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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

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 01-01-2012 , 2012, and ending 12-31-2012

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

C Name of organization
Androscoggin Valley Hospital Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
59 Page Hill Road

City or town, state or country, and ZIP + 4
Berlin, NH 03570

D Employer identification number
02-0280367

E Telephone number
(603) 752-2200

G Gross receipts $ 63,838,173

F Name and address of principal officer
Russell Keene
59 Page Hill Road
Berlin, NH 03570

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 avhnh org

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

L Year of formation 1971

M State of legal domicile NH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Critical Access Hospital

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	386
6	Total number of volunteers (estimate if necessary)	**6**	85
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
8	Contributions and grants (Part VIII, line 1h)	139,281	276,795
9	Program service revenue (Part VIII, line 2g)	51,780,897	53,291,780
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,174,815	721,690
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	66,487	-49,517
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	53,161,480	54,240,748
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	709,600	638,401
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)	30,363,892	31,142,363
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	21,409,149	22,232,818
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	52,482,641	54,013,582
19	Revenue less expenses Subtract line 18 from line 12	678,839	227,166

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	55,329,979	54,928,763
21	Total liabilities (Part X, line 26)	40,194,101	39,969,225
22	Net assets or fund balances Subtract line 21 from line 20	15,135,878	14,959,538

Net Assets or Fund Balances

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

****** | 2013-11-14
Signature of officer | Date

Russell Keene CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Barbara J McGuan CPA		2013-11-14		P00219457

Firm's name ▶ Berry Dunn McNeil & Parker LLC | Firm's EIN ▶ 01-0523282

Firm's address ▶ PO Box 1100
Portland, ME 041041100 | Phone no (207) 775-2387

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

A non-profit critical access hospital which provides inpatient, outpatient, emergency care, ambulatory care, specialty care, and home health services to residents of Berlin, New Hampshire and the surrounding communities

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 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 $ 39,285,542 including grants of $) (Revenue $ 45,627,042)

Androscoggin Valley Hospital is a critical access hospital The Hospital provides a broad range of inpatient and outpatient services to meet the health needs of the upper Androscoggin Valley and surrounding communities We continue to expand our physician specialty practice - with new services in cardiac care and sleep studies With a commitment to the highest quality surgical care - AVH is leading the way to a healthier future for our health care community

4b (Code) (Expenses $ 79,832 including grants of $) (Revenue $ 245,281)

Educational programs offered by AVH include childbirth classes, babysitting course, wellness fairs, lecture series, CPR and first aid courses, hospice training programs, nutritional counseling, and a variety of support groups

4c (Code) (Expenses $ 6,071,954 including grants of $ 638,401) (Revenue $ 7,071,732)

Other community benefits provided by the Hospital include the provision of care to the underinsured, primarily through participation in the NH Health Assistance Network and North Country Cares, the promotion of good health for children through participation in the healthy kids program, and the sponsorship of numerous clinics and programs supporting good health in the community

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 45,437,328

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
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 for escrow or custodial account liability, 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		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	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	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	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 and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b	Yes	
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 United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization 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, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *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**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
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, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, 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**		
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 11b 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	94		
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	386		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
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, securities account, or other financial account)?	4a		Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ 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 as charitable contributions? . . .	6a		Yes	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		Yes	
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		Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 15		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 10		
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 this 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 ☐ Other (explain in Schedule O)

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 during the tax year

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

▶ John Morris 59 Page Hill Rd Berlin, NH (603) 752-2200

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 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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) Sean Brungot Director	1 00	X						0	0	0
(2) Javier Cardenas MD Medical Staff President	40 00	X						266,759	0	22,284
(3) Arthur Couture Director	1 00	X						0	0	0
(4) Marion Huntley Treasurer	1 00	X		X				0	0	0
(5) Russell Keene President & CEO	40 00	X		X				475,048	0	57,385
(6) Mark Kelley Chairman	1 00	X		X				0	0	0
(7) Richard King Vice Chairman	1 00	X		X				0	0	0
(8) Randall Labnon Director	1 00	X						0	0	0
(9) John McDowell MD Director	40 00	X						193,049	0	19,358
(10) Sr Monique Therriault Past Secretary	21 00	X		X				16,659	0	87
(11) J Rodger Wood Director	1 00	X						0	0	0
(12) Jay Poulin Director	1 00	X						0	0	0
(13) Donna Goodrich Director	1 00	X						0	0	0
(14) Max Makaitis Director	1 00	X						0	0	0
(15) Stephanie Allen-Lilly MD Past Med Staff President	40 00	X						288,932	0	23,969
(16) William Jackson Director	1 00	X						0	0	0
(17) Donald Noyes Director	1 00	X						0	0	0

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Andri Olafsson General Surgeon	48 00					X		378,864	0	22,442
(19) Keith Shute VP - Medical Affairs	40 00					X		367,430	0	26,633
(20) Delphine Sullivan Orthopedic Surgeon	32 00					X		376,857	0	11,915
(21) Richard Kardell DO Past Med Staff President	40 00					X		521,543	0	28,953
(22) Thomas Rock Orthopedic Surgeon	40 00					X		310,089	0	9,791
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								3,195,230	0	222,817

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 ▶ 37

			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
Northwood Anesthesia Inc PO Box 322 Berlin NH 03570	Anesthesia Services	930,780
Timberline Radiology PO Box 2048 Conway NH 03818	Radiology Services	746,790
NH Imaging One Pillsbury Street Concord NH 033013570	Radiology Services	506,408
Medicus Surgery Services 7 Industrial Way - Unit 5 Salem NH 03079	Locum Services	449,398
St Luke Medical Center 30 Brannen Road Milan NH 035883300	Surgery Services	399,100

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 ▶ 15

Part VIII Statement of Revenue

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

				(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	34,021			
	d	Related organizations	1d	54,613			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	188,161			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		276,795			
Program Service Revenue			Business Code				
	2a	Patient Revenue	621400	94,008,087	94,008,087		
	b	Miscellaneous Revenue	621400	1,838,993	1,491,268		347,725
	c	Meaningful Use Revenue	621400	1,592,592	1,592,592		
	d	Provision for Bad Debts	621400	-2,882,948	-2,882,948		
	e	Contractual/Char Adj	621400	-41,264,944	-41,264,944		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		53,291,780			
	3	Investment income (including dividends, interest, and other similar amounts)		517,102			517,102
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	66,372				
	b	Less rental expenses	0				
	c	Rental income or (loss)	66,372				
	d	Net rental income or (loss)		66,372			66,372
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	9,777,168 / 6,893				
	b	Less cost or other basis and sales expenses	9,579,473 / 0				
	c	Gain or (loss)	197,695 / 6,893				
	d	Net gain or (loss)		204,588			204,588
	8a	Gross income from fundraising events (not including $ 34,021 of contributions reported on line 1c) See Part IV, line 18	a 17,952				
	b	Less direct expenses	b 17,952				
	c	Net income or (loss) from fundraising events		0			
	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					
Other Revenue		Miscellaneous Revenue	Business Code				
	11a	Realized Gain on Int Rate Swap	525990	127,470			127,470
	b	Loss on Early Debt Extinguishment	900099	-243,359			-243,359
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		-115,889			
	12	**Total revenue.** See Instructions		54,240,748	52,944,055	0	1,019,898

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)

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	638,401	638,401		
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	1,363,530	831,097	532,433	
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	23,191,445	20,679,429	2,512,016	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,477,166	1,322,679	154,487	
9 Other employee benefits	3,556,655	3,138,039	418,616	
10 Payroll taxes	1,553,567	1,363,627	189,940	
11 Fees for services (non-employees)				
a Management	25,000		25,000	
b Legal	231,452	859	230,593	
c Accounting	56,457		56,457	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees	89,713		89,713	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	6,963,231	5,563,049	1,400,182	
12 Advertising and promotion	322,141		322,141	
13 Office expenses	2,106,795	1,441,453	665,342	
14 Information technology				
15 Royalties . .				
16 Occupancy	1,194,467	125,412	1,069,055	
17 Travel	138,561	114,235	24,326	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	17,977	15,407	2,570	
20 Interest	477,936	111,811	366,125	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	2,260,009	2,260,009		
23 Insurance	592,842	592,842		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a Medical Supplies	5,504,735	5,021,083	483,652	
b Provider Tax	2,158,936	2,158,936	0	
c Gift Shop Expenses	58,922	58,922	0	
d Other Expenses	33,644	38	33,606	
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	54,013,582	45,437,328	8,576,254	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		3,475	1	3,575
	2	Savings and temporary cash investments		13,048,952	2	12,233,949
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		6,340,168	4	5,705,512
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		312,963	8	340,616
	9	Prepaid expenses and deferred charges		2,430,259	9	2,436,626
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 42,202,427			
	b	Less accumulated depreciation	10b 27,974,177	14,581,948	10c	14,228,250
	11	Investments—publicly traded securities		12,791,739	11	12,047,127
	12	Investments—other securities See Part IV, line 11		2,827,208	12	2,905,709
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		2,993,267	15	5,027,399
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		55,329,979	16	54,928,763
Liabilities	17	Accounts payable and accrued expenses		6,364,897	17	5,995,414
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		12,605,495	20	13,697,885
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other 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		1,333,549	23	1,005,644
	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		19,890,160	25	19,270,282
	26	**Total liabilities.** Add lines 17 through 25		40,194,101	26	39,969,225
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		15,135,878	27	14,959,538
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), 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		15,135,878	33	14,959,538
	34	Total liabilities and net assets/fund balances		55,329,979	34	54,928,763

