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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
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A For the 2012 calendar year, or tax year beginning 10-01-2012 , 2012, and ending 09-30-2013			
B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization Littleton Hospital Association	D Employer identification number 02-0222152	
	Doing Business As Littleton Regional Healthcare		
	Number and street (or P O box if mail is not delivered to street address) 600 St Johnsbury Road	Room/suite	E Telephone number (603) 444-9000
	City or town, state or country, and ZIP + 4 Littleton, NH 03561		G Gross receipts \$ 105,791,491
	F Name and address of principal officer Nick Braccino 600 St Johnsbury Road Littleton, NH 03561		
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no) ☐ 4947(a)(1) or ☐ 527		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 ▶	
J Website: ▶ www.littletonhospital.org			
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶		L Year of formation 1906 M State of legal domicile NH	

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities To provide health care services in Northern New Hampshire		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	16
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	13
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	482
6 Total number of volunteers (estimate if necessary)	6	240	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	18,723	
b Net unrelated business taxable income from Form 990-T, line 34	7b	-17,388	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	51,546	122,101
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	71,499,864	80,091,833
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	402,610	1,383,355
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	0	0
		71,954,020	81,597,289
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	7,040	103,734
	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)	39,264,133	42,507,068
	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)	31,423,152	35,218,794
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	70,694,325	77,829,596
	19 Revenue less expenses Subtract line 18 from line 12	1,259,695	3,767,693
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	85,349,412	95,068,821
	21 Total liabilities (Part X, line 26)	46,900,809	50,423,017
	22 Net assets or fund balances Subtract line 21 from line 20	38,448,603	44,645,804

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	*****				2014-04-03
	Signature of officer				Date
Paid Preparer Use Only	Nick Braccino CFO Type or print name and title				
	Prnt/Type preparer's name Barbara J McGuan CPA		Preparer's signature	Date 2014-04-03	Check ☐ if self-employed PTIN 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 IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 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 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, 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	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI 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	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more 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? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	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.	126	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.	482	
2b	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).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	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?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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	1a16		
	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	1b13		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		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	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review 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	Leslie Walker Controller 600 St Johnsbury Rd Littleton, NH (603) 444-9000

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) William Bedor Vice-Chairman/Treasurer	1 00	X		X				0	0	0
(2) Milton Bratz Trustee	1 00	X						0	0	0
(3) Mell Brooks Secretary	1 00	X		X				0	0	0
(4) Edward Duffy MD Past Trustee/Physician	40 00 1 00	X						331,711	0	41,241
(5) Wayne Rioux Trustee	1 00 1 00	X						0	0	0
(6) John Starr Trustee/Past Chairman	1 00 1 00	X		X				0	0	0
(7) Margaret Starr Past Trustee	1 00	X						0	0	0
(8) Stevan Trooboff Chairman/Past Treasurer	1 00 1 00	X		X				0	0	0
(9) Charles Wolcott MD Past Trustee	1 00	X						0	0	0
(10) Guilbert Vickery Past Trustee	1 00 1 00	X						0	0	0
(11) Deane Rankin MD Trustee/Physician	40 00	X						432,925	0	39,246
(12) George Brodeur Trustee	1 00	X						49,599	0	0
(13) Kevin Silva MD Past Trustee	1 00	X						12,000	0	0
(14) Roger Gingue Trustee	1 00	X						0	0	0
(15) James Hamblin Trustee	1 00	X						0	0	0
(16) Dr Stephen Phipps President, Medical Staff	1 00	X						10,000	0	0
(17) Everett Aldrich Auxiliary President	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) Gary Meader Trustee	1 00	X						0	0	0
(19) Gail Tomlinson Trustee	1 00	X						0	0	0
(20) Kim Butler Trustee	1 00	X						0	0	0
(21) Dr David Nelson Trustee	1 00	X						0	0	0
(22) Warren West CEO	40 00 1 00			X				299,328	0	24,517
(23) Robert Fotter Past CFO	40 00 1 00			X				185,520	0	29,033
(24) Nick Braccino CFO	40 00 1 00			X				0	0	0
(25) Linda Gilmore CAO/CNO	40 00				X			186,270	0	35,313
(26) Harlan G Herr Physician	40 00					X		505,538	0	13,347
(27) Richard Caesar Physician	40 00					X		470,079	0	30,989
(28) Patrick Fitzpatrick Physician	40 00					X		462,436	0	39,246
(29) Michael Kindred Physician	40 00					X		459,791	0	32,066
(30) Lon Howard Physician	40 00					X		448,830	0	34,277
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								3,854,027	0	319,275

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▶46

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>		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
The Alpine Clinic PLLC 1095 Profile Rd Franconia NH 03580		Professional Services Agreement	4,203,864
Daniel Hebert Inc 12 Pleasant St Colebrook NH 03576		General Contractor	2,547,709
Griffin York & Krause 121 River Front Drive Manchester NH 03102		Advertising Consultant	486,311
Quorum Health Resources Inc 105 Continental Place Brentwood TN 37027		Consulting Services	393,318
C&A Industries PO Box 3037 Omaha NE 68103		Non-provider staffing	295,990
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 ▶17		

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				
	d	Related organizations	1d	114,760			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	7,341			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		122,101			
Program Service Revenue			Business Code				
	2a	Patient Service Revenue	900099	130,968,028	130,968,028		
	b	Meaningful Use Incentive Revenues	900099	1,230,736	1,230,736		
	c	Contract Lab	621500	185,323	166,600	18,723	
	d	Provision for Bad Debts	900099	-4,096,468	-4,096,468		
	e	Contractual Allowances	900099	-51,780,297	-51,780,297		
	f	All other program service revenue		3,584,511	3,584,511		
	g	Total. Add lines 2a-2f		80,091,833			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		368,059		368,059	
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
	6a	(i) Real					
		(ii) Personal					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
	7a	(i) Securities					
		(ii) Other					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss)		1,015,296			1,015,296
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18					
	a						
	b	Less direct expenses					
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19					
a							
b	Less direct expenses						
c	Net income or (loss) from gaming activities						
10a	Gross sales of inventory, less returns and allowances						
a							
b	Less cost of goods sold						
c	Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11a							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d						
12	Total revenue. See Instructions		81,597,289	80,073,110	18,723	1,383,355	

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.	103,734	103,734		
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.	1,676,703	916,722	759,981	
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.	30,045,850	26,429,846	3,616,004	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,030,012	913,969	116,043	
9	Other employee benefits.	4,716,667	4,117,764	598,903	
10	Payroll taxes.	5,037,836	4,353,347	684,489	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	161,710	519	161,191	
c	Accounting.	79,311	6,683	72,628	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	127,664		127,664	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	8,138,572	6,613,201	1,525,371	
12	Advertising and promotion.	706,586	25,100	681,486	
13	Office expenses.	10,338,981	9,759,841	579,140	
14	Information technology.	351,508	7,804	343,704	
15	Royalties.				
16	Occupancy.	2,158,481	1,006,087	1,152,394	
17	Travel.	316,999	235,195	81,804	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	86,529		86,529	
20	Interest.	722,882	722,882		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	5,772,459	5,063,406	709,053	
23	Insurance.	897,466	490,551	406,915	
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	Equipment Expenses	2,737,325	1,766,108	971,217	
b	Collection Agency	712,323	58,149	654,174	
c	Recruitment Costs	561,869	404	561,465	
d	Quorum Fees	336,828		336,828	
e	All other expenses	1,011,301	351,993	659,308	
25	Total functional expenses. Add lines 1 through 24e.	77,829,596	62,943,305	14,886,291	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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		2,945	1	2,750
	2	Savings and temporary cash investments		8,794,837	2	8,807,577
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		9,385,246	4	8,619,960
	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		227,973	7	2,563,866
	8	Inventories for sale or use		1,485,073	8	1,580,589
	9	Prepaid expenses and deferred charges		1,175,935	9	1,336,949
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a84,836,200			
	b	Less accumulated depreciation	10b38,568,366	45,116,903	10c	46,267,834
	11	Investments—publicly traded securities		18,891,154	11	25,589,388
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		269,346	15	299,908
	16	Total assets. Add lines 1 through 15 (must equal line 34)		85,349,412	16	95,068,821
Liabilities	17	Accounts payable and accrued expenses		5,373,287	17	6,654,710
	18	Grants payable			18	
	19	Deferred revenue		593,490	19	2,025,458
	20	Tax-exempt bond liabilities		30,155,983	20	27,925,000
	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			23	4,289,282
	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		10,778,049	25	9,528,567
	26	Total liabilities. Add lines 17 through 25		46,900,809	26	50,423,017
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		37,642,591	27	43,762,042
	28	Temporarily restricted net assets		145,619	28	165,664
	29	Permanently restricted net assets		660,393	29	718,098
	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		38,448,603	33	44,645,804
	34	Total liabilities and net assets/fund balances		85,349,412	34	95,068,821

