011, and the related statements of operations and changes in unrestricted net assets, 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 the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 financial statements referred to above present fairly, in all material respects, the financial position of Upper Connecticut Valley Hospital Association as of September 30, 2012 and 2011, and the results of its operations, changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying supplementary information is presented for purposes of additional analysis and has not been subjected to the same procedures applied in the audit of the basic financial statements, but has been compiled from information that is the representation of the management of Upper Connecticut Valley Hospital Association without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

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

Lebanon, New Hampshire
December 6, 2012

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Statements of Financial Position

As of September 30, 2012 and 2011

	2012	2011
Assets		
Current assets		
Cash and cash equivalents	$ 3,729,812	$ 2,279,308
Patient accounts receivable, net	1,455,924	1,517,504
Other accounts receivable	411,927	549,434
Inventories of supplies	288,789	279,493
Prepaid expenses and other current assets	121,176	204,376
Total current assets	6,007,628	4,830,115
Assets limited as to use		
Investments - internally designated by Board	7,123,104	5,570,888
Investments - temporarily restricted	528,937	1,085,291
Investments - permanently restricted	73,070	69,185
Total assets limited as to use	7,725,111	6,725,364
Property and equipment	4,099,446	4,522,692
Other assets		
Deposits	50,000	25,000
Total other assets	50,000	25,000
Total assets	$ 17,882,185	$ 16,103,171
Liabilities		
Current liabilities		
Accounts payable	$ 426,825	$ 684,474
Accrued salaries and related accounts	395,682	358,160
Deferred revenue	15,476	24,790
Due to third-party payors	1,946,914	1,225,246
Other accrued expenses	391,075	260,895
Current portion of long-term debt	328,397	258,670
Current portion of capital lease	8,786	8,786
Total current liabilities	3,513,155	2,821,021
Long-term debt, less current portion shown above	1,233,152	1,509,048
Capital lease, less current portion shown above	12,476	22,696
Total liabilities	4,758,783	4,352,765
Commitments and contingencies	-	-
Net assets		
Unrestricted	12,521,395	10,595,930
Temporarily restricted	528,937	1,085,291
Permanently restricted	73,070	69,185
Total net assets	13,123,402	11,750,406
Total liabilities and net assets	$ 17,882,185	$ 16,103,171

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Statements of Operations and Changes in Unrestricted Net Assets

For the Years Ended September 30, 2012 and 2011

	2012	2011
Unrestricted revenues and other support		
Net patient service revenue (Schedule 2)	$ 14,031,660	$ 14,309,260
Other operating revenues (Schedule 2)	418,338	425,311
Net assets released from restriction for operations	123,411	93,386
Total unrestricted revenues and other support	14,573,409	14,827,957
Operating expenses		
Salaries and wages (Schedule 3)	4,434,746	4,631,437
Employee benefits (Schedule 3)	1,528,428	1,489,814
Professional fees and wages (Schedule 3)	2,330,926	2,241,213
Supplies and other expense (Schedule 3)	4,600,167	4,639,742
Medicaid enhancement tax	593,177	637,827
Depreciation	649,083	716,683
Interest	11,166	16,305
Total operating expenses	14,147,693	14,373,021
Income from operations	425,716	454,936
Non-operating gains (losses)		
Investment income, net	901,088	122,587
Town appropriations	20,400	38,850
Unrestricted gifts and bequests	7,753	2,470
Loss on disposal or abandonment of equipment	(28,577)	(18,400)
Other	29,056	19,867
Non-operating gains (losses), net	929,720	165,374
Excess of revenues over expenses	1,355,436	620,310
Other changes in unrestricted net assets		
Net assets released from restrictions for capital expenditures	570,029	103,371
Total changes in unrestricted net assets	570,029	103,371
Increase in unrestricted net assets	1,925,465	723,681
Unrestricted net assets, beginning of year	10,595,930	9,872,249
Unrestricted net assets, end of year	$ 12,521,395	$ 10,595,930

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Statements of Changes in Net Assets

For the Years Ended September 30, 2012 and 2011

	2012	2011
Unrestricted net assets		
Excess of revenues over expenses	$ 1,355,436	$ 620,310
Net assets released from restrictions for capital expenditures	570,029	103,371
Change in unrestricted net assets	1,925,465	723,681
Temporarily restricted net assets		
Contributions restricted as to use	-	2,505
Income from fundraising events, net	-	1,716
Investment income	22,668	27,082
Change in market valuation on investments	90,878	(55,696)
Net assets released from restrictions used for operations	(123,411)	(93,386)
Net assets released from restrictions used for capital expenditures	(570,029)	(103,371)
Endowment investment income	9,099	10,297
Endowment change in market valuation on investments	18,326	(8,167)
Reclassification	(3,885)	-
Change in temporarily restricted net assets	(556,354)	(219,020)
Permanently restricted net assets		
Reclassification	3,885	-
Change in permanently restricted net assets	3,885	-
Change in net assets	1,372,996	504,661
Net assets, beginning of year	11,750,406	11,245,745
Net assets, end of year	$ 13,123,402	$ 11,750,406