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	54,240,748
2	Total expenses (must equal Part IX, column (A), line 25)	2	54,013,582
3	Revenue less expenses Subtract line 2 from line 1	3	227,166
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	15,135,878
5	Net unrealized gains (losses) on investments	5	649,238
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-1,052,744
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	14,959,538

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
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☑ Both consolidated and separate basis			
c	If "Yes," to line 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?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
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

2012

Open to Public Inspection

Name of the organization
Androscoggin Valley Hospital Inc

Employer identification number
02-0280367

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 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 monetary support
			Yes	No	Yes	No	Yes	No	
Total									

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** 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—2011.** If the organization did not check a 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—2012.** 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—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** 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—2011.** 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Androscoggin Valley Hospital Inc

Employer identification number
02-0280367

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 can 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 education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 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, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) 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 acquisition, 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 XIII

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 XIII 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 XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

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					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

The percentages in lines 2a, 2b, and 2c should equal 100%

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

4 Describe in Part XIII 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		77,592		77,592
b Buildings		20,237,259	13,993,783	6,243,476
c Leasehold improvements		359,449	359,449	0
d Equipment		19,757,177	12,818,968	6,938,209
e Other		1,770,950	801,977	968,973
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				14,228,250

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		
(3) Other		
(A) Alternative Investment Funds	2,905,709	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	2,905,709	

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) must equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
(1) Due from Affiliates	1,157,510
(2) Other Receivables	54,637
(3) Deferred Compensation	2,222,660
(4) Meaningful Use Receivable	1,592,592
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	5,027,399

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
Pension Liability	8,975,509
Deferred Compensation	2,222,660
Estimated Third Party Payor Settlements	8,072,113
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	19,270,282

2. Fin 48 (ASC 740) Footnote In Part XIII, 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 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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

1	Total revenue, gains, and other support per audited financial statements			1	53,675,954
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	649,238		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	-1,052,744		
e	Add lines **2a** through **2d**			2e	-403,506
3	Subtract line **2e** from line **1**			3	54,079,460
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	89,713		
b	Other (Describe in Part XIII)	4b	71,575		
c	Add lines **4a** and **4b**			4c	161,288
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	54,240,748

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

1	Total expenses and losses per audited financial statements			1	53,852,294
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 XIII)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	53,852,294
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	89,713		
b	Other (Describe in Part XIII)	4b	71,575		
c	Add lines **4a** and **4b**			4c	161,288
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	54,013,582

Part XIII 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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Part XI, Line 2d - Other Adjustments		Change in Net Assets to Recognize Funded Status of Pension Plan -1,052,744
Part XI, Line 4b - Other Adjustments		Gift Shop Expenses 58,922 Auxiliary Expenses 12,653
Part XII, Line 4b - Other Adjustments		Gift Shop Expenses 58,922 Auxiliary Expenses 12,653

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Androscoggin Valley Hospital Inc

Employer identification number
02-0280367

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 **For grantmakers.** 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 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.

3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

	(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
	Central America and the Caribbean -	0	0	Investment in Foreign Partnership		672,199
3a	Sub-total	0	0			672,199
b	Total from continuation sheets to Part I	0	0			0
c	**Totals** (add lines 3a and 3b)	0	0			672,199

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . ▶ _____

3 Enter total number of other organizations or entities . . . . . ▶

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Part III can be duplicated if additional space is needed.

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

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*	☐ Yes	☑ No
2	Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organizationmay be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*	☐ Yes	☑ No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*	☐ Yes	☑ No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*	☐ Yes	☑ No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*	☑ Yes	☐ No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*	☐ Yes	☑ No

Part V **Supplemental Information**

Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	ReturnReference	Explanation

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Androscoggin Valley Hospital Inc

Employer identification number
02-0280367

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

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

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

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

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization

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

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

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than $5,000.

		(a) Event #1 Golf Tournament (event type)	(b) Event #2 (event type)	(c) Other events (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	51,973			51,973
	2 Less Contributions	34,021			34,021
	3 Gross income (line 1 minus line 2)	17,952			17,952
Direct Expenses	4 Cash prizes	1,800			1,800
	5 Noncash prizes	4,950			4,950
	6 Rent/facility costs	6,800			6,800
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses	4,402			4,402
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(17,952)
	11 Net income summary Combine line 3, column (d), and line 10 ▶				0

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

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

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

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ .....

Address ▶ .....

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

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

c If "Yes," enter name and address of the third party

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

Part IV Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Androscoggin Valley Hospital Inc

Employer identification number
02-0280367

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☐ 100% ☐ 150% ☐ 200% ☑ Other 30000 0000000000 %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	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 financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			2,189,188	1,354,158	835,030	1 550 %
b Medicaid (from Worksheet 3, column a)			5,399,960	6,283,350	-883,390	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			7,589,148	7,637,508	-48,360	1 550 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			85,655	3,115	82,540	0 150 %
f Health professions education (from Worksheet 5)			61,349		61,349	0 110 %
g Subsidized health services (from Worksheet 6)			9,891,147	5,574,159	4,316,988	7 990 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			643,576		643,576	1 190 %
j **Total.** Other Benefits			10,681,727	5,577,274	5,104,453	9 440 %
k **Total.** Add lines 7d and 7j			18,270,875	13,214,782	5,056,093	10 990 %

Part II **Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

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

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

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 1,303,338			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit 3 0			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME) 5 18,994,160			
6	Enter Medicare allowable costs of care relating to payments on line 5 6 18,994,160			
7	Subtract line 6 from line 5 This is the surplus (or shortfall) 7			
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		No

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—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—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	Androscoggin Valley Hospital Inc 59 Page Hill Road Berlin, NH 03570	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 or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group Androscoggin Valley Hospital

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1		
	If "Yes," indicate what the CHNA report 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 the community health 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 CHNA 20 ___			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5	Did the hospital facility make its CHNA report widely available to the public?	5		
	If "Yes," indicate how the CHNA report 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 CHNA, indicate how (check all that apply to date)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide 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 its 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	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			
12 Explained the basis for calculating amounts charged to patients?	**12**	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)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to 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 on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 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?	**15**	Yes	
16 Check all of the following 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			
e ☐ Other similar actions (describe in Part VI)			
17 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?	**17**	Yes	
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☑ Reporting to credit agency			
b ☑ Lawsuits			
c ☑ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals 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)

Policy Relating to Emergency Medical Care

		Yes	No
19 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?	**19**	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)			

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible individuals 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?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?
7

	Name and address	Type of Facility (describe)
1	AVH Surgical Associates 7 Page Hill Road Berlin, NH 03570	Physician Practice Office
2	Androscoggin Valley Hospital 3 12th Street Berlin, NH 03570	Home Health & Hospice
3	Androscoggin Valley Hospital 133 Pleasant Street Berlin, NH 03570	Outreach Clinic/Lab Services
4	Androscoggin Valley Hospital 2 Broadway Avenue Gorham, NH 03581	Outreach Clinic/Lab Services
5	Androscoggin Valley Hospital 181 Corliss Lane Colebrook, NH 03576	Outreach Clinic/OB, Neurology, Orthopedic Rehab Services
6	Androscoggin Valley Hospital 130 Main Street Gorham, NH 03581	Outreach Clinic/Rehab Services
7	AVH DBA Sound Medical Imaging 24 Pleasant Street Conway, NH 03818	Outreach Clinic/Ultrasound Services
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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

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

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

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

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

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

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

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		Part I, Line 7 A cost accounting system was used to calculate the amounts reported in the table The cost accounting system addresses all patient segments A cost-to-charge ratio was used The ratio was derived from Worksheet 2
		Part I, Line 7g All costs reported on Part I, Line 7g are attributable to a physician clinic