Part XI

Reconciliation 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	81,597,289
2	Total expenses (must equal Part IX, column (A), line 25)	2	77,829,596
3	Revenue less expenses Subtract line 2 from line 1	3	3,767,693
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	38,448,603
5	Net unrealized gains (losses) on investments	5	921,062
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	1,508,446
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	44,645,804

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? 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	2a	No
2b	Were the organization's financial statements audited by an independent accountant? 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	2b	Yes
2c	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? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes
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
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	

Additional Data

Software ID:

Software Version:

EIN: 02-0222152

Name: Littleton Hospital Association

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

(A) Name and Title	(B) Average hours per week (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			
William Bedor Vice-Chairman/Treasurer	1 00	X		X				0	0	0
Milton Bratz Trustee	1 00	X						0	0	0
Mell Brooks Secretary	1 00	X		X				0	0	0
Edward Duffy MD Past Trustee/Physician	40 00	X						331,711	0	41,241
Wayne Rioux Trustee	1 00	X						0	0	0
	1 00									
John Starr Trustee/Past Chairman	1 00	X		X				0	0	0
	1 00	X						0	0	0
	1 00									
Margaret Starr Past Trustee	1 00	X						0	0	0
Stevan Trooboff Chairman/Past Treasurer	1 00	X		X				0	0	0
	1 00									
Charles Wolcott MD Past Trustee	1 00	X						0	0	0
Guilbert Vickery Past Trustee	1 00	X						0	0	0
	1 00									
Deane Rankin MD Trustee/Physician	40 00	X						432,925	0	39,246
George Brodeur Trustee	1 00	X						49,599	0	0
Kevin Silva MD Past Trustee	1 00	X						12,000	0	0
Roger Gingue Trustee	1 00	X						0	0	0
James Hamblin Trustee	1 00	X						0	0	0
Dr Stephen Phipps President, Medical Staff	1 00	X						10,000	0	0
Everett Aldrich Auxiliary President	1 00	X						0	0	0
Gary Meader Trustee	1 00	X						0	0	0
Gail Tomlinson Trustee	1 00	X						0	0	0
Kim Butler Trustee	1 00	X						0	0	0
Dr David Nelson Trustee	1 00	X						0	0	0
Warren West CEO	40 00			X				299,328	0	24,517
	1 00									
Robert Fotter Past CFO	40 00			X				185,520	0	29,033
	1 00									
Nick Braccino CFO	40 00			X				0	0	0
	1 00									
Linda Gilmore CAO/CNO	40 00				X			186,270	0	35,313

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (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			
Harlan G Herr Physician	40 00					X		505,538	0	13,347
Richard Caesar Physician	40 00					X		470,079	0	30,989
Patrick Fitzpatrick Physician	40 00					X		462,436	0	39,246
Michael Kindred Physician	40 00					X		459,791	0	32,066
Lon Howard Physician	40 00					X		448,830	0	34,277

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
Littleton Hospital Association

Employer identification number
02-0222152

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?

(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?

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of 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 IIISupport 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

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization Littleton Hospital Association	Employer identification number 02-0222152
--	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	☐ Yes ☐ No
4a	Was a correction made?	☐ Yes ☐ No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	☐ Yes ☐ No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ Yes ☐ No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities?	Yes		
	j Total Add lines 1c through 1i			13,157
	2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912				
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Explanation of Lobbying Activities	Part II-B, Line 1	Littleton Hospital Association is a member of the NH Hospital Association and the American Hospital Association. A portion of the dues paid to these organizations is available for lobbying expenditures on behalf of Littleton Hospital Association and other member organizations in furtherance of their exempt purposes. Littleton Hospital Association does not directly perform any lobbying activities.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Littleton Hospital Association

Employer identification number
02-0222152

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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

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

▶ \$ _____

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 52283D

Schedule D (Form 990) 2012

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
1c	
1d	
1e	
1f	
- 2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No
- b

If "Yes," explain the arrangement in Part 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	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	794,094	717,945	767,249	728,305	739,898
b Contributions					9,683
c Net investment earnings, gains, and losses	81,883	77,221	-48,189	49,089	-21,200
d Grants or scholarships					
e Other expenditures for facilities and programs	5,368	1,072	1,115	10,145	75
f Administrative expenses					
g End of year balance	870,609	794,094	717,945	767,249	728,306

- 2

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

a

Board designated or quasi-endowment

0 %

b

Permanent endowment

82 480 %

c

Temporarily restricted endowment

17 520 %

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

(i) unrelated organizations

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

☐ No
- b

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

☐ Yes

☐ No

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		786,809		786,809
b Buildings		40,084,265	17,841,960	22,242,305
c Leasehold improvements				
d Equipment		37,652,627	20,097,414	17,555,213
e Other		6,312,499	628,992	5,683,507
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				46,267,834

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	83,785,156
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	921,062
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	1,508,446
e	Add lines 2a through 2d	2e	2,429,508
3	Subtract line 2e from line 1	3	81,355,648
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	127,664
b	Other (Describe in Part XIII)	4b	113,977
c	Add lines 4a and 4b	4c	241,641
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	81,597,289

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

1	Total expenses and losses per audited financial statements	1	77,587,955
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	77,587,955
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	127,664
b	Other (Describe in Part XIII)	4b	113,977
c	Add lines 4a and 4b	4c	241,641
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	77,829,596

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		Unrealized Gain on Interest Rate Swap 1,508,446
Part XI, Line 4b - Other Adjustments		Foundation Subsidy 103,734 Community Benefit 10,243
Part XII, Line 4b - Other Adjustments		Foundation Subsidy 103,734 Community Benefit 10,243

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
Littleton Hospital Association

Employer identification number
02-0222152

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	Investments		5,083,331
3a Sub-total	0	0			5,083,331
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	0			5,083,331

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 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

[illegible]

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 organization may 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

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).

[illegible]

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
Littleton Hospital Association

Employer identification number
02-0222152

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 <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☒ 300% ☐ 350% ☐ 400% ☐ Other _____ % 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"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	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 eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b	Yes	
b	If "Yes," did the organization make it available to the public?	5c		No
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.	6a	Yes	
		6b	Yes	

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)			2,007,331		2,007,331	2 580 %
b Medicaid (from Worksheet 3, column a)			1,639,571		1,639,571	2 110 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .						
d Total Financial Assistance and Means-Tested Government Programs . .			3,646,902		3,646,902	4 690 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			182,011		182,011	0 230 %
f Health professions education (from Worksheet 5)			38,546		38,546	0 050 %
g Subsidized health services (from Worksheet 6)			280,201		280,201	0 360 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			18,072		18,072	0 020 %
j Total Other Benefits			518,830		518,830	0 660 %
k Total. Add lines 7d and 7j . .			4,165,732		4,165,732	5 350 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements			29,082		29,082	0.040 %
5Leadership development and training for community members						
6Coalition building			19,225		19,225	0.020 %
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			48,307		48,307	0.060 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1

Yes

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

2,355,012

3Enter 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

4Provide 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

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

5

20,778,484

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

6

20,778,484

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

7

8Describe 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

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.