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Statements of Cash Flows

For the Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Change in net assets	$ 1,372,996	$ 504,661
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	649,083	716,683
Provision for bad debts	1,126,703	1,249,259
Net change in unrealized (gains) losses on investments	(669,424)	310,343
Realized gain on investments, net	(174,344)	(240,542)
Loss on disposal or abandonment of equipment	28,577	18,400
(Increase) decrease in the following assets:		
Patient accounts receivable, net	(1,065,123)	(1,019,963)
Other accounts receivable	137,507	(212,705)
Inventories of supplies	(9,296)	(4,880)
Prepaid expenses and other current assets	58,200	22,573
Increase (decrease) in the following liabilities:		
Accounts payable	(257,649)	324,348
Accrued salaries and related accounts	37,522	40,825
Deferred revenue	(9,314)	(60,383)
Due to third-party payors	721,668	(122,239)
Other accrued expenses	130,180	196,714
Net cash provided by operating activities	2,077,286	1,723,094
Cash flows from investing activities		
Purchase of property and equipment	(184,414)	(373,677)
Proceeds from sale of investments	1,002,611	1,924,277
Purchase of investments, net of transfers	(1,158,590)	(2,071,777)
Net cash used in investing activities	(340,393)	(521,177)
Cash flows from financing activities		
Payment on long-term debt obligation	(276,169)	(261,921)
Payment on capital lease obligation	(10,220)	(8,028)
Net cash used in financing activities	(286,389)	(269,949)
Net increase in cash and cash equivalents	1,450,504	931,968
Cash and cash equivalents, beginning of year	2,279,308	1,347,340
Cash and cash equivalents, end of year	$ 3,729,812	$ 2,279,308

Supplemental Disclosures of Cash Flow Information

Interest paid	$ 11,166	$ 18,979

Supplemental Disclsoures of Non-Cash Transactions

During the year ended September 30, 2012, the Hospital acquired certain assets through debt financing in the amount of $70,000.

During the year ended September 30, 2011, the Hospital acquired certain assets through debt financing in the amount of $165,740. The Hospital also refinanced certain debt (see Note 6).

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

1. Summary of Significant Accounting Policies:

Organization – Upper Connecticut Valley Hospital Association (the Hospital) is a 16-bed acute care hospital serving Northern New Hampshire. Effective April 1, 2001, the Hospital was designated as a Critical Access Hospital.

Basis of Statement Presentation – The Hospital's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Under FASB ASC Topic 958, all not-for-profit organizations are required to provide a balance sheet, a statement of operations and a statement of cash flows. The ASC requires reporting amounts for the Hospital's total assets, liabilities and net assets in a balance sheet; reporting the change in an organization's net assets in a statement of operations; and reporting the change in its cash and cash equivalents in a statement of cash flow.

ASC Topic 958 also requires net assets and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets - permanently restricted, temporarily restricted and unrestricted - be displayed in a balance sheet and that the amounts of change in each of those classes of net assets be displayed in a statement of operations. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may be or will be met by actions of the Hospital and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Hospital.

Income Taxes – The Hospital is exempt from federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Concentration of Credit Risk – Financial instruments that potentially expose the Hospital to concentrations of credit and market risk consist primarily of cash, investments and receivables. Cash is maintained at high-quality financial institutions and credit exposure is not limited to any one institution. The Hospital has not experienced any losses on its cash. The Hospital's investments do not represent significant concentrations of market risk in as much as the Hospital's investment portfolio is adequately diversified among issuers. See Note 17 for concentration of credit risk for receivables.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

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 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. Management believes that adequate provision has been made for adjustments that may result from final determination of amounts earned under these programs.

1. Summary of Significant Accounting Policies (continued):

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.

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

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 statement of operations and changes in unrestricted net assets 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.

Cash and Cash Equivalents – Cash and cash equivalents include demand deposits, petty cash funds, money market deposits and certificates of deposit with a maturity of three months or less, excluding amounts whose use is limited by board designation or amounts included in investments for temporarily and permanently restricted net assets.

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

Advertising – Advertising costs are charged to operations when incurred.

Receivables – Patients accounts and loans receivable are carried at their estimated collectible amounts. Interest income on applicable loans receivable is recognized using the interest method. Patient credit is generally extended on a short-term basis; thus, patient accounts receivables do not bear interest.

Patient account receivables are periodically evaluated for collectability based on credit history and current financial condition. Provisions for losses on loans receivable are determined on the basis of loss experience, known and inherent risks, estimated value of collateral and current economic conditions.

Assets Limited as to Use – Assets limited as to use primarily include designated assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes.

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

1. Summary of Significant Accounting Policies (continued):

Investments are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is 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 balance sheets and statements of operations and changes in net assets.

Property and Equipment – Property and equipment is stated at cost at time of purchase or fair market value at time of donation, less accumulated depreciation. The Hospital's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures, which do not extend the lives of the related assets. The provision for depreciation has been determined using the straight-line method at rates which are intended to amortize the cost of the assets over their estimated useful lives, which have generally been determined by reference to the recommendations of the American Hospital Association.

The Hospital reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors.

Deferred Revenue – The Hospital records approved grant awards from state agencies as deferred revenue until earned.

Employee Fringe Benefits – The Hospital has an "earned time" plan to provide certain fringe benefits for its employees. Under this plan, each employee "earns" paid leave for each payroll period worked. Accumulated hours may be used for vacations, holidays or illnesses. Hours earned but not used are vested with the employee. The Hospital accrues the cost of these benefits as they are earned.

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

Recent Accounting Pronouncements – In July 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-07, *Health Care Entities Topic 954 – Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities.* The amendments in the ASU require that health care entities change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowance and discounts). Additionally, health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The amendments also require disclosures of patient services revenue (net of contractual allowances and discounts), as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The amendments are effective for periods ending after December 15, 2012, with early adoption permitted. The Hospital adopted the provisions of ASU 2011-07 during 2011 (see Note 2).

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

1. Summary of Significant Accounting Policies (continued):

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

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

2. Charity Care:

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies and equivalent service statistics. The estimated expense incurred to provide charity care totaling $701,937 and $789,632 for the years ended September 30, 2012 and 2011 was $420,685 and $439,918, respectively.