Identifier	ReturnReference	Explanation
		Part III, Line 4 Patient accounts receivable are stated at the amount management expects to collect from outstanding balances Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable The costing methodology used in determining the amounts reported above was a ratio of cost to charge
		Part III, Line 8 The Organization used a cost report as the costing methodology to determine the amount of allowable Medicare costs

Identifier	ReturnReference	Explanation
Androscoggin Valley Hospital		Part V, Section B, Line 12h All patients are charged the same amount for services and procedures performed, regardless of whether they were insured or uninsured The net amount due to the hospital is based upon contractual adjustments for insured patients and administrative adjustments for uninsured patients, which may include free care, charity care, and discounted care
Androscoggin Valley Hospital		Part V, Section B, Line 20d All patients are charged the same amount for services and procedures performed, regardless of whether they were insured or uninsured The net amount due to the hospital is based upon contractual adjustments for insured patients and administrative adjustments for uninsured patients, which may include free care, charity care, and discounted care

Identifier	ReturnReference	Explanation
		Part VI, Line 2 Every 5 years, Androscoggin Valley Hospital participates in a community needs assessment with four other members of the community's health care system Using information from that assessment allows the Hospital to provide healthcare services to the North Country community on an ongoing basis
		Part VI, Line 3 Androscoggin Valley Hospital offers many financial assistance and referral programs to ensure that cost will not be a barrier to patients getting the healthcare services they need If payment of healthcare expenses could create a financial hardship, Hospital staff will work with patients to apply for financial assistance Information regarding financial assistance policies is available at the Hospital's entrances and patient registration and on the Hospital's website As part of the financial counseling application process, the Hospital will assess eligibility for health insurance coverage through federal or state programs such as New Hampshire Medicaid and assist in the application process

Identifier	ReturnReference	Explanation
		Part VI, Line 4 The geographic area served by Androscoggin Valley Hospital is the Berlin service area The Berlin service area is composed of the city of Berlin, and the towns of Gorham, Shelburne, Milan, Randolph, Dummer, Errol and Stark These communities are within the boundaries of Coos County, which is bordered by the State of Maine to the east, the State of Vermont to the west and Quebec, Canada to the north The city of Berlin defines much of the region as the largest community in the County with a population of 10,170 The total population of the Berlin service area is 16,453 The changing economic landscape and the closing of paper and pulp mills over the last four years in the Coos County have significantly impacted the area's unemployment rate and population compared to those experienced by the overall state of New Hampshire
		Part VI, Line 5 Androscoggin Valley Hospital is the leading provider of healthcare to thousands of families in the small-town communities of New Hampshire's North Country As a Critical Access Hospital, AVH offers 24/7 emergency care, in-house treatment of most medical issues, and an arrangement for treatment of all other problems with the nearest tertiary-care facility Over the past decade, AVH has invested significantly in expanding and improving our facilities and services, and enhancing our team of dedicated, highly trained doctors, nurses and other staff The result is a hospital that more effectively contributes to the health of our communities than ever before We recently unveiled our new 2-North wing, featuring numerous exam rooms, office space and two comfortable reception areas, which is home to expanded and enhanced space for innovative cardiac care, sleep medicine, and ear, nose & throat services At the end of the day, our top priority is to ensure the highest level of quality healthcare to those that we are so fortunate to serve In an effort to continue to provide a high quality of healthcare for all patients in the North Country, the hospitals of Coos County came together in 2008 to explore collaboration We, the boards and senior management of Androscoggin Valley Hospital, Upper Connecticut Valley Hospital and Weeks Medical Center realize that significant national, state and local economic pressures are jeopardizing local access, quality and sustainability We have therefore formed the Northern New Hampshire Healthcare Collaborative (NNHHC) with the stated objective of working collaboratively to better serve the healthcare needs of North Country patients This collaborative effort will work to 1 Ensure access to quality care within the communities in which our patients live2 Provide local and high quality care with positive outcomes to our patients in Coos County3 Control the cost of care through innovative programs and the use of shared resourcesNational healthcare reform demands lower costs and higher quality from all hospitals, requiring collaboration in patient care across all providers from primary care to specialist, from ambulance to hospital, from hospital to rehabilitation to home care, from local hospital to tertiary (specialty hospital) care Therefore, Androscoggin Valley Hospital, Upper Connecticut Valley Hospital and Weeks Medical Center have formed this joint venture to identify and implement sustainable opportunities for our future The NNHHC and its member hospitals are prepared to manage costs and coordinate care in a way that is financially sustainable, while continuing to provide local access to quality care throughout the county and beyond The hospitals of Coos County must work together as critical parts of our Coos County care, economy and community

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

2012

Open to Public Inspection

Name of the organization
Androscoggin Valley Hospital Inc

Employer identification number
02-0280367

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. Part II can be duplicated 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) Coos County Family Health Services 133 Pleasant Street Berlin, NH 03570	02-0350051	501(c)(3)	638,401		FMV		To support otherwise uncompensated costs attributable to the Provision of the combined Coos County Family Health Services practice (CCFHS) These costs are incurred in providing comprehensive, community-based preventive and primary health and dental care, behavioral health services, related enabling services, outreach, health education, and promotion, and appropriate services and programs that promote CCFHS to, and availability of, continuous care for the residents of the Coos County service area

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

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

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. Part III can be duplicated 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, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 The Hospital has entered into an agreement with Coos County Family Health Services (CCFHS) whereby the Hospital will provide funding in the form of a community benefit grant The terms of the agreement require that the Hospital provide CCFHS with the agreed-upon community benefit grant on July 1 of the grant year The amount of the community benefit grant to be awarded is determined on an annual basis in accordance with the terms of the agreement

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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

2012

Open to Public Inspection

Name of the organization
Androscoggin Valley Hospital Inc

Employer identification number
02-0280367

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 or provision of all of 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 filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ 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**	Yes	
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 Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name and Title		(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 as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)Javier Cardenas MD Medical Staff President	(i) (ii)	256,380 0	0 0	10,379 0	0 0	22,284 0	289,043 0	0 0
(2)Russell Keene President & CEO	(i) (ii)	356,401 0	40,000 0	78,647 0	29,750 0	27,635 0	532,433 0	8,500 0
(3)John McDowell MD Director	(i) (ii)	185,647 0	0 0	7,402 0	0 0	19,358 0	212,407 0	0 0
(4)Stephanie Allen-Lilly MD Past Med Staff President	(i) (ii)	264,482 0	0 0	24,450 0	0 0	23,969 0	312,901 0	0 0
(5)Andri Olafsson General Surgeon	(i) (ii)	364,164 0	0 0	14,700 0	0 0	22,442 0	401,306 0	0 0
(6)Keith Shute VP - Medical Affairs	(i) (ii)	327,555 0	25,414 0	14,461 0	0 0	26,633 0	394,063 0	0 0
(7)Delphine Sullivan Orthopedic Surgeon	(i) (ii)	357,235 0	0 0	19,622 0	0 0	11,915 0	388,772 0	0 0
(8)Richard Kardell DO Past Med Staff President	(i) (ii)	501,195 0	0 0	20,348 0	0 0	28,953 0	550,496 0	0 0
(9)Thomas Rock Orthopedic Surgeon	(i) (ii)	266,765 0	15,000 0	28,324 0	0 0	9,791 0	319,880 0	0 0

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Identifier	Return Reference	Explanation
	Part I, Line 4b	Russell Keene participated in a supplemental nonqualified retirement plan Amounts related to this plan, reported on Page 2 of Schedule J, include $65,496 in column B(iii) and $29,750 in column C

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 02-0280367
Name: Androscoggin Valley Hospital Inc

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
Javier Cardenas MD	(I)	256,380	0	10,379	0	22,284	289,043	0
	(II)	0	0	0	0	0	0	0
Russell Keene	(I)	356,401	40,000	78,647	29,750	27,635	532,433	8,500
	(II)	0	0	0	0	0	0	0
John McDowell MD	(I)	185,647	0	7,402	0	19,358	212,407	0
	(II)	0	0	0	0	0	0	0
Stephanie Allen-Lilly MD	(I)	264,482	0	24,450	0	23,969	312,901	0
	(II)	0	0	0	0	0	0	0
Andri Olafsson	(I)	364,164	0	14,700	0	22,442	401,306	0
	(II)	0	0	0	0	0	0	0
Keith Shute	(I)	327,555	25,414	14,461	0	26,633	394,063	0
	(II)	0	0	0	0	0	0	0
Delphine Sullivan	(I)	357,235	0	19,622	0	11,915	388,772	0
	(II)	0	0	0	0	0	0	0
Richard Kardell DO	(I)	501,195	0	20,348	0	28,953	550,496	0
	(II)	0	0	0	0	0	0	0
Thomas Rock	(I)	266,765	15,000	28,324	0	9,791	319,880	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Androscoggin Valley Hospital Inc

Employer identification number
02-0280367

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	2012 New Hampshire Health and Education Facilities Authority Revenue Bonds	02-0279866		03-29-2012	14,500,000	Refinancing existing bonds, terminate interest rate swap contract		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	802,115			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	14,500,000			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	125,386			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds	14,374,614			
12	Other unspent proceeds				
13	Year of substantial completion	2012			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	%		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?		X						

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?								
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?								
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?								
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?								
7	Has the organization established written procedures to monitor the requirements of section 148?								