9b

Yes

Part IVManagement 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	Littleton Regional Hospital 600 St Johnsbury Road Littleton, NH 03561	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)

Littleton Regional Hospital

Name of hospital facility or facility reporting group

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 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
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 <u>12</u>		
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	Yes
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	No
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
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	No
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	No
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 <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
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	No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

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? If "No," indicate why	Yes	
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? If "Yes," explain in Part VI		No
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? If "Yes," explain in Part VI		No

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?
1

Name and address		Type of Facility (describe)
1	Littleton Orthopaedics 81 Bethlehem Road Littleton, NH 03561	Outpatient Physician Clinic
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the 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 The Hospital determines its cost of charity care based on an overall financial statement cost to charge ratio applied against gross charity care charges
		Part III, Line 4 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 valuation of charity care does not include any bad debt receivables or revenue

Identifier	ReturnReference	Explanation
		Part III, Line 8 Any shortfall is treated as a community benefit The organization uses a cost to charge ratio from the Medicare cost report to determine the amount of Medicare allowable costs
		Part III, Line 9b Patients who are known to qualify for financial assistance are given a financial assistance application to fill out and return to our Financial Counselor Upon receipt of the financial assistance application, the application is processed and the amount of financial assistance that will be granted to the patient is determined Once the percentage of financial assistance is approved, we adjust the account balance accordingly If a balance is left over after the financial assistance is adjusted, the patient will receive their monthly statements for the remaining balance If the patient defaults on paying the remaining balance , their account will be sent to a third party collection agency no sooner than 120 days from date of their first statements issued At this time we would turn the account over to the third party collection agency for further collection efforts

Identifier	ReturnReference	Explanation
Littleton Regional Hospital		Part V , Section B, Line 3 The Organization deployed a Community Health Needs Assessment survey within the local population for any resident to complete The Organization received community input from 164 area residents The terms of gaining input stipulated each respondent would remain anonymous The internet based survey was promoted through a paid advertisement in a local newspaper and distributed to local civic and health organizations with a request for participation Preliminary conclusions were presented to a local group of experts, who were asked to validate prior assessments and to establish priority among various identified health and medical issues Information analysis augmented by local opinions showed how Grafton County relates among its peers in terms of primary and chronic needs, as well as other issues of uninsured persons, low income persons and minority groups, respondents commented on if they believe certain population groups (or people with certain situations) need help to improve their condition and if so, who needs to do what When the analysis was complete, the Organization put the information and summary conclusions before our local group of experts who were asked to agree or disagree with the summary conclusions They were free to augment potential conclusions with additional statements of need, new needs could, and did, emerge from this exchange Consultation with local experts occurred again via an internet based survey (explained below) With the prior steps identifying potential community needs, the local experts participated in a structured communication technique called a Delphi method, originally developed as a systematic, interactive forecasting method which relies on a panel of experts Experts answer questionnaires in a series of rounds The Organization contemplated and implemented one round as referenced during the above dates After each round, the Organization provided an anonymous summary of the experts' forecasts from the previous round, as well as the reasons provided for their judgments The process encourages experts to revise their earlier answers in light of the replies of other members of their panel Typically, this process decreases the range of answers and moves the expert opinions toward a consensus "correct" answer The process stops when we identify the most pressing, highest priority community needs In the Organization's process, each local expert allocated 100 points among all identified needs, having the opportunity to introduce needs previously unidentified and to challenge conclusions developed from the data analysis A rank order of priorities emerged, with some needs receiving virtually no support and other needs receiving identical point allocations We dichotomized the rank order into two groups high priority needs and low priority needs The determination of the break point, high as opposed to low, was a qualitative interpretation by Quorum Health Resources and the Organization's executive team where a reasonable break point in rank occurred, indicated by the weight amount of points each potential need received and the number of local experts allocating any points to the need When presented to the Organization's executive team, the dichotomized need rank order identified which needs the hospital considered high responsibility to respond vs low responsibility to respond The result provided a matrix of needs and guided the Organization in developing its implementation response
Littleton Regional Hospital		Part V , Section B, Line 7 Alcohol Abuse, Drug Use in Youths, Mental Health and Suicide, and Smoking - LRH does not intend to develop an implementation plan for these needs for the following reasons *Lack of expertise of competency (i e , certain professional credential required and no such individual is in our immediate service area)*Lack of identified interventions to address need*Need is addressed by other organization or facility

Identifier	ReturnReference	Explanation
		Part VI, Line 2 The Littleton Regional Hospital Community is defined as all people living in the communities listed in Part VI, Line 4 These communities were chosen by their geographic proximity to the Hospital and to the services and programs provided
		Part VI, Line 3 Any applicant will receive a prompt decision on eligibility and amount of charity care offered Notices of the Charity Care Policy are posted in the lobbies, waiting rooms and other public areas Notices are also given to recipients who are served in their homes

Identifier	ReturnReference	Explanation
		Part VI, Line 4 The Hospital's primary service area includes Littleton, Bethlehem, Lisbon, Franconia, Sugar Hill and Carroll The secondary service area includes Whitefield, Lancaster, Groveton, Monroe, North Woodstock, Lincoln, Woodsville and Bath (all in NH), and St Johnsbury, Lunenburg, Lyndonville, Concord, Gilman (all in VT) The area spans across a good majority of Northern New Hampshire and the Northeast Kingdom of Vermont
Reports Filed With States	Part VI, Line 7	NH

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

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization
Littleton Hospital Association

Employer identification number

02-0222152

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.

[illegible]

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.

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 Organization tracks the amount of expenses paid on behalf of the Littleton Regional Hospital Charitable Foundation, a related organization, and at the end of the year will forgive the Foundation for the reimbursement of expenses related to salaries and benefits

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
Littleton Hospital Association

Employer identification number
02-0222152

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ 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	No
c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4c	No
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? If "Yes," to line 5a or 5b, describe in Part III	5b	No
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a The organization?	6a	Yes
b Any related organization? If "Yes," to line 6a or 6b, describe in Part III	6b	No
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	Yes
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in 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				
See Additional Data Table								

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 6	Warren West, CEO, received a bonus based on certain goals included in his contract, one of which is related to the performance of the Organization. The Board assesses the performance of these goals and determines the bonus to be paid.
	Part I, Line 7	Deane Rankin, Trustee, Patrick Fitzpatrick, Highest Compensated Employee, and Michael Kindred, Highest Compensated Employee, received bonuses during the year based upon their productivity using MGMA Standards by RVU and by their specialties.

Software ID:
Software Version:
EIN: 02-0222152
Name: Littleton Hospital Association

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				
Edward Duffy MD	(i)	273,211	0	58,500	12,500	28,741	372,952	0
	(ii)	0	0	0	0	0	0	0
Deane Rankin MD	(i)	350,000	57,909	25,016	12,500	26,746	472,171	0
	(ii)	0	0	0	0	0	0	0
Warren West	(i)	278,100	12,676	8,552	12,500	12,017	323,845	0
	(ii)	0	0	0	0	0	0	0
Robert Fotter	(i)	175,968	0	9,552	9,467	19,566	214,553	0
	(ii)	0	0	0	0	0	0	0
Linda Gilmore	(i)	180,357	0	5,913	9,627	25,686	221,583	0
	(ii)	0	0	0	0	0	0	0
Harlan G Herr	(i)	465,716	0	39,822	12,500	847	518,885	0
	(ii)	0	0	0	0	0	0	0
Richard Caesar	(i)	430,000	0	40,079	4,244	26,745	501,068	0
	(ii)	0	0	0	0	0	0	0
Patrick Fitzpatrick	(i)	350,000	81,307	31,129	12,500	26,746	501,682	0
	(ii)	0	0	0	0	0	0	0
Michael Kindred	(i)	336,000	100,443	23,348	12,500	19,566	491,857	0
	(ii)	0	0	0	0	0	0	0
Lon Howard	(i)	443,302	0	5,528	12,450	21,827	483,107	0
	(ii)	0	0	0	0	0	0	0