The Hospital estimates its cost of charity care by applying the percentage of operating expenses to unrestricted revenues and gains to the gross charges foregone. The estimated expense ratio per charge is calculated by dividing the total cost of providing charity care by the charity care charge. The following is the percent of charity cost to the hospital as a percent of operating expense for the years ended September 30:

	2012	2011
Percentage of charity cost to total hospital operating expenses	2.97%	3.06%

The Hospital provided charity care for the following number of patient admissions/visits for the years ended September 30:

	2012		2011	
	Charity	% of Total	Charity	% of Total
Inpatient admissions	30	9%	32	8%
Outpatient visits	826	5%	789	4%

2. Charity Care (continued):

Determination of eligibility for charity care is granted on a sliding fee basis. Patients with family income less than 150% of the Federal Poverty Guidelines shall not be responsible for the balance of their account for services rendered at the Hospital. Those with family income at least equal to 151%, but not exceeding 175% of the Federal Poverty Guidelines shall be responsible for 25% of the remaining balance of their accounts. Those with family income at least equal to 176%, but not exceeding 200% of the guidelines will be responsible for 50% of the remaining balance of their accounts. Those with family income at least equal to 201% but less than 300% of the guidelines are responsible for 75% of their balance.

In addition, the Hospital also incurred losses in the treatment of Medicare and Medicaid patients. Both of these government programs reimburse for medical services at less than billed charges to provide these services. The Hospital incurred the following contractual losses during the years ended September 30:

	2012	2011
Inpatient and outpatient services:		
Medicare	$ 4,851,787	$ 6,046,115
Medicaid	1,845,164	2,224,280
	$ 6,696,951	$ 8,270,395

In summary, total tangible value of charity benefits provided by the Hospital was approximately $7,399,000 for 2012 and $9,488,000 for 2011. The Hospital also provided benefits upon which no monetary value can be placed.

3. Net Patient Service Revenue and Patient Accounts Receivable:

Net Patient Service Revenue – Net patient service revenue is reported net of contractual allowances, provision for bad debt, and charity care as follows for the years ended September 30:

	2012	2011
Gross patient service revenue	$ 23,597,383	$ 24,612,124
Plus: Medicaid disproportionate share hospital payments	1,145,951	1,547,225
Less: charity care	701,937	789,632
Total patient service revenue	24,041,397	25,369,717
Less: contractual allowances	8,883,034	9,811,198
Less: provision for bad debt	1,126,703	1,249,259
Net patient service revenue	$ 14,031,660	$ 14,309,260

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:

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

Medicare – During fiscal year 2001, the Hospital applied for, and received approval, to participate in the Medicare program as a Critical Access Hospital (CAH), effective April 1, 2001. The Medicare Critical Access Hospital Program is a component of the Rural Hospital Flexibility Act passed as a part of the Balanced Budget Act of 1997. CAHs can provide outpatient, emergency and limited inpatient services and receive reasonable cost for their services. The program requires the Hospital to have an average length of stay limit of 96 hours, be part of a network with one acute care hospital and have no more than 25 inpatient beds that can be used for either acute or skilled nursing facility level of care.

The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's cost reports have been audited or desk reviewed by the Medicare fiscal intermediary through September 30, 2009.

Medicaid – Inpatient services rendered to New Hampshire Medicaid program beneficiaries are reimbursed on a prospectively determined per case basis. Outpatient services are reimbursed under a prospectively determined rate per charge for laboratory and certain diagnostic services and a cost reimbursement methodology for all other outpatient services. These outpatient services are reimbursed at an interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's cost reports have been audited or desk reviewed by the fiscal intermediary through September 30, 2009.

Blue Cross – Inpatient and outpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined discounts from charges. The discounted rates are not subject to retroactive adjustment.

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

Patient Accounts Receivable – Patient accounts receivable is stated net of estimated contractual allowances and allowance for uncollectible accounts as follows:

	2012	2011
Patient accounts receivable	$ 3,823,658	$ 3,676,589
LESS: Allowance for uncollectible accounts	1,112,444	1,015,500
Reserve for contractual allowances	1,255,290	1,143,585
Patient accounts receivable, net	$ 1,455,924	$ 1,517,504

Patient accounts receivable are reduced by an allowance for doubtful account. In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with service provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients, including both patients without insurance and patients with

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

deductible and copayment balances due for which third-party coverage exists for only part of the bill, the Hospital records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

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

	2012	2011
Allowance for doubtful accounts as percentage of patient accounts receivables, net of contractual	37%	40%
Accounts receivables written off during the year	$ 1,029,759	$ 1,514,734

4. Inventories of Supplies:

The major categories of inventories are as follows as of September 30:

	2012	2011
Dietary	$ 13,053	$ 13,698
Medical	108,538	95,144
Pharmacy	150,914	136,286
Other	16,284	34,365
	$ 288,789	$ 279,493

5. Property and Equipment:

The major categories of property and equipment and the useful lives used for depreciation are as follows as of September 30:

	USEFUL LIVES	2012	2011
Land	-	$ 9,700	$ 9,700
Land improvements	10-40	231,555	351,255
Buildings	10-40	4,168,991	4,284,323
Fixed equipment	3-40	2,209,940	2,205,160
Major movable and minor equipment	3-20	3,770,946	4,334,588
Construction in progress		11,950	25,032
		10,403,082	11,210,058
LESS: Accumulated depreciation		6,303,636	6,687,366
		$ 4,099,446	$ 4,522,692

5. Property and Equipment (continued):

Construction in progress consists of a boiler conversion that has a current cost of $6,384 and is expected to be completed in June 2013 for a total cost of $8,691, electronic file management that has a current cost of $3,966 and will be completed by March 2013 for $16,000 and medication management implementation that has a current cost of $1,600, to be completed by March 2013 for $39,660.