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?		X						

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Androscoggin Valley Hospital Inc

Employer identification number
02-0280367

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

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

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? Yes	No
Total			▶ $									

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Northwoods Anesthesia	Entity owned more than 35% by J Rodger Wood, current Board Member	930,780	Independent Contractor Arrangement		No
(2) Edwina Keene	Family Member of Russell Keene, CFO	31,720	Employment		No
(3) Cynthia King	Family Member of Richard King, current Board Treasurer	27,478	Employment		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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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

2012

Open to Public Inspection

Name of the organization
Androscoggin Valley Hospital Inc

Employer identification number
02-0280367

Identifier	Return Reference	Explanation
	Form 990, Part I, Lines 8-18	Prior year numbers have been restated to present revenue net of bad debt expense
	Form 990, Part VI, Section B, line 11	The current year Form 990 was reviewed by the Organization's finance & compensation committees
	Form 990, Part VI, Section B, line 12c	The VP of administrative services along with the controller review on an on-going basis all transactions that could potentially violate our conflict of interest policy In addition, all board members and officers of the Corporation annually sign a conflict of interest disclosure statement as well as a conflict of interest acknowledgment statement
	Form 990, Part VI, Section B, line 15	AVH retained AON Hewett to provide information relative to CEO compensation AON Hewett's business is to provide independent advice to management and Board of Directors concerning compensation and benefit programs for, among others, executive managers and other employees In the study that they performed for Androscoggin Valley Hospital, they provided an opinion which is intended to be an expert opinion that can be relied upon by the Compensation Committee of Androscoggin Valley Hospital and the Board of Directors for up to one year In addition, AVH also relies on compensation survey information obtained from a regional firm for information relative to all of its Senior Managers so that all compensation at the senior level has been viewed in a reliable and comparable manner that would meet the spirit implied with the IRS intermediate sanction regulations
	Form 990, Part VI, Section C, line 19	The Organization makes its governing documents, conflict of interest policy, and financial statements available for public inspection upon request
Other Fees	Form 990, Part IX, line 11g	Purchased Services Program service expenses 1,812,313 Management and general expenses 1,400,182 Fundraising expenses 0 Total expenses 3,212,495 Contract Labor Program service expenses 3,750,736 Management and general expenses 0 Fundraising expenses 0 Total expenses 3,750,736
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 9	Change in Net Assets to Recognize Funded Status of Pension Plan -1,052,744

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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

2012

Open to Public Inspection

Name of the organization
Androscoggin Valley Hospital Inc

Employer identification number
02-0280367

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

(a) Name, address, and EIN (if applicable) 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" to 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 entity? Yes	(g) No
(1) Northcare Inc 59 Page Hill Road Berlin, NH 03570 52-1596952	Holding Company	NH	501(c)(3)	Line 11b, II	N/A		No
(2) Androscoggin Valley Hospital Foundation 59 Page Hill Road Berlin, NH 03570 22-3035216	Management and Financial Support	NH	501(c)(3)	Line 11b, II	Northcare Inc		No
(3) Mountain Health Services Inc 59 Page Hill Road Berlin, NE 03570 02-0452547	Healthcare Services	NH	501(c)(3)	Line 11b, II	Northcare Inc		No

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

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

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) Northcare Health Services Inc 59 Page Hill Road Berlin, NH 03570 02-0441967	Healthcare Services	NH	Northcare Inc	C					No

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
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 or **(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	Yes	
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o		No
p Reimbursement paid to related organization(s) for expenses	1p		No
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s		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-s)	(c) Amount involved	(d) Method of determining amount involved

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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 section 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	

Software ID:
Software Version:
EIN: 02-0280367
Name: Androscoggin Valley Hospital Inc

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation	

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SCHEDULE O (Form 8865)

Department of the Treasury
Internal Revenue Service

Transfer of Property to a Foreign Partnership
(under section 6038B)

▸ **Attach to Form 8865.**

▸ **Information about Schedule O (Form 8865) and its separate instructions is at** ***www.irs.gov/form8865***

OMB No 1545-1668

2012

Name of transferor
Androscoggin Valley Hospital Inc

Filer's identifying number
02-0280367

Name of foreign partnership
ACL Alternative Fund SAC Limited
CO MQ Services

EIN (if any)
80-0066581

Reference ID number (see instructions)

Part I Transfers Reportable Under Section 6038B

Type of property	(a) Date of transfer	(b) Number of items transferred	(c) Fair market value on date of transfer	(d) Cost or other basis	(e) Section 704(c) allocation method	(f) Gain recognized on transfer	(g) Percentage interest in partnership after transfer
Cash							
Stock, notes receivable and payable, and other securities							
Inventory							
Tangible property used in trade or business							
Intangible property							
Other property							

Supplemental Information Required To Be Reported (see instructions):

Part II Dispositions Reportable Under Section 6038B

(a) Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	(e) Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	(g) Gain allocated to partner	(h) Depreciation recapture allocated to partner

Part III Is any transfer reported on this schedule subject to gain recognition under section 904(f)(3) or section 904(f)(5)(F)? . . . . . ▸ ☐ **Yes** ☑ **No**

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2012 Functional Currency and Exchange Rate QBU Statement

Name: Androscoggin Valley Hospital Inc

EIN: 02-0280367

QBU Id	Country of Operation	Functional Currency
USD		1

BerryDunn

[redacted]

Androscoggin Valley

FINANCIAL STATEMENTS

December 31, 2012 and 2011

With Independent Auditor's Report

[redacted]

BerryDunn

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Androscoggin Valley Hospital, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Androscoggin Valley Hospital, Inc., which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Androscoggin Valley Hospital, Inc. as of December 31, 2012 and 2011, and the results of its operations, changes in its net assets, and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
April 30, 2013

ANDROSCOGGIN VALLEY HOSPITAL, INC.

Balance Sheets

December 31, 2012 and 2011

ASSETS

	2012	2011
Current assets		
Cash and cash equivalents	**$ 7,352,615**	$ 9,990,795
Assets limited as to use	**-**	103,069
Patient accounts receivable, less estimated uncollectibles and contractual allowances (2012 - $5,869,323; 2011 - $6,456,899)	**5,705,512**	6,340,168
Other accounts receivable	**54,637**	43,230
Meaningful use receivable	**1,592,592**	-
Supplies	**340,616**	312,963
Prepaid expenses and other current assets	**2,436,626**	2,430,259
Total current assets	**17,482,598**	19,220,484
Assets limited as to use, excluding current portion	**19,837,745**	18,618,246
Property and equipment, net	**14,228,250**	14,581,948
Other assets		
Advances to affiliates	**1,157,510**	1,234,197
Deferred compensation	**2,222,660**	1,675,104
Total other assets	**3,380,170**	2,909,301
Total assets	**$ 54,928,763**	$ 55,329,979

The accompanying notes are an integral part of these financial statements

LIABILITIES AND NET ASSETS

	2012	2011
Current liabilities		
Current portion of long-term debt	**$ 1,275,079**	$ 918,073
Accounts payable and accrued expenses	**3,557,883**	3,973,743
Accrued salaries and related amounts	**2,437,531**	2,391,154
Estimated third-party payor settlements	**8,072,113**	7,668,614
Total current liabilities	**15,342,606**	14,951,584
Long-term debt, excluding current portion	**13,428,450**	13,020,971
Pension liability	**8,975,509**	8,207,972
Deferred compensation	**2,222,660**	1,675,104
Interest rate swap	**-**	2,338,470
Total liabilities	**39,969,225**	40,194,101
Commitments and contingencies (Notes 3, 7, 8, and 10)		
Unrestricted net assets	**14,959,538**	15,135,878
Total liabilities and net assets	**$ 54,928,763**	$ 55,329,979

ANDROSCOGGIN VALLEY HOSPITAL, INC.