Schedule K (Form 990)	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

Department of the Treasury Internal Revenue Service	Name of the organization Littleton Hospital Association	Employer identification number 02-0222152
--	--	--

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A Business Finance Authority of the State of New Hampshire	52-1304598	64468kbg0	11-15-2007	30,000,000	Refunded series 1998A and 1998B Bonds		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	2,075,000							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	30,000,000							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	274,108							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	29,725,892							
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2012							
		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?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X						
b	Exception to rebate?		X						
c	No rebate due?		X						
	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?		X						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
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)?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?		X						

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 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 Littleton Hospital Association	Employer identification number 02-0222152
--	--

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 2	John Starr (Trustee) and Maggie Starr (Past Trustee) have a family relationship

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	All persons making an annual contribution to Littleton Hospital Association or Littleton Regional Hospital Charitable Foundation, who are at least eighteen (18) years of age, or any legal adult resident of any town raising an annual appropriation to the Littleton Hospital Association shall thereupon, and without further election or action by the Association, automatically become a member of the Association. Failure to contribute to the Hospital or Foundation in the following fiscal year shall automatically terminate the membership.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	Each member of the Association shall be qualified to originate and take part in the discussion of any subject that may properly come before any meeting of the Association, to vote on such subject, and to hold any office in the Association to which he or she may be elected or appointed

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	The return was reviewed by the entire Board of Directors prior to the filing

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	All Trustees, Department directors and Auxiliaries complete a Conflict of Interest Statement each year, and any potential conflicts are reported to the Board of Trustees and to other places as required by law. In addition, front-line employees who don't normally make decisions for the facility are expected to report forward any conflicts they may have, should they ever be in a position to influence decision making. Quality Services queries these groups on an annual basis, and tracks down people until all statements are complete.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	Key employees complete self-evaluation - HR Director prepares compensation surveys, reviews 990 of other organizations The CFO's salary is approved by the CEO The CEO's salary is approved by the Board

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The hospital's governing documents and financial statements are made available upon request. The hospital's conflict of interest policy is not made available to the public.

Identifier	Return Reference	Explanation
Other Fees	Form 990, Part IX, line 11g	Contracted Wages Program service expenses 4,366,419 Management and general expenses 137,074 Fundraising expenses 0 Total expenses 4,503,493 Consulting Program service expenses 71,526 Management and general expenses 292,579 Fundraising expenses 0 Total expenses 364,105 Laundry services Program service expenses 7,290 Management and general expenses 144,027 Fundraising expenses 0 Total expenses 151,317 Purchased Services Program service expenses 2,167,966 Management and general expenses 951,691 Fundraising expenses 0 Total expenses 3,119,657

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 9	Unrealized Gain on Interest Rate Sw ap 1,508,446

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
Littleton Hospital Association

Employer identification number
02-0222152

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	No
(1) Littleton Regional Hospital Charitable Foundation 600 St Johnsbury Road Littleton, NH 03561 04-3750643	Charitable Foundation	NH	501(c)(3)	Line 7	Littleton Hospital Association	Yes	

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) Disproportionate 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	

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	No

Part V

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

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 organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

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
(1) Littleton Regional Hospital Charitable Foundation	B	103,734	FMV
(2) Littleton Regional Hospital Charitable Foundation	C	114,760	FMV
(3) Littleton Regional Hospital Charitable Foundation	D	167,427	FMV

Schedule R (Form 990) 2012

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.

[illegible]

Software ID:
Software Version:
EIN: 02-0222152
Name: Littleton Hospital Association

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 Littleton Hospital Association			Filer's identifying number 02-0222152	
Name of foreign partnership Drake Capital Offshore Partners LP co Drake Capital Advisors LLC		EIN (if any)	Reference ID number (see instructions) 020222152drake	

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			2,400,000				89 787 %
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: Littleton Hospital Association

EIN: 02-0222152

QBU Id	Country of Operation	Functional Currency
USD		0.00000



LITTLETON HOSPITAL ASSOCIATION, INC.

(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

September 30, 2013 and 2012

With Independent Auditor's Report



**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

September 30, 2013 and 2012

Table of Contents

	<u>Page(s)</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 28
Supplementary Information	
Consolidating Balance Sheets	29 -32
Consolidating Statements of Operations	33 - 34
Consolidating Statements of Changes in Net Assets	35 - 36



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Littleton Hospital Association, Inc
(d/b/a Littleton Regional Healthcare and Subsidiary)

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Littleton Hospital Association, Inc (d/b/a Littleton Regional Healthcare and Subsidiary), which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of operations, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Littleton Regional Healthcare and Subsidiary as of September 30, 2013 and 2012, and the consolidated results of their operations, changes in their net assets, and their cash flows for the years then ended, in accordance with U S generally accepted accounting principles

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole Schedules 1 through 3 are presented for purposes of additional analysis and are not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U S generally accepted auditing standards In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
December 31, 2013

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Consolidated Balance Sheets

September 30, 2013 and 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 8,200,250	\$ 4,085,605
Patient accounts receivable, net	8,619,960	9,385,246
Supplies	1,580,589	1,485,073
Prepaid expenses and other current assets	2,417,730	1,460,349
Assets limited as to use, current portion	<u>600,475</u>	<u>572,945</u>
Total current assets	21,419,004	16,989,218
Assets limited as to use, less current portion	26,860,003	24,152,111
Property and equipment, net	46,267,834	45,116,903
Other long-term assets	<u>1,682,131</u>	<u>147,050</u>
 Total assets	 <u>\$ 96,228,972</u>	 <u>\$ 86,405,282</u>

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

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
Current liabilities		
Current portion of long-term debt	\$ 1,305,391	\$ 963,100
Accounts payable and other accrued expenses	4,587,481	3,311,826
Accrued salaries, wages and related accounts	2,067,229	2,061,462
Other current liabilities	2,030,819	598,850
Due to third-party payors	5,130,354	5,164,209
Reserve for self-funded health insurance	<u>751,000</u>	<u>744,000</u>
Total current liabilities	15,872,274	12,843,447
Deferred compensation	1,063,723	777,904
Long-term debt, less current portion	30,908,891	29,192,882
Interest rate swap	<u>2,583,490</u>	<u>4,091,936</u>
Total liabilities	<u>50,428,378</u>	<u>46,906,169</u>
Commitments and contingencies (Notes 4, 8 and 14)		
Net assets		
Unrestricted	43,843,161	37,735,018
Temporarily restricted	325,053	285,310
Permanently restricted	<u>1,632,380</u>	<u>1,478,785</u>
Total net assets	<u>45,800,594</u>	<u>39,499,113</u>
Total liabilities and net assets	<u>\$ 96,228,972</u>	<u>\$ 86,405,282</u>

LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

Consolidated Statements of Operations

Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted revenues, gains and other support		
Patient service revenue (net of contractual allowances and discounts)	\$ 79,373,054	\$ 75,077,218
Less provision for bad debts	<u>4,096,468</u>	<u>5,934,669</u>
Net patient service revenue	75,276,586	69,142,549
Other operating revenues	3,551,827	1,600,788
Meaningful use incentive revenue	1,230,736	712,822
Net assets released from restrictions used in operations	<u>126,707</u>	<u>61,368</u>
Total unrestricted revenues, gains and other support	<u>80,185,856</u>	<u>71,517,527</u>
Expenses		
Salaries and wages	31,634,242	28,519,407
Employee benefits	7,892,006	6,888,215
Supplies and other	28,639,282	25,206,408
Medicaid Enhancement Tax	3,084,550	3,912,471
Depreciation and amortization	5,772,458	5,374,271
Interest	<u>722,882</u>	<u>708,632</u>
Total expenses	<u>77,745,420</u>	<u>70,609,404</u>
Operating income	<u>2,440,436</u>	<u>908,123</u>
Nonoperating gains (losses)		
Income from investments	370,419	402,603
Unrestricted gifts	22,790	14,779
Net realized and unrealized gains on investments	1,904,371	1,856,246
Community benefit expense	(10,243)	(14,025)
Investment management fees	(128,076)	(146,838)
Unrealized gain (loss) on interest rate swap	<u>1,508,446</u>	<u>(222,584)</u>
Nonoperating gains (losses), net	<u>3,667,707</u>	<u>1,890,181</u>
Excess of revenues over expenses and increase in unrestricted net assets	<u>\$ 6,108,143</u>	<u>\$ 2,798,304</u>