6. Long-Term Debt:

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

	2012	2011
Promissory note to Mary Hitchcock Memorial Hospital, due in monthly installments of varying principal payments plus variable interest determined by the lesser of 5.8% or SIFMA, beginning November 1, 2010 through November 2018. This note is secured by a first mortgage on real estate, a priority security interest in gross receipts and a priority security interest in cash and securities of $1 million.	$ 1,398,555	$ 1,601,978
Promissory note to Baxter Healthcare Corporation, due in monthly installments of $4,604, non-interest bearing, beginning November 1, 2011 through November 2014, secured by certain equipment.	110,494	165,740
Promissory note to T-Systems, due in monthly installments of $5,833, non-interest bearing, beginning August 1, 2012 through July 2013, secured by certain equipment.	52,500	-
	1,561,549	1,767,718
LESS: Current portion	328,397	258,670
	$ 1,233,152	$ 1,509,048

The Mary Hitchcock Memorial Hospital promissory note referenced above is secured by board designated investments of $1,000,000.

In connection with the Mary Hitchcock Memorial Hospital debt agreement, the Hospital has agreed to comply with specific covenants. As of September 30, 2012, the Hospital was in compliance with all covenants.

Aggregate maturities of long-term debt as of September 30, 2012 are as follows:

2013 (included in current liabilities)	$ 328,397
2014	271,233
2015	222,555
2016	229,324
2017	236,299
Thereafter	273,741
	$ 1,561,549

7. Capital Lease Obligation:

During the year ended September 30, 2010, the Hospital acquired several pieces of equipment under a capital lease. The equipment is recorded on the Hospital's books at September 30, 2012 and 2011 as capital lease equipment at a cost of $47,000. The equipment is being amortized on a straight-line basis over five years using the half-year convention. Accumulated amortization on the leased equipment was $23,500 and $14,100 at September 30, 2012 and 2011, respectively.

The future minimum lease payments under the capital leases as of September 30 are as follows:

2013	$ 11,485
2014	11,485
Total minimum lease payments	22,970
LESS: Amount representing interest	1,708
	21,262
Current maturity capital lease	8,786
Long-term capital lease obligation	$ 12,476

8. Fair Value of Financial Instruments:

The following method and assumptions were used in estimating the fair value of financial instruments:

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

Internally designated investments and assets limited as to use – Fair values are based on quoted market prices.

Patient accounts receivable – Gross patient accounts receivable net of allowances as reported in the statement of financial position approximates fair value due to its short-term nature.

Accounts payable and accrued expenses – The carrying amount reported in the statement of financial position for accounts payable and accrued expenses approximates fair-value due to its short-term nature.

Due to third-party payors – The carrying amount reported in the statement of financial position for amounts due to third-party payors approximates fair-value due to its short-term nature.

The Hospital pools its investments with one investment company and allocates the investment income to each fund based upon each fund's percentage of total assets.

8. Fair Value of Financial Instruments (continued):

Investments consisted of the following as of September 30:

	2012		2011	
	COST	MARKET	COST	MARKET
Investments whose use is limited -				
Pooled investments				
Highly liquid short-term investments	$ 552,757	$ 552,757	$ 659,014	$ 659,014
Bonds	3,023,217	3,242,481	2,840,875	2,972,027
Stocks	3,113,272	3,778,562	2,861,006	2,944,920
	6,689,246	7,573,800	6,360,895	6,575,961
Cash and cash equivalents	151,311	151,311	149,403	149,403
Total investments	$ 6,840,557	$ 7,725,111	$ 6,510,298	$ 6,725,364

The pooled investments were allocated to the following funds as of September 30:

	2012	2011
Board designated funds	$ 7,123,104	$ 5,570,888
Temporarily restricted funds	528,937	1,085,291
Permanently restricted funds	73,070	69,185
	$ 7,725,111	$ 6,725,364

Unrealized gains and losses pertaining to investments were as follows as of September 30:

	2012		2011	
	General Funds	Donor-Restricted Funds	General Funds	Donor-Restricted Funds
Gross unrealized gains	$ 800,522	$ 84,031	$ 564,545	$ 133,038
Gross unrealized losses	-	-	(122,574)	(28,885)
Net unrealized gains (losses)	$ 800,522	$ 84,031	$ 441,971	$ 104,153

8. Fair Value of Financial Instruments (continued):

Realized gains and losses (based on average cost of each security sold) are included in investment income which is reported in non-operating gains (losses) of the general fund and as a change in net assets for the donor-restricted funds as follows:

	2012		2011	
	General Funds	Donor-Restricted Funds	General Funds	Donor-Restricted Funds
Realized gains	$ 687,862	$ 61,966	$ 114,986	$ 27,097
Realized losses	(76,002)	(6,846)	(280,551)	(66,113)
Net realized gains (losses)	$ 611,860	$ 55,120	$ (165,565)	$ (39,016)

FASB ASC Topics 820 and 825 prioritize, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

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

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

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

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level input that is significant to the fair value measurement.

8. Fair Value of Financial Instruments (continued):

The following table presents the financial instruments carried at fair value as of September 30, 2012 and 2011 by FASB ASC Topics 820 and 825 valuation hierarchy defined above.

	Assets at Fair Value as of September 30, 2012			
	Level I	Level II	Level III	Total
Assets				
Cash and cash equivalents	$ 704,068	$ -	$ -	$ 704,068
Fixed Income				
Taxable Municipal Bonds	329,184	-	-	329,184
Government Agency Bonds	601,237	-	-	601,237
U.S. Corporate Bonds	1,258,662	-	-	1,258,662
Taxable Fixed Income Funds	942,337	-	-	942,337
Foreign Corporate Bonds	111,061	-	-	111,061
Equities				
U.S. Energy	315,905	-	-	315,905
U.S. Health Care	264,570	-	-	264,570
U.S. Technology	503,335	-	-	503,335
U.S. Utilities	60,451	-	-	60,451
U.S. Consumer	285,342	-	-	285,342
U.S. Financial	362,551	-	-	362,551
U.S. Industrial	309,410	-	-	309,410
U.S. Materials	110,096	-	-	110,096
U.S. Staples	232,336	-	-	232,336
U.S. Telecom	59,441	-	-	59,441
Mutual Funds				
U.S. Mid Cap	396,904	-	-	396,904
U.S. Small Cap	306,221	-	-	306,221
International	319,424	-	-	319,424
Private Equity	252,576	-	-	252,576
Total assets at fair value	$ 7,725,111	$ -	$ -	$ 7,725,111