Statements of Operations and Changes in Net Assets

Years Ended December 31, 2012 and 2011

	2012	2011
Unrestricted revenues and gains		
Patient service revenue (net of contractual allowances and discounts)	**$ 52,743,143**	$ 53,237,477
Less provision for bad debts	**2,882,948**	3,104,806
Net patient service revenue	**49,860,195**	50,132,671
Other revenues	**2,549,233**	2,295,738
Meaningful use revenue	**1,592,592**	-
Total unrestricted revenues and gains	**54,002,020**	52,428,409
Expenses		
Salaries, wages, and fringe benefits	**31,142,401**	30,364,588
Supplies and other expenses	**18,740,705**	17,903,507
Insurance	**592,842**	557,756
Depreciation and amortization	**2,260,009**	2,245,562
Interest expense	**477,936**	533,614
Total expenses	**53,213,893**	51,605,027
Operating income	**788,127**	823,382
Nonoperating gains (losses)		
Investment income	**142,221**	538,589
Realized gain on interest rate swap	**127,470**	-
Contributions and program support	**51,108**	26,468
Community benefit grant	**(638,401)**	(709,600)
Unrealized loss on interest rate swap	**-**	(914,168)
Loss on early extinguishment of long-term debt	**(243,359)**	-
Nonoperating gains (losses), net	**(560,961)**	(1,058,711)
Excess (deficiency) of revenues and gains over expenses and losses	**227,166**	(235,329)
Change in net unrealized gains on investments	**649,238**	(1,632,348)
Transfer to affiliate	**-**	(500,000)
Change in net assets to recognize funded status of pension plan	**(1,052,744)**	(3,817,584)
Decrease in unrestricted net assets	**(176,340)**	(6,185,261)
Unrestricted net assets, beginning of year	**15,135,878**	21,321,139
Unrestricted net assets, end of year	**$ 14,959,538**	$ 15,135,878

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

ANDROSCOGGIN VALLEY HOSPITAL, INC.

Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Decrease in net assets	**$ (176,340)**	$ (6,185,261)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Depreciation and amortization	**2,260,009**	2,245,562
Gain on disposal of property and equipment	**(6,893)**	(1,775)
Net realized and unrealized (gains) losses on investments	**(846,933)**	1,114,472
Net realized and unrealized (gain) loss on interest rate swap	**(127,470)**	914,168
Loss on early extinguishment of long-term debt	**243,359**	-
Provision for bad debts	**2,882,948**	3,104,806
Change in net assets to recognize funded status of pension plan	**1,052,744**	3,817,584
Equity transfer to affiliate	-	500,000
(Increase) decrease in		
Patient accounts receivable	**(2,248,292)**	(5,442,295)
Other accounts receivable	**(11,407)**	10,078
Meaningful use receivable	**(1,592,592)**	-
Supplies	**(27,653)**	(31,416)
Prepaid expenses and other current assets	**(6,367)**	(246,856)
Increase (decrease) in		
Accounts payable and accrued expenses	**(415,860)**	120,678
Accrued salaries and related amounts	**46,377**	114,838
Estimated third-party payor settlements	**403,499**	4,369,853
Pension liability	**(285,207)**	(457,402)
Net cash provided by operating activities	**1,143,922**	3,947,034
Cash flows from investing activities		
Proceeds from sale of investments	**9,777,168**	2,917,817
Purchases of investments	**(10,046,665)**	(3,345,821)
Purchases of property and equipment	**(1,903,272)**	(1,821,691)
Decrease (increase) in advances to affiliate	**76,687**	(72,776)
Net cash used by investing activities	**(2,096,082)**	(2,322,471)
Cash flows from financing activities		
Payments on long-term debt	**(1,004,634)**	(880,176)
Retirement of long-term debt	**(12,845,000)**	-
Proceeds from issuance of long-term debt	**14,500,000**	-
Payments on capital leases	-	(147,182)
Increase in bond issuance costs	**(125,386)**	-
Retirement of interest rate swap	**(2,211,000)**	-
Net cash used by financing activities	**(1,686,020)**	(1,027,358)
Net (decrease) increase in cash and cash equivalents	**(2,638,180)**	597,205
Cash and cash equivalents, beginning of year	**9,990,795**	9,393,590
Cash and cash equivalents, end of year	**$ 7,352,615**	$ 9,990,795
Supplemental disclosures of cash flow information.		
Cash paid for interest	**$ 516,572**	$ 538,035

The accompanying notes are an integral part of these financial statements

Nature of Business

Androscoggin Valley Hospital, Inc. (Hospital) is a non-profit critical access hospital which provides inpatient, outpatient, emergency care, ambulatory care, specialty care, and home health services to residents of Berlin, New Hampshire and the surrounding communities. The Hospital is controlled by NorthCare (NCR), a non-profit entity organized under New Hampshire law to serve as a holding company. NCR is the sole member of the Hospital. Related parties, Mountain Health Services, Inc. (MHS) and Androscoggin Valley Hospital Foundation (AVHF), are also controlled by NCR.

The Hospital, along with Upper Connecticut Valley Hospital and Weeks Medical Center, has formed Northern New Hampshire Health Collaborative, LLC, (the Collaborative). The Collaborative is a New Hampshire limited liability company located in Berlin, New Hampshire with the purpose to promote effective, efficient and rational expenditure of resources in order to preserve and enhance future access to critical, primary, and preventive health care services within the respective communities served in Northern New Hampshire. Collaborative initiatives may include management agreements, joint ventures, purchasing arrangement and innovative healthcare delivery platforms. Membership interests will be allocated equally. The Collaborative has been approved by the New Hampshire Attorney General and a decision is pending from the Federal Trade Commission. There has been minimal activity since its formation.

1. Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Cash Equivalents

For purposes of reporting in the statements of cash flows, the Hospital considers all cash accounts, which are not subject to withdrawal restrictions or penalties, purchased with maturity of three months or less, as cash and cash equivalents.

Patient Accounts Receivable

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

In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Data for each major payor source is regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. For receivables relating to services provided to patients having third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a corresponding provision for bad debts. For receivables relating to self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service based on past experience, which indicates that many patients are unable or unwilling to pay amounts for which they are financially responsible. The difference between the standard rates (or discounted rates if negotiated or eligible) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

During 2012, the Hospital decreased its estimate from $2,580,116 to $2,267,042 in the allowance for doubtful accounts relating to self-pay patients and during 2011 the Hospital increased its estimate from $1,960,404 to $2,580,116. During 2012, self-pay write-offs increased from $2,500,125 to $2,916,847 and during 2011 self-pay write-offs decreased from $2,726,730 to $2,500,125, respectively. These changes resulted from trends experienced in the collection of amounts from self-pay patients during 2012 and 2011, respectively.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess (deficiency) of revenues and gains over expenses and losses unless the income or loss is restricted by donor or law. Unrealized gains and temporary unrealized losses on investments are excluded from this measure

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.

Assets Limited as to Use

Assets limited as to use include designated assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes. Assets limited as to use also include money market funds restricted according to the terms of the bond indenture agreement.

Supplies

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

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if contributed, at fair market value determined at the date 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 useful lives of the related assets. The provision for depreciation has been computed using the straight-line method at rates which are intended to amortize the cost of assets over their estimated useful lives. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Bond Issuance Costs

The costs incurred to obtain long-term financing are being amortized by the straight-line method over the repayment period of the related debt. The costs are included in long-term debt in the balance sheet.

Interest Rate Swap

During 2012 and 2011, the Hospital used an interest rate swap contract to eliminate the cash flow exposure of interest rate movements on variable-rate debt. The Hospital adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 815, *Derivatives and Hedging*, to account for its interest rate swap contract. The Hospital was required to include the fair value of the swap in the balance sheet, and annual changes, if any, in the fair value of the swap in the statement of operations.

Gains and losses on derivative financial instruments that do not qualify as cash flow hedges are required to be included in the performance indicator. The interest rate swap did not qualify as a cash flow hedge during 2012 and 2011. As a result, the realized gain and unrealized loss on the interest rate swap have been included in the excess (deficiency) of revenues and gains over expenses and losses.

In March 2012, both parties mutually agreed to terminate the interest rate swap contract.

Employee Fringe Benefits

The Hospital has an "earned time" plan which provides benefits to employees for paid leave hours. Under this plan, each employee earns paid leave for each period worked These hours of paid leave may be used for vacations, holidays, or illnesses. Hours earned, but not used, are vested with the employee. The Hospital accrues a liability for such paid leave as it is earned. The earned time plan does not cover the physicians.

Net Patient Service Revenue

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

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. The cost of charity care provided was approximately $1,963,000 in 2012 and $1,682,000 in 2011. The cost is estimated by applying the ratio of total cost to total charges to the charges associated with providing such care.

Operating Indicator

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenue and expenses. Gain or loss on disposal of property and equipment and investment income used to fund interest expense and other operating expenses are included in operating income. Peripheral or incidental transactions are reported as nonoperating gains (losses), which primarily include certain investment income (loss), contributions and program support, community benefit grants, and realized and unrealized gains and losses on interest rate swap.