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

LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

Consolidated Statements of Changes in Net Assets

Years Ended September 30, 2013 and 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balances, October 1, 2011	\$ 34,936,714	\$ 228,870	\$ 1,334,648	\$ 36,500,232
Excess of revenues over expenses and increase in unrestricted net assets	2,798,304	-	-	2,798,304
Contributions	-	63,983	9,820	73,803
Net realized and unrealized gain on investments	-	30,068	151,379	181,447
Investment income (loss), net	-	23,757	(17,062)	6,695
Net assets released from restriction for operations	<u>-</u>	<u>(61,368)</u>	<u>-</u>	<u>(61,368)</u>
Increase in net assets	<u>2,798,304</u>	<u>56,440</u>	<u>144,137</u>	<u>2,998,881</u>
Balances, September 30, 2012	37,735,018	285,310	1,478,785	39,499,113
Excess of revenues over expenses and increase in unrestricted net assets	6,108,143	-	-	6,108,143
Contributions	-	113,626	50,145	163,771
Net realized and unrealized gains on investments	-	26,907	115,996	142,903
Investment income (loss), net	-	25,917	(12,546)	13,371
Net assets released from restriction for operations	<u>-</u>	<u>(126,707)</u>	<u>-</u>	<u>(126,707)</u>
Increase in net assets	<u>6,108,143</u>	<u>39,743</u>	<u>153,595</u>	<u>6,301,481</u>
Balances, September 30, 2013	<u>\$ 43,843,161</u>	<u>\$ 325,053</u>	<u>\$ 1,632,380</u>	<u>\$ 45,800,594</u>

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

LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

Consolidated Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 6,301,481	\$ 2,998,881
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Provision for bad debts	4,096,468	5,934,669
Depreciation and amortization	5,772,458	5,374,271
Loss on sale of property and equipment	32,684	43,705
Net realized and unrealized gains on investments	(2,047,274)	(2,037,693)
Unrealized (gain) loss on interest rate swap	(1,508,446)	222,584
(Increase) decrease in assets		
Patients accounts receivable	(3,331,182)	(7,448,865)
Supplies	(95,516)	(220,242)
Prepaid expenses and other current assets	(957,381)	(300,693)
Other long-term assets	(1,549,650)	-
Increase (decrease) in liabilities		
Accounts payable and other accrued expenses	1,275,655	(130,904)
Accrued salaries, wages and related accounts	5,767	(301,670)
Other current liabilities	1,431,969	42,419
Due to third-party payors	(33,855)	2,218,536
Deferred compensation	285,819	116,522
Reserve for self-funded health insurance	7,000	(271,000)
Net cash provided by operating activities	<u>9,685,997</u>	<u>6,240,520</u>
Cash flows from investing activities		
Proceeds from sale of property and equipment	23,570	41,465
Purchases of investments	(25,931,512)	(11,128,796)
Proceeds from sale of investments	25,243,364	7,158,508
Purchases of property and equipment	(3,805,699)	(6,844,347)
Net cash used by investing activities	<u>(4,470,277)</u>	<u>(10,773,170)</u>
Cash flows from financing activities		
Payments on long-term debt	(1,101,075)	(684,525)
Net cash used by financing activities	<u>(1,101,075)</u>	<u>(684,525)</u>
Net increase (decrease) in cash and cash equivalents	4,114,645	(5,217,175)
Cash and cash equivalents, beginning of year	<u>4,085,605</u>	<u>9,302,780</u>
Cash and cash equivalents, end of year	<u>\$ 8,200,250</u>	<u>\$ 4,085,605</u>
Supplemental disclosures of cash flow information		
Interest paid, including \$34,787 and \$72,500, of capitalized interest in 2013 and 2012, respectively	\$ 575,232	\$ 716,154
Acquisition of equipment financed through capital lease	324,375	1,690,507
Acquisition of equipment financed through long-term debt	2,835,000	-

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

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Organization

Littleton Hospital Association, Inc (the Hospital) (d/b/a Littleton Regional Healthcare and Subsidiary) (the Organization) is a New Hampshire not-for-profit corporation which operates a community oriented general hospital. The Hospital registered a d/b/a name change in May 2012 changing its d/b/a from Littleton Regional Hospital to Littleton Regional Healthcare. The financial statements also include the Organization's subsidiary Littleton Regional Hospital Charitable Foundation (the Foundation), which raises funds primarily for the benefit of the Hospital.

1. Summary of Significant Accounting Policies

Basis of Presentation

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

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

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Hospital and its subsidiary. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Use of Estimates

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

Income Taxes

The Hospital and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Code and are exempt from federal income taxes on related income.

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Cash and Cash Equivalents

Cash and cash equivalents include money market funds with a maturity of three months or less when purchased. Cash and cash equivalents exclude assets whose use is limited by the Board of Trustees. The Organization maintains its cash in deposit accounts which, at times, may exceed federal depository insurance limits. Management believes credit risk related to these investments is minimal. The Hospital has not experienced any losses in such accounts.

Patient Accounts Receivable

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

In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purpose of estimating the appropriate amounts of the allowance for doubtful accounts and the provision for bad debts. The adequacy of the allowance for doubtful accounts is regularly reviewed. For receivables associated with services provided to patients who have third-party coverage, an allowance for doubtful accounts and a provision for bad debts are established at varying levels based on the age and payor source of the receivable. For receivables associated with self-pay patients, the Hospital records a provision for bad debts in the period of service based on past experience indicating the inability or unwillingness to pay amounts for which they are financially responsible.

Supplies

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

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 sheet. Management has adopted ASC 825-35-4 and has elected the fair value option relative to its investments which consolidates all investment performance activity within the nonoperating gains (losses) section of the statements of operations.

Donor-restricted investment income and gains (losses) on investments on donor-restricted investments are recorded within their respective net asset category until expended in accordance with the donor's restrictions.

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Funds Held by Trustee Under Revenue Bond Agreement

Funds held by the trustee under the revenue bond agreement are comprised of cash and cash equivalents, short-term investments and a fixed income bond

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if contributed, at fair market value determined at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. 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. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

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

Deferred Financing Costs

The costs incurred to obtain bond financing and the related letter of credit are amortized over the repayment period of the bonds.

Employee Fringe Benefits

The Organization has an "earned time" plan to provide certain fringe benefits for its employees. Under this plan, each employee "earns" paid leave each payroll period. Accumulated hours may be used for vacations, holidays or illnesses. Hours earned, but not used, vest with the employees up to established limits. The Organization accrues the cost of these benefits as they are earned.

Interest Rate Swap

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

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Temporarily and Permanently Restricted Net Assets

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

Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

Nonoperating Gains (Losses)

Activities, other than in connection with providing health care services, are considered to be nonoperating. Nonoperating gains and losses consist primarily of income and gains and losses on invested funds, unrestricted gifts, community benefit expense, and unrealized gain (loss) on interest rate swap.

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 rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Donor-Restricted Gifts

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

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Charity Care

The Organization provides care to patients who meet certain criteria under its charity care policy. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported in net revenue.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, the Organization has considered transactions or events occurring through December 31, 2013, which was the date the financial statements were issued.

2. Net Patient Service Revenue and Patient Accounts Receivable

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

Medicare

The Hospital is a Critical Access Hospital (CAH). Under the CAH program, the Hospital is reimbursed at 101% of allowable costs for its inpatient and most outpatient services provided to Medicare patients. The Hospital is reimbursed at tentative rates with final determination after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Organization's cost reports have been audited by the fiscal intermediary through September 30, 2008.