8. Fair Value of Financial Instruments (continued):

	Assets at Fair Value as of September 30, 2011			
	Level I	Level II	Level III	Total
Assets				
Cash and cash equivalents	$ 808,894	$ -	$ -	$ 808,894
Fixed Income				
Taxable Municipal Bonds	314,021	-	-	314,021
Government Agency Bonds	709,661	-	-	709,661
Corporate Bonds	1,292,858	-	-	1,292,858
Foreign Bonds	344,307	-	-	344,307
Taxable Fixed Income	311,180	-	-	311,180
Equities				
U.S. Energy	225,111	-	-	225,111
U.S. Health Care	245,210	-	-	245,210
U.S. Technology	412,727	-	-	412,727
U.S. Utilities	81,166	-	-	81,166
U.S. Consumer	192,502	-	-	192,502
U.S. Financial	204,095	-	-	204,095
U.S. Industrial	208,124	-	-	208,124
U.S. Materials	65,284	-	-	65,284
U.S. Staples	231,780	-	-	231,780
U.S. Telecom	59,331	-	-	59,331
Mutual Funds				
U.S. Mid Cap	313,539	-	-	313,539
U.S. Small Cap	226,074	-	-	226,074
International	281,625	-	-	281,625
Private Equity	197,875	-	-	197,875
Total assets at fair value	$ 6,725,364	$ -	$ -	$ 6,725,364

The Hospital's financial instruments consist of cash and cash equivalents, marketable securities, trade accounts receivable and payable, estimated third-party payor settlements and long-term debt. The fair values of all financial instruments approximate their carrying values at September 30, 2012.

9. Endowment:

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

9. Endowment (continued):

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places a weighted ratio on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Net Asset Composition by Type of Fund as of September 30, 2012 –

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 87,986	$ 73,070	$ 161,056
Total funds	$ 87,986	$ 73,070	$ 161,056
Endowment net assets, beginning of year	$ 60,561	$ 69,185	$ 129,746
Reclassification	-	3,885	3,885
Investment return:			
Investment gain (loss)	9,099	-	9,099
Net appreciation (depreciation) (realized and unrealized)	18,326	-	18,326
Total investment return	27,425	-	27,425
Endowment net assets, end of year	$ 87,986	$ 73,070	$ 161,056

Endowment Net Asset Composition by Type of Fund as of September 30, 2011 –

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 60,561	$ 69,185	$ 129,746
Total funds	$ 60,561	$ 69,185	$ 129,746
Endowment net assets, beginning of year	$ 58,431	$ 69,185	$ 127,616
Investment return:			
Investment gain (loss)	10,297	-	10,297
Net appreciation (depreciation) (realized and unrealized)	(8,167)	-	(8,167)
Total investment return	2,130	-	2,130
Endowment net assets, end of year	$ 60,561	$ 69,185	$ 129,746

10. Pension Plan:

The Hospital has a defined contribution pension plan that covers substantially all full-time employees. The Hospital contributes to the plan upon the employee's completion of two years of uninterrupted services. The contribution is based upon several variables including compensation and length of employment. The pension expense for the years ended September 30, 2012 and 2011 was $37,343 and $72,997, respectively.

The Hospital had accrued $20,000 at September 30, 2011 related to contributions owed to employees for the years ended December 31, 2010 and 2009. This was paid during the year ended September 30, 2012.

11. Commitments and Contingencies:

New England Alliance for Health – The Hospital has been a member of New England Alliance for Health (NEAH) since NEAH's inception on January 1, 2009. As a member, the Hospital receives core services including quality improvement/loss prevention, financial planning and benchmarking, materials management and pharmacy services, professional staff education and development, information services and program administration. The Hospital paid NEAH approximately $132,000 and $146,000 for services and insurance during the years ended September 30, 2012 and 2011, respectively.

Effective October 1, 2008, the Hospital insures its comprehensive general liability and professional liability exposures on a claims-made basis, including prior acts coverage, with a commercial carrier. The coverage is provided by primary and excess insurance policies subject to shared policy limits with other selected NEAH entities (nine other healthcare entities located in Massachusetts, New Hampshire and Vermont). The policies are renewable on an annual basis and have been renewed through September 30, 2013. All known significant asserted and unasserted claims alleging malpractice have been communicated to the insurer who is responsible for resolving the claim and the related costs of litigation. An event is insured at the time it is reported to the insurer even if a claim is not yet asserted. There were no known claims outstanding at September 30, 2012, which in the opinion of management, will be settled for amounts in excess of insurance coverage. The possibility exists, which is a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the Hospital.

Operating Leases – The Hospital leases various equipment and facilities under operating leases expiring at various dates through 2017. Total rental expense was $276,877 and $341,753 for the years ended September 30, 2012 and 2011, 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:

2013	$ 207,327
2014	180,048
2015	80,124
2016	33,216
2017	15,534
Total future minimum lease payments	$ 516,249

11. Commitments and Contingencies (continued):

Health Insurance – The Hospital switched from an HMO medical plan to an HMO and Health Savings Account (HSA) plan on March 1, 2009. Effective December 31, 2010, the Hospital stopped contributing to employees' HSAs. The Hospital pays a percentage of insurance premiums for full-time and part-time employees. If an employee chose the HSA plan with a lower premium, the difference between the amount the Hospital paid towards the HMO plan and the amount paid towards the HSA plan was deposited in the employee's HSA at a local bank. As of September 2012 and 2011, the amount deposited into the local bank was $0 and $17,833, respectively.