Excess (Deficiency) of Revenues and Gains Over Expenses and Losses

The statements of operations and changes in net assets include excess (deficiency) of revenues and gains over expenses and losses. Changes in unrestricted net assets which are excluded from this measure, consistent with industry practice, include unrealized gains and temporary unrealized losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and the change in net assets to recognize funded status of pension plan.

Income Taxes

The Hospital is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes

Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Health care services	**$ 45,763,948**	$44,766,298
General and administrative	**7,449,945**	6,838,729
	$ 53,213,893	$51,605,027

New Accounting Pronouncement

In July 2011, the FASB amended ASC 954, *Health Care Entities*, to require health care entities to change the presentation of the statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, enhanced disclosures are required about the policies for recognizing revenue and assessing bad debts The amendments also require disclosure of qualitative and quantitative information about significant changes in the allowance for doubtful accounts. The amendments to ASC 954 were effective for the Hospital beginning January 1, 2012 and have been incorporated into the Hospital's December 31, 2012 financial statements.

Reclassifications

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

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U S generally accepted accounting principles, management has considered transactions or events occurring through April 30, 2013, which was the date the financial statements were issued.

2. Assets Limited as to Use

Assets limited as to use consist of:

	2012	2011
Funds designated by the Board for capital improvements	**$19,837,745**	$18,618,246
Funds held by Trustee under bond indenture agreement Debt Service Fund	**-**	103,069
	19,837,745	18,721,315
Less current portion	**-**	103,069
	$19,837,745	$18,618,246

The composition of assets limited as to use as of December 31 was as follows:

	2012	2011
Cash and short-term investments	**$ 4,884,909**	$ 3,061,632
U.S. Treasury securities and other government-sponsored enterprises	**2,015,308**	2,024,236
Corporate bonds	**2,251,458**	831,442
Marketable equity securities	**4,475,914**	4,831,392
Mutual funds	**3,304,447**	5,145,405
Alternative investments	**2,905,709**	2,827,208
	$19,837,745	$18,721,315

Investment income and gains (losses) for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended December 31:

	2012	2011
Income (loss)		
Interest and dividend income	**$ 517,081**	$ 654,780
Realized gains on sales of securities	**197,695**	517,876
Management fees	**(89,713)**	(95,126)
	$ 625,063	$ 1,077,530
Other changes in unrestricted net assets		
Change in net unrealized gains	**$ 649,238**	$(1,632,348)

Income on investments is reported as follows

	2012	2011
Other revenues	**$ 482,842**	$ 538,941
Nonoperating gains	**142,221**	538,589
	$ 625,063	$ 1,077,530

3. Property and Equipment

The major categories of property and equipment, at cost, are as follows as of December 31

	2012	2011
Land	$ 77,592	$ 77,592
Land improvements	1,103,848	1,109,576
Buildings and fixtures	20,596,708	20,225,987
Fixed equipment	5,715,060	5,682,562
Major moveable equipment	14,042,117	13,615,592
	41,535,325	40,711,309
Less accumulated depreciation	27,974,177	26,306,787
	13,561,148	14,404,522
Construction in progress	667,102	177,426
	$14,228,250	$ 14,581,948

During 2012, the Hospital Board of Directors approved the design, purchase and installation of a biomass boiler at an estimated cost of approximately $2,800,000. At December 31, 2012, approximately $515,000 of costs are included in construction in progress related to this project. The project is expected to be completed by November 2013 and to be financed by a bank loan

4. Line of Credit

The Hospital has an unsecured $3,500,000 revolving line of credit with a bank. There were no borrowings outstanding under this line at December 31, 2012 and 2011. Interest on borrowings is assessed at the Wall Street Journal prime rate. The line of credit expires May 30, 2014.

5. Long-Term Debt

Long-term debt and capital lease obligations consist of the following as of December 31

	2012	2011
New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue Bonds, Androscoggin Valley Hospital Issue, Series 2012 (including $125,386 of unamortized bond issuance costs in 2012).		
Term bonds, $2,000,000 and $12,500,000 maturing on April 1, 2019 and 2027, respectively, payable in equal monthly installments of $26,428 and $88,530, including interest at 2.951% and 3.312%, respectively.	$ 13,697,885	$ -

	2012	2011
NHHEFA Revenue Bonds, Androscoggin Valley Hospital Issue, Series 2007 variable rate bonds. Refunded in 2012.	-	12,605,495
Loan payable in monthly installments of $31,354, including interest (4% at December 31, 2012), through October 2015; collateralized by investments.	1,005,644	1,333,549
	14,703,529	13,939,044
Less current portion	1,275,079	918,073
Long-term debt, excluding current portion	$ 13,428,450	$ 13,020,971

The NHHEFA Revenue Bonds, (Androscoggin Valley Hospital Issue, Series 2012), in the amount of $14,500,000, were issued in March 2012 for the purpose of refinancing existing indebtedness and terminating the Hospital's interest rate swap contract. The Revenue Bond consists of two term bonds in the amounts of $2,000,000 and $12,500,000. The terms of the bonds are seven years and ten years (with a five-year renewal option), respectively. A negative-negative pledge agreement was provided as security.

The Series 2012 Revenue Bond Agreement contains various restrictive covenants, which include compliance with certain financial ratios and a detail of events constituting defaults. The Hospital is in compliance with these requirements at December 31, 2012.

The NHHEFA Revenue Bonds (Androscoggin Valley Hospital Issue, Series 2007) in the amount of $15,000,000 were issued in November 2007. Interest on the Bonds were based on available weekly rates as determined by the remarketing agent based on prevailing market conditions, not to exceed 10% per annum. The Bonds were collateralized by the gross receipts of the Hospital and a letter of credit agreement. The Bonds were issued to advance refund existing bonds, repay other existing debt and fund future capital purchases.

While interest on the Series 2007 Bonds accrued on a weekly variable rate, the Hospital was required to maintain a credit facility in an amount not less than the principal amount of the outstanding Bonds plus accrued interest for 34 days at the maximum interest rate. To comply with this requirement, the Hospital had obtained an irrevocable direct pay letter of credit from JP Morgan Chase Bank, N.A. (Bank) in the amount of $15,139,727 The letter of credit expired on November 30, 2014 and could be extended by an additional year on each annual anniversary. It was collateralized by a pledge of the Bonds and gross receipts of the Hospital The Hospital was required to pay the Bank quarterly fees at the rate of .37% per annum of the daily average amount available of the outstanding bonds as defined in the agreement. Interest on drawings were paid at 3% per annum plus the base rate. The base rate was equal to the higher of the Wall Street Journal's prime rate or the Federal Funds Effective Rate plus 0.50%. Upon issuance of the letter of credit, the Hospital was required to pay an origination fee in the amount of $1,000.

To satisfy the requirements of the letter of credit reimbursement agreement, the Hospital entered into an interest rate swap agreement with another Bank. Under the agreement, the Hospital made or received payments based on the difference between the fixed-rate interest payments and the variable market-indexed payments. The notional principal amount of the interest rate swap outstanding was $12,845,000 December 31, 2011. The fixed interest payment rate was 3.4735%, and the variable interest payment received was based on 67% of the 1-month "USD-LIBOR-BBA Index " The fair value of the swap agreement is recorded in the balance sheet as of December 31, 2011. The swap agreement was set to expire on November 1, 2027. Both parties involved in the swap agreement mutually consented to terminate the agreement and settle the contract based on its market valuation as of March 31, 2012.

Scheduled principal repayments on long-term debt under refinanced terms are as follows:

Year ending December 31,

2013 (included in current liabilities)	$ 1,275,079
2014	1,320,023
2015	1,303,949
2016	1,027,862
2017	1,062,829
Thereafter	8,713,787
	$ 14,703,529

6. Net Patient Service Revenue

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

Medicare

The Hospital was granted Critical Access Hospital (CAH) status. Under CAH, the Hospital is reimbursed 101% of allowable costs for its inpatient, outpatient, and swing-bed services provided to Medicare beneficiaries. Home health services rendered to Medicare program beneficiaries are paid at prospectively determined rates based on clinical, diagnostic, and other factors.

The Hospital is reimbursed for cost reimbursable items at tentative rates, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2008.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retroactive adjustment. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the fiscal intermediary through December 31, 2008

Anthem Blue Cross

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

Revenues from Medicare and Medicaid programs accounted for approximately 45% and 12%, respectively, of the Hospital's patient revenue for the year ended 2012, and 46% and 12%, respectively, of the Hospital's patient revenue for the year ended 2011. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. In 2012, net patient service revenue decreased approximately $371,000, due to adjustment of allowances or recognition of settlements no longer subject to audits, reviews, and investigations. There were no such adjustments in 2011.