Medicaid

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

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Revenue from the Medicare and Medicaid programs accounted for approximately 28% and 11%, respectively, of the Hospital's patient service revenue (net of contractual allowances and discounts) for the year ended September 30, 2013, and 33% and 9%, respectively, of the Hospital's patient service revenue (net of contractual allowances and discounts), for the year ended September 30, 2012. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2013 and 2012 net patient service revenue increased by approximately \$660,800 and \$555,900, respectively, due to differences in retroactive adjustments compared to amounts previously estimated.

Anthem

Inpatient and outpatient services rendered to Anthem subscribers are reimbursed based on standard charges less a negotiated discount, except for lab and radiology services which are reimbursed on fee schedules.

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

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 in the period from these major payor sources, are as follows:

	<u>2013</u>	<u>2012</u>
Total all payors		
Third-party payors	\$71,683,870	\$67,283,720
Self-pay	<u>7,689,184</u>	<u>7,793,498</u>
 Patient service revenue (net of contractual allowances and discounts)	 <u>\$79,373,054</u>	 <u>\$75,077,218</u>

During 2013, the Hospital decreased its estimate from \$2,065,000 to \$2,013,000 in the allowance for doubtful accounts relating to self-pay patients. During 2013, self-pay write-offs increased from \$5,220,000 to \$5,515,000. Such increases and decreases resulted from trends experienced in the collection of amounts from self-pay patients and a change in write-off practices.

LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Net patient service revenue is reported net of contractual allowances and other discounts as follows for the years ended September 30 as follows.

	<u>2013</u>	<u>2012</u>
Gross patient service revenue		
Routine services	\$ 4,912,044	\$ 5,037,650
Ancillary services	<u>130,323,713</u>	<u>116,893,386</u>
	135,235,757	121,931,036
Less contractuals and discounts	<u>55,862,703</u>	<u>46,853,818</u>
	79,373,054	75,077,218
Patient service revenue (net of contractual allowances and discounts)		
Less provision for bad debts	<u>4,096,468</u>	<u>5,934,669</u>
Net patient service revenue	<u>\$ 75,276,586</u>	<u>\$ 69,142,549</u>

Patient accounts receivable are stated net of estimated contractual allowances and allowance for bad debts, as follows, as of September 30.

	<u>2013</u>	<u>2012</u>
Patient accounts receivable	\$ 18,891,325	\$ 19,572,246
Less Estimated contractual allowances	7,075,696	6,254,000
Estimated allowance for bad debts	<u>3,195,669</u>	<u>3,933,000</u>
Patient accounts receivable, net	<u>\$ 8,619,960</u>	<u>\$ 9,385,246</u>

Disproportionate Share Payments

Medicaid disproportionate share hospital (DSH) payments provide financial assistance to hospitals that serve a large number of low-income patients. The federal government distributes federal DSH funds to each state based on a statutory formula. The states, in turn, distribute their portion of the DSH funding among qualifying hospitals. The states are to use their federal DSH allotments to help cover costs of hospitals that provide care to low-income patients when those costs are not covered by other payors. The State of New Hampshire's plan for the distribution of DSH monies to the hospitals has not yet been approved by the Centers for Medicare and Medicaid Services (CMS). Amounts recorded by the Hospital are therefore subject to change. Included within contractual allowances in patient service revenue (net of contractual allowances and discounts) in the consolidated statements of operations is \$3,315,302 and \$3,208,999 for the years ended September 30, 2013 and 2012, respectively.

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

3. Community Benefit

The Hospital provides services without charge, or at amounts less than its established rates, to patients who meet the criteria of its charity care policy. Patients deemed as not meeting criteria for the New Hampshire Health Access Network will then be considered for the Hospital's Charity Care program. The individual must be deemed ineligible for Medicaid and the Buffington Fund (Lisbon residents only) to be considered for the program. Charity Care will be granted on a sliding scale based on gross income and family size as compared to the federal poverty guidelines as follows:

- Up to 200% of federal poverty guidelines will receive 100% charity care
- 201%-225% of federal poverty guidelines will receive 75% charity care
- 226%-275% of federal poverty guidelines will receive 50% charity care
- 276%-300% of federal poverty guidelines will receive 25% charity care

The net cost of charity care provided was approximately \$2,346,900 in 2013 and \$1,601,000 in 2012. The total cost estimate is based on an overall financial statement cost to charge ratio applied against gross charity care charges. In 2013 and 2012, 3.02% and 2.27%, respectively, of all services as defined by percentage of gross revenue was provided on a charity basis.

In 2013, of a total of 1,436 inpatients, 21 received their entire episode of service on a charity basis and 90 received partial subsidy. In 2012, of a total of 1,528 inpatients, 20 received full charity and 51 received partial subsidy.

4. Property and Equipment

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

	<u>2013</u>	<u>2012</u>
Land	\$ 786,809	\$ 786,809
Land improvements	3,115,688	3,119,161
Buildings	40,084,265	38,200,940
Fixed equipment	10,544,604	8,414,599
Major moveable equipment	<u>27,116,673</u>	<u>25,519,373</u>
	81,648,039	76,040,882
Less accumulated depreciation and amortization	<u>38,577,016</u>	<u>33,561,833</u>
	43,071,023	42,479,049
Construction in progress	<u>3,196,811</u>	<u>2,637,854</u>
	<u>\$ 46,267,834</u>	<u>\$ 45,116,903</u>

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

During 2010, the Hospital entered into a contract to implement an electronic medical records system. The cost of the project through September 2013 was \$5,554,157. The main system went live October 2011, Physician Order entry went live March 2012, the electronic document system went live August 2012 and the Physician Documentation went live April 2013. The emergency department clinical system and speech recognition system is expected to go live December 2013, \$287,875 related to the project is included in construction in progress at September 30, 2013. The entire system was funded through operations.

During 2011, the Hospital entered into a contract for the renovation/addition for the operating room, MRI and endoscopy. The entire project cost \$4,938,663 and was fully capitalized and placed into service in October 2012.

During 2013, the Hospital entered into a contract for the addition of a biomass wood burning boiler. The entire project is expected to cost \$2,890,964 and at September 20, 2013, \$2,435,649 is included in construction in progress. The project is expected to be completed in December 2013 and was financed through a construction loan at 2.97%.

5. Assets Limited as to Use

Assets limited as to use consisted of the following as of September 30:

	<u>2013</u>	<u>2012</u>
Board designated for capital acquisition and operations	\$ 23,889,676	\$21,664,605
Deferred compensation	1,063,723	777,904
Temporarily restricted	325,053	285,310
Permanently restricted	1,581,551	1,424,292
Funds held by trustee under revenue bond agreement	<u>600,475</u>	<u>572,945</u>
Total	27,460,478	24,725,056
Less current portion	<u>600,475</u>	<u>572,945</u>
Noncurrent portion	<u>\$ 26,860,003</u>	<u>\$24,152,111</u>

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

The composition of assets limited as to use consisted of the following at September 30

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 1,871,090	\$ 4,812,817
Fixed income	1,063,723	5,229,710
Marketable equity securities	5,780	9,467,796
Mutual funds	16,855,552	856,986
Other investments	<u>7,664,333</u>	<u>4,357,747</u>
Total	<u>\$ 27,460,478</u>	<u>\$ 24,725,056</u>

Net realized gains on the sale of assets limited as to use for the years ended September 30, 2013 and 2012, amounted to \$1,188,133 and \$44,959, respectively

Changes in endowment (donor restricted) net assets for the year ended September 30, 2013, are as follows.