Outsourcing and Statement Processing Agreement – The Hospital has two year-to-year agreements with the same company that are automatically extended for business office outsourcing support services and statement processing. The agreements can be terminated by either party with 60 days' written notice to the other party of its intent to terminate as of such expiration date. Under the business office outsourcing support services agreement, the Hospital agrees to pay a percentage of total cash collections under this agreement. Under the statement processing agreement, the Hospital agrees to pay an amount per statement/collection letter processed and patient friendly billing statement. The Hospital expensed $432,263 and $421,381 under these agreements for the years ended September 30, 2012 and 2011, respectively.

Contractual Services – The Hospital is currently receiving limited management services from Weeks Medical Center, a neighboring hospital, located in Lancaster, New Hampshire. These services consist of limited financial management oversight two days per week. The Hospital pays for these services based on the allocated salary and benefits of the personnel performing these services, which were $60,855 and $16,822 for the years ended September 30, 2012 and 2011, respectively.

The Hospital has a contract with Androscoggin Valley Hospital for practitioners' services through June 30, 2014. The agreement will renew for an additional year unless either party gives the other party 90 days' notice before the end of the term or renewal term. Either party may terminate the agreement without cause by providing 90 days' written notice to the other party stating the intended date of termination. Androscoggin Valley Hospital may bill and collect for the services provided. If Androscoggin Valley Hospital provides the services at a loss, the Hospital is liable for the amount of the loss up to a total of $100,000 for orthopedic services per fiscal year and a total of $175,000 for all specialty and subspecialty services, including orthopedics per fiscal year.

Collaboration – As of July 1, 2012, the Hospital has formed an LLC, Northern New Hampshire Healthcare Collaborative (NNHHCC), with Weeks Medical Center (WMC) and Androscoggin Valley Hospital (AVH), to provide a vehicle for shared saving arrangements within Coos County. NNHHCC currently provides management services for the Hospital which consist of the Chief Administrative Officer (CAO) and Chief Financial Officer (CFO). The CAO position will be paid through NNHHCC effective January 1, 2013. The CFO position is shared with WMC, and is being compensated for these services based on the allocated salary and benefits of the personnel performing these services.

The corporate structure of NNHHCC consists of each hospital having three voting seats on the Board of Managers. The CEOs of WMC and AVH are both voting members, with WMC's CEO serving as Chair of the NNHHCC Board and the AVH CEO serving as CEO of NNHHCC. The other voting seats are comprised of Board members of the three member hospitals or key staff from those hospitals. No assets are currently held by NNHHCC.

12. Deferred Revenue:

The Hospital has been awarded various grants to provide health programs for low-income, uninsured and underinsured individuals in the Upper Connecticut River Valley, and to prepare the Hospital for a bioterrorism event. The Hospital also received grants from the State of New Hampshire for home health services for certain individuals within the contract guidelines. Monies received and contracts awarded, but not yet earned, have been recorded as deferred revenue. At September 30, 2012 and 2011, $15,476 and $24,790, respectively, is included in deferred revenue related to these grants.

13. Related Parties:

Related Party Transactions – The Hospital purchases the following services through Mary Hitchcock Memorial Hospital (MHMH). In 2009, the Hospital joined New England Alliance for Health (NEAH), an LLC owned and managed by MHMH, and pays dues for services to improve the quality of care and contain health care costs. Weeks Medical Center, Androscoggin Valley Hospital and MHMH for the years ended September 30, 2012 and 2011 which include:

	2012	2011
Weeks Medical Center		
Financial and health care services	$ 72,713	$ 29,910
Androscoggin Valley Hospital		
Health care and laundry services	605,611	465,757
Mary Hitchcock Memorial Hospital		
Health care services	583	16,161

As of September 30, 2012 and 2011, related party liabilities of $33,657 and $74,604, respectively, are included in accounts payable and accrued expenses from Androscoggin Valley Hospital, Mary Hitchcock Memorial Hospital and Weeks Medical Center. As of September 30, 2012 and 2011, $30,977 and $48,346, respectively, of related party receivables from Weeks Medical Center and Androscoggin Valley Hospital is included in other accounts receivable.

14. Temporarily Restricted Net Assets:

Temporarily restricted net assets were available for the following purposes at September 30:

	2012	2011
Indigent care	$ 438,049	$ 440,288
Endowment accumulated earnings	87,986	58,060
Other	2,902	586,943
	$ 528,937	$ 1,085,291

During 2012 and 2011, net assets were released from restriction for capital expenditures in the amount of $570,031 and $103,371, respectively. During 2012 and 2011, net assets were released from restriction for operations in the amount of $123,411 and $93,386, respectively.

15. Permanently Restricted Net Assets:

Permanently restricted net assets are restricted to the following at September 30:

	2012	2011
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as nonoperating income)	$ 73,070	$ 69,185

16. Functional Expenses:

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

	2012	2011
Health care services	$ 11,304,179	$ 11,499,794
General and administrative	2,843,514	2,873,227
	$ 14,147,693	$ 14,373,021

17. Concentration of Credit Risk:

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 at September 30 was as follows:

	2012	2011
Medicare	39%	38%
Medicaid	12%	12%
Blue Cross	9%	11%
Health maintenance organizations	13%	18%
Patient and other third-party payors	27%	21%
	100%	100%

18. Estimated Third-Party Settlements:

Provision has been made for estimated adjustments that may result from final settlement of reimbursable amounts as may be required upon completion and audit of related cost finding reports under terms of contracts with the Center for Medicare and Medicaid Services and the New Hampshire Department of Health and Human Services (Medicaid).

18. Estimated Third-Party Settlements (continued):

Revenue from the Medicare and Medicaid program accounted for approximately 67 percent of the Hospital's gross patient revenue for the year ended 2012. 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 net patient service revenue increased approximately $437,000 due to adjustments to allowances previously estimated that are no longer necessary as a result of final settlements and adjustments based upon filed cost reports.