The Hospital recognizes patient service revenue associated with services rendered to patients who have third-party payor coverage on the basis of contractual rates for such services. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates (or on the basis of discounted rates, if negotiated or provided by policy) Based on historical trends, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services rendered. Thus, the Hospital records a provision for bad debts related to uninsured patients in the period the services are rendered. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during fiscal years ended December 31, 2012 and 2011 totaled $52,743,143 and $53,237,477, respectively, of which $46,346,386 and $46,529,618, respectively, were revenues from third-party payors and $6,396,757 and $6,707,859, respectively, were revenues from self-pay patients.

Gross patient service revenue, contractual allowances, and other allowances consisted of the following for the years ended December 31:

	2012	2011
Patient services		
Inpatient	$ 19,362,329	$ 18,414,791
Outpatient	61,346,332	62,446,256
Physician services	11,597,028	11,565,511
Home health	1,702,398	1,645,695
Gross patient service revenue	94,008,087	94,072,253
Less Medicare and Medicaid allowances	26,288,099	26,748,733
Less other contractual allowances	11,511,181	11,020,418
Less charity care allowances	3,465,664	3,065,625
Patient service revenue (net of contractual allowances and discounts	52,743,143	53,237,477
Less provision for bad debts	2,882,948	3,104,806
Net patient service revenue	$ 49,860,195	$ 50,132,671

Under the State's Medicaid program, the Hospital receives disproportionate share payments from a pool, which was funded by a 5.5% tax on net patient service revenue in 2012 and 2011, of all New Hampshire hospitals. The disproportionate share revenue amounted to $4,694,389 and $4,393,532 for 2012 and 2011, respectively, and is recorded in net patient service revenue The tax expense, which amounted to $2,158,936 and $2,182,619 for 2012 and 2011, respectively, is recorded as an operating expense. Because the State's program has not yet been approved and the methodologies used to determine net patient service revenue and disproportionate share payments remain unsettled, the Hospital has reserved for a portion of these amounts.

7. Pension Plan and Other Deferred Compensation

The Hospital has a non-contributory defined benefit pension plan covering substantially all of its employees. The benefits are based on years of service and the employee's compensation during employment. The Hospital's funding policy is to contribute the amount recommended by the Hospital's actuary to fulfill ERISA requirements Contributions are intended to provide not only for benefits attributed to service to date, but also those expected to be earned in the future. Effective December 31, 2006, the Hospital froze the defined benefit pension plan and established a defined contribution plan for all eligible employees.

The following table sets forth the funded status of the defined benefit plan and amounts recognized in the Hospital's financial statements as of and for the years ended December 31:

	2012	2011
Change in benefit obligation		
Benefit obligation at beginning of year	$ 20,471,008	$ 16,986,948
Interest cost	961,258	989,132
Actuarial loss	1,631,926	3,022,181
Benefits paid	(595,822)	(527,253)
Benefit obligation at end of year	$ 22,468,370	$ 20,471,008
Change in plan assets		
Fair value of plan assets at beginning of year	$ 12,263,036	$ 12,139,158
Actual return on plan assets	821,189	(198,869)
Employer contribution	1,060,854	850,000
Benefits paid	(595,822)	(527,253)
Administrative expenses	(56,396)	-
Fair value of plan assets at end of year	$ 13,492,861	$ 12,263,036
Funded status		
Benefit obligation	$ (22,468,370)	$ (20,471,008)
Fair value of plan assets	13,492,861	12,263,036
	$ (8,975,509)	$ (8,207,972)
Components of net periodic benefit cost		
Interest cost	$ 961,258	$ 989,132
Expected return on plan assets	(961,421)	(979,686)
Amortization of unrecognized net actuarial loss	775,809	383,152
Net periodic benefit cost	$ 775,646	$ 392,598
Accumulated benefit obligation	$ (22,468,370)	$ (20,471,008)

Included in unrestricted net assets at December 31, 2012 and 2011 are unrecognized actuarial losses of $10,652,915 and $9,600,171, respectively, which have not been recognized in net periodic pension cost. The amount expected to be recognized in 2013 is $853,409.

Assumptions

The assumptions used in the measurement of the Hospital's benefit obligation are shown in the following table:

	2012	2011
Weighted average assumptions at December 31:		
Discount rate		
For determining net periodic benefit cost	**4.75 %**	6.00 %
For determining benefit obligation	**4.25**	4.75
Expected return on plan assets	**8.00**	8.00

To achieve the expected long-term rate of return on plan assets assumption, the Hospital developed a plan investment policy to maximize the safety of the funds, provide adequate liquidity, and maximize return on funds invested. Assets may be allocated in accordance with the plan investment policy as follows:

Equity investments, limited to companies listed on the major stock exchanges	0-65%
Fixed income investments, including cash equivalents with maturity dates under one year, short-term and intermediate funds, and specified insurance contracts	35-100%

Based on a current year actuarial schedule, the Hospital will set a percentage of the total assets to be invested in highly-liquid, short-term investments for that year.

Plan Assets

The Plan's primary investment objective is to ensure that contributions, assets, and returns from investments shall be sufficient to meet the Plan's obligations, without undue exposure to risk. Plan management directs its investment managers to maintain well-diversified portfolios. Fixed income portfolios are to be diversified by maturity, quality, sector, and industry in a manner comparable to the benchmark index (Lehman Intermediate Government/Credit Index).

Investment returns are to be measured using quarterly and annual investment performance reviews. The reviews will include measurement of return and comparison of return to appropriate indices, as well as risk and diversification analyses as compared to index values.

The Hospital's pension plan weighted-average asset allocations at December 31, 2012 and 2011, by asset category, are as follows:

	2012	2011
Cash and cash equivalents	**7 %**	22 %
Mutual funds	**34**	59
Fixed income	**56**	15
Alternative investments	**3**	4
Total	**100 %**	100 %

Contributions

The Hospital expects to contribute $856,000 to the Plan in 2013

Estimated Future Benefit Payments

The following benefit payments are expected to be paid as follows:

2013	$ 681,000
2014	682,000
2015	783,000
2016	894,000
2017	990,000
Years 2018-2022	6,192,000

Additional Benefit Plans

The Hospital established a contributory defined contribution plan available to substantially all employees. The Hospital's policy under the defined contribution plan is to fund its portion of amounts due under the plan on a current basis and to recognize expense as incurred. During 2012 and 2011, the Hospital contributed $327,488 and $323,920 to this plan, respectively.

The Hospital also maintains a nonqualified deferred compensation plan which was established for a select group of management or highly-compensated employees. The amounts contributed to the plan by the Hospital and employees are recognized as an asset and a corresponding liability in the financial statements.

8. Related Party Transactions

The Hospital has extended an interest-free $1,000,000 revolving line of credit to MHS, an affiliate of the Hospital. Advances under the line of credit are due upon demand. Included in advances to affiliates are advances under the line of credit of $32,588 and $180,288 as of December 31, 2012 and 2011, respectively. During 2011, the Hospital made a noncash equity transfer of $500,000 to MHS.

During 2012 and 2011, the Hospital recorded $36,667 and $40,000, respectively, of revenue from AVHF, NCR, and MHS for management, accounting, and other administrative services.

During 2012 and 2011, the Hospital incurred costs of $25,000 primarily related to equipment provided by NCR.

During 2012 and 2011, the Hospital recorded revenue of $54,613 and $39,473, respectively, from AVHF as reimbursement for qualifying physician education and various expenses related to programs provided for community benefit.

Advances to affiliates as of December 31 consisted of:

	2012	2011
Due from NCR	$ 530,247	$ 540,247
Due from AVHF	594,675	513,662
Due from MHS	32,588	180,288
	$1,157,510	$1,234,197

9. Concentrations 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 was as follows as of December 31:

	2012	2011
Medicare	39 %	39 %
Medicaid	10	10
Commercial insurance and other	17	22
Patients	20	19
Anthem Blue Cross	14	10
	100 %	100 %

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

10. Commitments and Contingencies

Malpractice Loss Contingencies

The Hospital insures its medical malpractice risks on a claims-made basis under a policy which covers all employees of the Hospital. A claims-made policy provides specified coverage for claims reported during the policy term. The policy contains a provision which allows the Hospital to purchase "tail" coverage for an indefinite period of time to avoid any lapse in insurance coverage The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of doing business Generally Accepted Accounting Principles require the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Hospital has evaluated its exposure to losses arising from potential claims and determined that no such accrual is necessary for the year ended December 31, 2012. The Hospital intends to renew coverage on a claims-made basis and anticipates that such coverage will be available.