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 170,988	\$ 1,428,347	\$ 1,599,335
Investment return			
Investment income (loss), net of fees	18,528	(12,546)	5,982
Realized gains on investments	12,812	134,644	147,456
Unrealized gains (loss) on investments	<u>3,020</u>	<u>(18,648)</u>	<u>(15,628)</u>
Total investment return	<u>34,360</u>	<u>103,450</u>	<u>137,810</u>
Receipts on pledges	-	5,375	5,375
Contributions	5,560	50,145	55,705
Appropriation of endowment assets for expenditure	<u>(7,190)</u>	<u>-</u>	<u>(7,190)</u>
Endowment net assets, end of year	<u>\$ 203,718</u>	<u>\$ 1,587,317</u>	<u>\$ 1,791,035</u>

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 134,096	\$ 1,276,891	\$ 1,410,987
Investment return			
Investment income (loss), net of fees	22,693	(17,062)	5,631
Realized gains on investments	438	3,543	3,981
Unrealized gains on investments	<u>15,083</u>	<u>147,836</u>	<u>162,919</u>
Total investment return	<u>38,214</u>	<u>134,317</u>	<u>172,531</u>
Receipts on pledges receivable	-	7,319	7,319
Contributions	-	9,820	9,820
Appropriation of endowment assets for expenditure	<u>(1,322)</u>	<u>-</u>	<u>(1,322)</u>
Endowment net assets, end of year	<u>\$ 170,988</u>	<u>\$ 1,428,347</u>	<u>\$ 1,599,335</u>

Interpretation of Relevant Law

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

Strategies Employed for Achieving Objectives

In managing its diversified portfolio, the Organization measures the performance of its investment portfolio's components against the appropriate market benchmark. The investment objective for the portfolio is to achieve the highest long-term total return on assets that is consistent with prudent investment practices. Over the long term, good investment performance should maintain or enhance the purchasing power of the portfolio's assets. A secondary objective is to achieve an annualized return that meets or exceeds a Policy Index that is comprised of reasonable market benchmarks in a weighting that is consistent with the target asset allocation as approved by the Association.

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

The portfolio assets have a long-term, indefinite time horizon with relatively low liquidity needs. As such, the Fund may take advantage of less liquid investments and assume a time horizon that extends well beyond a normal market cycle. It is expected, however, that sufficient portfolio diversification will smooth volatility and help to assure a reasonable consistency of return. The portfolio will be managed on a total return basis.

6. Borrowings

On November 15, 2007, the Hospital advance refunded its Series 1998A and 1998B bonds and received approximately \$8,710,000 to fund future capital needs through the issuance of a \$30,000,000 Series 2007 bond in conjunction with the Business Finance Authority of the State of New Hampshire (BFA). As part of the transaction, the Hospital provided a cash contribution of approximately \$3,900,000 and recognized a loss on an early extinguishment of debt of approximately \$1,099,000. The Series 1998A and 1998B bonds were repaid at the first call date which was May 1, 2008 with bond proceeds that were held in escrow.

The Series 2007 bonds require the Organization to meet certain covenants. As of September 30, 2013 and 2012, the Organization was in compliance with these covenants.

The Organization's agreement with the BFA provides for the establishment of various funds, the use of which is generally restricted to the payment of construction and debt. These funds are administered by a trustee.

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
2.97% note payable to a bank, due in variable monthly installments ranging from \$26,820 in 2014 to \$27,450 in 2015, including interest, through April 2023, collateralized by substantially all Hospital assets	\$ 2,732,900	\$ -
Series 2007 variable rate bonds at 68% of the one-month LIBOR rate (24% at September 30, 2013), payable in annual installments ranging from \$655,000 in 2014 to \$1,750,000 in 2038, collateralized by substantially all Hospital assets and gross receipts	27,925,000	28,550,000
Capital leases, payable in 60 monthly principal payments of \$73,925 with an interest rate of 2.85%, maturing in 2018, collateralized by asset purchased under capital lease	296,694	-
Capital lease, payable in 60 monthly principal payments of \$28,175 with 0% interest, collateralized by asset purchased under capital lease	<u>1,259,688</u>	<u>1,605,982</u>
	32,214,282	30,155,982
Less current portion	<u>1,305,391</u>	<u>963,100</u>
Long-term debt, excluding current portion	<u>\$ 30,908,891</u>	<u>\$ 29,192,882</u>

Annual maturities on long-term debt and capital leases for fiscal years subsequent to September 30, 2013, are as follows

2014	\$ 897,619	\$ 407,772
2015	942,784	407,772
2016	970,546	407,772
2017	1,013,541	319,314
2018	1,056,776	33,690
Thereafter	<u>25,776,634</u>	<u>-</u>
	<u>\$ 30,657,900</u>	1,576,320
Less amount representing interest under capital leases obligations		<u>(19,938)</u>
		<u>\$ 1,556,382</u>

LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Interest on long-term debt, excluding letter of credit fees and capitalized interest was \$610,019 and \$564,001 for the years ended September 30, 2013 and 2012, respectively. Interest capitalized during 2013 and 2012 was \$34,800 and \$72,500, respectively.

Interest Rate Swap

In connection with the issuance of the 2007 bonds, the Hospital entered into an interest rate swap agreement to hedge the interest rate risk associated with the 2007 bonds. The swap initially had a notional amount of \$30,000,000 which decreased to \$18,000,000 or 60% of the outstanding bond balance upon the call date of the Series 1998A and 1998B bonds on May 1, 2008. The swap terminates on October 11, 2027. The interest rate swap agreement requires the Hospital to pay a fixed rate of 3.5625% in exchange for a variable rate of 68% of one-month LIBOR.

The Hospital is required to include the fair value of the swap in the balance sheets, and annual changes, if any, in the fair value of the swap in the statements of operations. For example, during the Bonds' 30-year holding period, the annually calculated value of the swap will be reported as an asset if interest rates increase above those in effect on the date the swap was entered into (and as an unrealized gain in the statements of operations), which will generally be indicative that the net fixed rate the Hospital is paying is below market expectations of rates during the remaining term of the swap. The swap will be reported as a liability (and as an unrealized gain (loss) in the statements of operations) if interest rates decrease below those in effect on the date the swap was entered into, which will generally be indicative that the net fixed rate the Hospital is paying on the swap is above market expectations of rates during the remaining term of the swap. These annual accounting adjustments of value changes in the swap transaction are non-cash recognition requirements, the net effect of which is intended to be zero at the maturity date of the swap agreement. The Hospital retains the sole right to terminate the swap agreements should the need arise. The Hospital recorded the swap at its liability position of \$2,583,490 and \$4,091,936 at September 30, 2013 and 2012, respectively.

Letter of Credit

As part of the bond covenants, the Hospital is required to maintain a letter of credit. The fee for this letter of credit is 50% of the letter of credit commitment amount and can be adjusted annually depending on certain financial covenant ratios for the preceding fiscal year. The fees amounted to \$112,863 and \$144,631 in 2013 and 2012, respectively, and are included in interest expense on the consolidated statements of operations. The letter of credit expires on September 30, 2017 and has extension provisions. At September 30, 2013, the Hospital was in compliance with all covenants related to the letter of credit.

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

7. Retirement Plans

The Organization sponsors a 403(b) retirement plan for its employees. To be eligible to participate in the 403(b) plan, an employee must meet certain requirements as specified in the Plan documents. The Organization contributes 3% of each eligible participant's base salary and then matches up to an additional 2% of base salary subject to the participant's contribution level.

The amount charged to expense for the 403(b) plan totaled \$1,078,898 and \$1,091,418 for 2013 and 2012, respectively.

In addition, the Hospital adopted a 457(b) deferred compensation plan effective January 1, 2004 for certain employees. An asset and a liability of \$1,063,723 and \$777,904 have been recorded related to this plan for 2013 and 2012, respectively.

8. Commitments and Contingencies

Professional Liability Insurance

The Organization maintains medical malpractice insurance coverage on a claims-made basis. The Organization is subject to complaints, claims, and litigation due to potential claims which arise in the normal course of business. U.S. GAAP requires the Organization 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 Organization has evaluated its exposure to losses arising from potential claims and determined that no such accrual is necessary for the year ended September 30, 2013. The Organization intends to renew coverage on a claims-made basis and anticipates that such coverage will be available in future periods.