19. DSH Payments and Medicaid Enhancement Tax:

Medicaid disproportionate share hospital (DSH) payments provide financial assistance to hospitals that serve a large number of low-income patients. The federal government distributes federal DSH funds to each state based on a statutory formula. The states, in turn, distribute their portion of the DSH funding among qualifying hospitals. The states are to use their federal DSH allotments to help cover costs of hospitals that provide care to low-income patients when those costs are not covered by other payers.

Effective June 20, 1991, the State of New Hampshire imposed a tax on the gross patient service revenue of every hospital in the state. The monies generated by this tax and from federal matching funds are then disbursed to the hospitals in support of health care services to Medicaid and low-income individuals. The tax is based upon net patient service revenue. In addition, the Hospital received a supplemental payment of $1,500,000 in November 2010 from the State of which $375,000 had been recorded in fiscal 2010 and the balance in 2011. This payment was received from the State for the State's fiscal year covering July 1, 2010 to June 30, 2011. The Hospital identifies the Medicaid enhancement tax paid to the State of New Hampshire as a separate expense line item and the disproportionate share payment received in net patient service revenue. A summary of the tax paid by the Hospital and monies received from the state is presented below:

	2012	2011
State funds recognized	$ 1,145,951	$ 1,547,225
Medicaid enhancement tax	593,177	637,827
Disproportionate share	$ 552,774	$ 909,398

20. Subsequent Events:

These statements have been prepared in accordance with FASB ASC Subtopic 855-50, *Subsequent Events*. The statement requires the Hospital to recognize the effect of events that occur after the statement of financial position date, September 30, 2012, but before the financial statements are available to be issued only if they provide additional evidence about a condition that existed as of September 30, 2012. In addition, the statement requires disclosure consideration of significant subsequent events related to conditions that did not exist as of the statement of financial position date but in effect make the financial statements misleading if not disclosed to the user. In addition, Subtopic 855-50 requires the Hospital to disclose the date at which the financial statements were issued or were made available for issue (December 6, 2012) and how the date was determined.

20. Subsequent Events (continued):

The Hospital has reviewed events occurring after September 30, 2012 through December 6, 2012, the date the board of trustees accepted the final draft of the financial statements and made them available to be issued. The Hospital does not believe that any events requiring recognition or disclosure have occurred between the period of September 30, 2012 and the report date, December 6, 2012. The Hospital has not reviewed events occurring after the report date for their potential impact on the information contained in these financial statements.

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Schedule 1 – Patient Service Revenue

For the Years Ended September 30, 2012 and 2011

	2012			2011		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Daily patient services						
Room charges	$ 1,347,895	$ -	$ 1,347,895	$ 1,495,143	$ -	$ 1,495,143
Swing bed room charges	434,302	-	434,302	451,922	-	451,922
Hospitalist physician fees	246,547	90,585	337,132	329,601	91,335	420,936
	2,028,744	90,585	2,119,329	2,276,666	91,335	2,368,001
Other nursing services						
Operating room	102,698	1,150,945	1,253,643	23,449	1,151,933	1,175,382
Emergency room	59,422	2,888,651	2,948,073	54,419	3,081,775	3,136,194
Observation/holding room	-	366,849	366,849	-	338,758	338,758
Recovery room	2,276	9,089	11,365	575	4,126	4,701
	164,396	4,415,534	4,579,930	78,443	4,576,592	4,655,035
Other professional services						
Laboratory	435,658	3,398,398	3,834,056	462,286	3,323,126	3,785,412
Pharmacy and IV therapy	974,042	3,471,006	4,445,048	1 084,234	3,652,294	4,736,528
Radiology	401,975	4,631,364	5,033,339	362,089	4,622,969	4,985,058
Anesthesiology	19,653	87,675	107,328	3,220	104,876	108,096
Cardiology	59,021	303,328	362,349	78,013	313,585	391,598
Echocardiology	123,651	368,262	491,913	84,480	450,440	534,920
Blood bank	67,576	102,842	170,418	74,643	111,290	185,933
Fetal and holter monitor	-	64,808	64,808	-	52,879	52,879
Central services and supply	34,863	117,585	152,448	24,646	178,495	203,141
Walk-in clinic	-	108,275	108,275	-	115,406	115,406
Physical therapy	134,728	1,067,185	1,201,913	123,683	1,111,424	1,235,107
Speech therapy	9,987	19,644	29,631	7,149	22,729	29,878
Respiratory therapy	145,318	95,712	241,030	254,402	105,127	359,529
Surgical practice	13,808	245,213	259,021	10,690	430,262	440,952
Occupational therapy	120,425	219,340	339,765	101,151	258,809	359,960
Oncology	-	31,451	31,451	-	23,382	23,382
Other ancillary nursing	177	25,154	25,331	3,938	37,371	41,309
	2,540,882	14,357,242	16,898,124	2,674,624	14,914,464	17,589,088
	$ 4,734,022	$ 18,863,361	$ 23,597,383	$ 5,029,733	$ 19,582,391	$ 24,612,124

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Schedule 2 – Deductions from Revenues and Other Operating Revenues

For the Years Ended September 30, 2012 and 2011

	2012	2011
Gross revenue (Schedule 1)	$ 23,597,383	$ 24,612,124
Medicaid disproportionate share payments	1,145,951	1,547,225
Deductions from revenues		
Contractual allowances -		
Medicare	4,851,787	6,046,115
Medicaid	1,845,164	2,224,280
Blue Cross	888,944	509,223
Other	1,297,139	1,031,580
	8,883,034	9,811,198
Provision for bad debt	1,126,703	1,249,259
Charity care	701,937	789,632
Net patient service revenue	$ 14,031,660	$ 14,309,260
Other operating revenues		
Grant revenues	$ 26,135	$ 28,841
School nursing services	158,560	169,804
Other	194,577	190,702
Cafeteria	35,347	32,648
Medical records services	3,719	3,316
	$ 418,338	$ 425,311