Asset Retirement Obligation

FASB ASC 410, *Asset Retirement and Environmental Obligations*, requires entities to record asset retirement obligations at fair value if they can be reasonably estimated. The State of New Hampshire requires special disposal procedures relating to building materials containing asbestos. The Hospital building contains some encapsulated asbestos, but a liability has not been recognized. This is because there are no current plans to renovate or dispose of the building that would require the removal of the asbestos; accordingly, the liability has an indeterminate settlement date and its fair value cannot be reasonably estimated.

Community Benefit Grant

The Hospital and Coos County Family Health Services (CCFHS) have entered into an agreement whereby the Hospital will provide funding in the form of a community benefit grant to CCFHS for the purpose of supporting a portion of the otherwise uncompensated costs incurred by CCFHS in providing physician services. The terms of the agreement require that the Hospital provide CCFHS with the agreed-upon community benefit grant funds on July 1 of the appropriate grant year. The amount of the community benefit grant to be awarded will be determined on an annual basis in accordance with the terms of the agreement. The initial term of the community benefit grant agreement expires December 31, 2023. Grant expense of $638,401 and $709,600 was incurred in 2012 and 2011, respectively.

In February 2009, the community benefit grant was renegotiated to the following payment schedule, contingent upon CCFHS achieving certain annual encounter levels:

On July 1	Not to Exceed
2011 - 2022	$700,000
2023	350,000

11. Meaningful Use Revenue

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The Medicare criteria for meaningful use will be staged in three steps from fiscal year 2011 through 2015. The meaningful use attestation is subject to audit by the Centers of Medicare and Medicaid Services in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by the Hospital Management has determined that no allowance is needed against the established meaningful use receivable at December 31, 2012.

The Medicaid program will provide incentive payments to hospitals and eligible professionals as they adopt, and implement, upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to five remaining participation years. There will be no payment adjustments under the Medicaid EHR incentive program

During 2012, the Hospital recorded meaningful use revenue from the Medicaid and Medicare EHR programs of $292,592 and $1,300,000, respectively.

12. Fair Value Measurement

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

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

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

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

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

	Fair Value Measurements at December 31, 2012, Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets.				
Cash and cash equivalents	$ 4,884,909	$ 4,884,909	$ -	$ -
U S Treasury securities and other government-sponsored enterprises	2,015,308	2,015,308	-	-
Corporate bonds	2,251,458	-	2,251,458	-
Marketable equity securities:				
Consumer discretionary	107,771	107,771	-	-
Consumer staples	138,428	138,428	-	-
Energy	137,827	137,827	-	-
Financials	204,674	204,674	-	-
Healthcare	151,662	151,662	-	-
Industrials	90,057	90,057	-	-
Information technology	187,392	187,392	-	-
Materials	42,637	42,637	-	-
Miscellaneous equity	3,202,472	3,202,472	-	-
Telecommunication services	169,708	169,708	-	-
Utilities	43,286	43,286	-	-
Total marketable equity securities	4,475,914	4,475,914	-	-
Mutual funds				
Index funds	-	-	-	-
Balanced funds	203,733	203,733	-	-
Growth funds	1,840,892	1,840,892	-	-
Fixed income funds	1,039,320	1,039,320	-	-
International funds	220,502	220,502	-	-
Total mutual funds	3,304,447	3,304,447	-	-
Alternative investments:				
Ivory Offshore Flagship Fund	1,045,839	-	1,045,839	-
ACL Alternative Fund	672,199	-	672,199	-
Ironwood Institutional Fund	1,187,671	-	-	1,187,671
Total alternative investments	2,905,709	-	1,718,038	1,187,671
Investments to fund deferred compensation	2,222,660	2,222,660	-	-
Total assets	$ 22,060,405	$ 16,903,238	$ 3,969,496	$ 1,187,671

	Fair Value Measurements at December 31, 2012, Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments - held by defined benefit pension plan (Note 7)				
Cash and cash equivalents	$ 944,943	$ 944,943	$ -	$ -
U S. Treasury securities and other government-sponsored enterprises	317,835	317,835	-	-
International bonds	-	-	-	-
Corporate bonds	7,298,836	-	7,298,836	-
Mutual funds				
Balanced funds	247,842	247,842	-	-
Bond funds	1,993,904	1,993,904	-	-
Growth funds	751,061	751,061	-	-
International funds	780,666	780,666	-	-
Insurance bond fund	762,431	762,431	-	-
Total mutual funds	4,535,904	4,535,904	-	-
Alternative investments	395,343	-	395,343	-
Total	$ 13,492,861	$ 5,798,682	$ 7,694,179	$ -

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value.

Balance, January 1, 2011	$ -
Purchases	1,124,000
Net change in asset value	(31,458)
Balance, December 31, 2011	1,092,542
Purchases	-
Net change in asset value	95,129
Balance, December 31, 2012	$1,187,671

	Fair Value Measurements at December 31, 2011, Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 3,061,632	$ 3,061,632	$ -	$ -
U S. Treasury securities and other government-sponsored enterprises	2,024,236	2,024,236	-	-
Corporate bonds	831,442	-	831,442	-
Marketable equity securities				
Consumer discretionary	420,235	420,235	-	-
Consumer staples	455,881	455,881	-	-
Energy	469,589	469,589	-	-
Financials	584,382	584,382	-	-
Healthcare	488,851	488,851	-	-
Industrials	285,939	285,939	-	-
Information technology	706,224	706,224	-	-
Materials	212,030	212,030	-	-
Miscellaneous equity	609,719	609,719	-	-
Telecommunication services	409,103	409,103	-	-
Utilities	189,439	189,439	-	-
Total marketable equity securities	4,831,392	4,831,392	-	-
Mutual funds				
Index funds	1,212,326	1,212,326	-	-
Balanced funds	1,090,215	1,090,215	-	-
Growth funds	1,773,092	1,773,092	-	-
Fixed income funds	366,265	366,265	-	-
International funds	703,507	703,507	-	-
Total mutual funds	5,145,405	5,145,405	-	-
Alternative investments				
Ivory Offshore Flagship Fund	1,004,418	-	1,004,418	-
ACL Alternative Fund	730,248	-	730,248	-
Ironwood Institutional Fund	1,092,542	-	-	1,092,542
Total alternative investments	2,827,208	-	1,734,666	1,092,542
Investments to fund deferred compensation	1,675,104	1,675,104	-	-
Total assets	$ 20,396,419	$ 16,737,769	$ 2,566,108	$ 1,092,542
Liabilities.				
Interest rate swap	$ 2,338,470	$ -	$ 2,338,470	$ -
Total liabilities	$ 2,338,470	$ -	$ 2,338,470	$ -

	Fair Value Measurements at December 31, 2011, Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments - held by defined benefit pension plan (Note 7).				
Cash and cash equivalents	$ 2,721,067	$ 2,721,067	$ -	$ -
U S. Treasury securities and other government-sponsored enterprises	1,137,395	1,137,395	-	-
International bonds	75,251	-	75,251	-
Corporate bonds	624,343	-	624,343	-
Mutual funds				
Index funds	1,467,248	1,467,248	-	-
Balanced funds	393,718	393,718	-	-
Growth funds	3,306,356	3,306,356	-	-
International funds	1,237,326	1,237,326	-	-
Insurance bond funds	870,848	870,848	-	-
Total mutual funds	7,275,496	7,275,496	-	-
Alternative investments	429,484	-	429,484	-
Total	$ 12,263,036	$ 11,133,958	$ 1,129,078	$ -

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

The fair value for Level 2 alternative investments is based on the Hospital's pro-rata share of the total underlying fund assets, which all have readily determinable fair values.

The fair value for Level 3 alternative investments is based on the Hospital's pro-rata share of the total underlying fund assets, a significant portion of which are valued using significant unobservable inputs and the fund management's own assumptions.

The Ivory Offshore Flagship Fund (the Fund) allows for quarterly redemptions, however, 45-day prior written notice is required to withdraw all or a portion of the investment in the Fund. In the event the Hospital withdraws all of its investment balance in the Fund, there is a 5% withhold until the Fund completes its annual audit, at which time the remaining 5% is distributed to the Hospital

The Ironwood Institutional Fund (the Fund) allows for semi-annual redemptions on June 30 and December 31 of each year, however, 95-day prior written notice is required to withdraw all or a portion of the investment in the Fund. In the event the Hospital withdraws all of its investment balance in the Fund, there is a 5% withhold until the Fund completes its annual audit, at which time the remaining 5% is distributed to the Hospital.

The Hospital's financial instruments consist of cash and cash equivalents, marketable securities, trade accounts receivable and payable, estimated third-party payor settlements, interest rate swap, and long-term debt. The fair values of all financial instruments approximate their carrying values at December 31, 2012 and 2011.

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