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Schedule 3 – Operating Expenses

For the Years Ended September 30, 2012 and 2011

	2012				2011			
	Salaries and Wages	Professional Fees and Wages	Other General and Administrative	Total	Salaries and Wages	Professional Fees and Wages	Other General and Administrative	Total
Professional care of patients								
Nursing medical - surgery	$ 1,188,091	$ -	$ 318,604	$ 1,506,695	$ 1,288,289	$ -	$ 235,944	$ 1,524,233
Nursing administration	96,958	-	3,722	100,680	107,767	-	3,308	111,075
Med/Surg supplies sold	46,049	-	60,798	106,847	44,436	-	112,088	156,524
Holter Monitor	-	-	6,340	6,340	-	-	7,141	7,141
Stress Test	-	-	1,839	1,839	-	-	63	63
Operating room	84,103	125,003	45,634	254,740	67,498	130,725	37,222	235,445
Emergency room	381,968	803,330	174,530	1,359,828	406,039	671,523	277,672	1,355,234
Anesthesia	-	85,415	5,527	90,942	-	85,964	2,838	88,802
Oncology	59,871	-	2,574	62,445	59,610	-	1,879	61,489
Pathology	-	-	5,530	5,530	-	-	9,705	9,705
Radiology	239,171	110,041	383,176	732,388	227,126	115,168	417,489	759,783
Laboratory	310,279	17,635	544,333	872,247	297,231	19,117	522,343	838,691
Cardiology	-	-	59,051	59,051	-	-	29,464	29,464
Cardiac rehabilitation	-	-	2,730	2,730	-	-	3,120	3,120
Physical therapy	-	428,648	53,809	482,457	-	445,292	40,818	486,110
Orthopedic practice	17,988	-	32,078	50,066	19,551	181,251	25,889	226,691
Speech therapy	-	5,975	-	5,975	-	6,613	-	6,613
Recovery room	-	-	3,060	3,060	3,585	-	1,397	4,982
Inhalation therapy	-	-	9,169	9,169	-	-	9,376	9,376
Intravenous therapy	-	-	4,166	4,166	-	-	6,054	6,054
Pharmacy	217,816	-	642,044	859,860	211,607	-	696,864	908,471
Ambulance service	-	-	35,160	35,160	-	-	25,920	25,920
Central supply	9,565	-	3,412	12,977	8,045	-	4,441	12,486
Home Health	433	-	7,080	7,513	2,006	-	7,154	9,160
Activities	16,900	-	1,117	18,017	27,297	-	1,303	28,600
Hospitalist	-	711,723	29,871	741,594	-	517,915	20,497	538,412
General surgery office practice	125,336	-	10,374	135,710	135,742	-	9,478	145,220
	2,794,528	2,287,770	2,445,728	7,528,026	2,905,829	2,173,568	2,509,467	7,588,864
Dietary services	$ 194,750	$ -	$ 114,451	$ 309,201	$ 176,784	$ -	$ 109,441	$ 286,225

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Schedule 3 – Operating Expenses (continued)

For the Years Ended September 30, 2012 and 2011

	2012				2011			
	Salaries and Wages	Professional Fees and Wages	Other General and Administrative	Total	Salaries and Wages	Professional fees and Wages	Other General and Administrative	Total
General services								
Housekeeping	$ 84,473	$ -	$ 23,108	$ 107,581	$ 83,709	$ -	$ 22,061	$ 105,770
Laundry	5,439	-	39,114	44,553	5,995	-	41,648	47,643
Plant operation	155,005	-	375,127	530,132	160,520	-	378,059	538,579
	244,917	-	437,349	682,266	250,224	-	441,768	691,992
Administrative services								
Administration	277,407	-	644,191	921,598	327,743	-	663,851	991,594
Health information management	110,346	-	79,113	189,459	141,376	-	66,965	208,341
Patient accounts	117,722	-	535,642	653,364	123,950	-	509,056	633,006
General accounting	182,337	-	15,550	197,887	143,747	-	10,355	154,102
Human resources	52,593	-	25,426	78,019	50,072	-	29,134	79,206
Information systems support	158,305	-	99,945	258,250	153,666	-	61,500	215,166
Care management	152,055	-	3,002	155,057	179,795	-	5,345	185,140
Telephone	-	-	40,639	40,639	-	-	52,813	52,813
Insurance	-	-	85,835	85,835	-	-	96,716	96,716
School and other nursing services	132,145	-	517	132,662	140,247	-	1,179	141,426
Community wellness/grants	7,839	-	62,056	69,895	13,632	-	63,600	77,232
Quality improvement	9,802	-	10,723	20,525	24,372	-	18,552	42,924
Medical director	-	43,156	-	43,156	-	67,645	-	67,645
	1,200,551	43,156	1,602,639	2,846,346	1,298,600	67,645	1,579,066	2,945,311
	4,434,746	2,330,926	4,600,167	11,365,839	4,631,437	2,241,213	4,639,742	11,512,392
Employee benefits								
Employee health/workers' comp insurance	-	-	1,108,751	1,108,751	-	-	1,023,645	1,023,645
Payroll taxes	-	-	382,334	382,334	-	-	393,172	393,172
Pension	-	-	37,343	37,343	-	-	72,997	72,997
	-	-	1,528,428	1,528,428	-	-	1,489,814	1,489,814
Medicaid enhancement tax	-	-	593,177	593,177	-	-	637,827	637,827
Depreciation	-	-	649,083	649,083	-	-	716,683	716,683
Interest	-	-	11,166	11,166	-	-	16,305	16,305
	$ 4,434,746	$ 2,330,926	$ 7,382,021	$ 14,147,693	$ 4,631,437	$ 2,241,213	$ 7,500,371	$ 14,373,021