Self-Funded Health Insurance

The Organization sponsors a health insurance plan for its employees. The plan is primarily self-insured, however, the Organization maintains a reinsurance policy for coverage of annual claims in excess of certain thresholds. At September 30, 2013 and 2012, the Organization has accrued estimated costs on incurred but not reported claims of approximately \$751,000 and \$744,000, respectively.

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Operating Leases

The Organization as lessee has various non-cancelable leases for office space, all of which are classified as operating leases. Lease expense was \$721,493 and \$441,943 for the years ended September 30, 2013 and 2012, respectively. Future minimum lease payments are as follows for the year ending September 30.

2014	\$ 619,792
2015	571,161
2016	574,707
2017	577,125
2018	<u>580,450</u>
Total future minimum lease payments	<u>\$ 2,923,235</u>

Professional Services Agreement

The Hospital entered into a professional services, medical direction and management agreement (Agreement) with The Alpine Clinic, LLC (Alpine) in March 2012. Alpine is a private physician practice group with clinical sites in three towns in Northern New Hampshire providing orthopedic care, clinical services and related physical therapy, radiology and magnetic resonance imaging services to patients in this region. The initial term of the Agreement will be in effect for a period of three years. There are provisions under the Agreement for early termination subject to agreement between the two parties.

Under the terms of the Agreement, the Hospital has agreed to sub-lease Alpine's offices, furniture and equipment. The Hospital has agreed to engage Alpine to provide the professional orthopedic and physical therapy services through the physicians, nurse practitioners, physician assistants, and licensed physical therapists employed by Alpine. Alpine has agreed to engage the radiology and magnetic resonance imaging technicians employed by the Hospital to provide the technical services in connection with imaging services to Hospital patients at the Alpine offices. The Hospital has also agreed to engage Alpine to provide the services of all administrative and support staff as is necessary and desirable for the effective and efficient delivery of the orthopedic, physical therapy and imaging services.

Alpine has agreed that its sole compensation under this Agreement will be the fees set forth in the Agreement and that all payments from patients, third-party payors or otherwise for Alpine professional services furnished by the providers to Hospital patients will belong to the Hospital. The fees under the Agreement include an annual base fee, to be paid monthly, and a productivity fee which is to be paid within 30 days following the end of each year of the Agreement. The methodology used to calculate the base fee and productivity fee is specifically defined in the Agreement.

LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

The fees paid to Alpine during the year ended September 30, 2013 and 2012 were \$4,572,520 and \$2,888,440, respectively, of which \$311,096 and \$368,657 is included in prepaid expenses and other current asset at September 30, 2013 and 2012, respectively

Capital Lease Maintenance Agreement

During 2012, the Organization entered into a capital lease to finance the purchase of a new MRI scanner. The capital lease calls for monthly payments of \$36,617 of which \$28,175 is applied toward principal payments on the lease and \$8,442 is for maintenance of the equipment. Total maintenance expense related to the capital lease in 2013 and 2012 was \$103,372 and \$25,327, respectively. The maintenance fee commitment expires at the conclusion of the lease agreement which is June 2017.

9. Physician Practices

During 2013 and 2012, the Organization operated several physician practices. As of September 30, 2013 and 2012, the Organization recognized net practice operations as follows:

	<u>2013</u>	<u>2012</u>
Net practice revenue	\$ 12,162,516	\$ 9,977,960
Direct expenses	<u>17,449,425</u>	<u>13,363,017</u>
Net loss (not including indirect expenses)	\$ <u>(5,286,909)</u>	\$ <u>(3,385,057)</u>

10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at September 30.

	<u>2013</u>	<u>2012</u>
Construction fund	\$ 4,175	\$ 3,802
Indigent care	96,724	85,361
Health education	9,154	7,121
Pastoral care	7,378	6,779
Veterans transportation	1,458	1,340
Volunteer services	37,633	26,249
Other health related services	<u>168,531</u>	<u>154,658</u>
	\$ <u>325,053</u>	\$ <u>285,310</u>

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
Investments and pledges receivable to be held in perpetuity, the income from which is expendable to support health care services	<u>\$ 1,632,380</u>	<u>\$ 1,478,785</u>

11. Functional Expenses

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

	<u>2013</u>	<u>2012</u>
Health care services	<u>\$ 61,288,892</u>	<u>\$ 58,403,478</u>
General and administrative	<u>16,456,528</u>	<u>12,205,926</u>
	<u>\$ 77,745,420</u>	<u>\$ 70,609,404</u>

12. Concentration of Credit Risk

Patient Accounts Receivable

The Organization grants credit without collateral to its patients, most of whom are local residents and insured under third-party payor agreements. The mix of receivables for patients and third-party payors at September 30, 2013 and 2012, was as follows:

	<u>2013</u>	<u>2012</u>
Medicare	27 %	24 %
Medicaid	15	11
Anthem	11	16
Other third-party payors	23	25
Patient	<u>24</u>	<u>24</u>
	<u>100 %</u>	<u>100 %</u>

Investments

A significant concentration of investments or \$7,664,333 and \$2,455,126 is invested in the alternative investment funds of Hatteras Multi-Strategy TEI Institutional Fund, LP, The Colchester Global Bond Fund, Nyes Ledge Capital Offshore Fund, LTD, Drake Capital Offshore Partners, LP, and AEW Global Property Securities Fund, LP at September 30, 2013 and 2012, respectively.

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

13. Fair Value Measurements

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. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

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

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

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

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

Fair Value Measurements at September 30, 2013				
	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	\$ 1,871,090	\$ 1,871,090	\$ -	\$ -
Marketable equity securities				
Consumer discretionary	5,780	5,780	-	-
Mutual funds				
Index funds	13,083,549	13,083,549	-	-
Bond funds	3,772,003	3,772,003	-	-
Total mutual funds	16,855,552	16,855,552	-	-
Other investments				
Hatteras Multi-Strategy TEI				
Institutional Fund, LP	697,008	-	-	697,008
AEW Global Property Securities				
Fund, LP	834,808	-	-	834,808
The Colchester Global Bond Fund	1,049,186	-	-	1,049,186
Nyes Ledge Capital Offshore Fund,				
LTD	2,579,550	-	-	2,579,550
Drake Capital Offshore Partners, LP	2,503,781	-	-	2,503,781
Assets to fund deferred compensation	1,063,723	1,063,723	-	-
Total other investments	8,728,056	1,063,723	-	7,664,333
Total assets	\$ 27,460,478	\$ 19,796,145	\$ -	\$ 7,664,333
Liabilities				
Interest rate swap	\$ 2,583,490	\$ -	\$ 2,583,490	\$ -
Total liabilities	\$ 2,583,490	\$ -	\$ 2,583,490	\$ -

LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Fair Value Measurements at September 30, 2012				
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Assets				
Cash and cash equivalents	\$ 4,812,817	\$ 4,812,817	\$ -	\$ -
Fixed income				
Certificates of deposit	25,134	25,134	-	-
U S Treasury obligations and government securities	1,881,398	1,881,398	-	-
Corporate bonds	<u>3,323,178</u>	<u>-</u>	<u>3,323,178</u>	<u>-</u>
Total fixed income	<u>5,229,710</u>	<u>1,906,532</u>	<u>3,323,178</u>	<u>-</u>
Marketable equity securities				
Consumer discretionary	955,829	955,829	-	-
Consumer staples	585,890	585,890	-	-
Energy	1,370,835	1,370,835	-	-
Financials	2,404,434	2,404,434	-	-
Healthcare	525,370	525,370	-	-
Industrials	727,816	727,816	-	-
Information technology	1,141,617	1,141,617	-	-
Materials	827,063	827,063	-	-
Telecommunication services	236,404	236,404	-	-
Utilities	219,880	219,880	-	-
Unclassified	<u>472,658</u>	<u>472,658</u>	<u>-</u>	<u>-</u>
Total marketable equity securities	<u>9,467,796</u>	<u>9,467,796</u>	<u>-</u>	<u>-</u>
Mutual funds				
Index funds	24,677	24,677	-	-
Bond funds	443,748	443,748	-	-
Growth funds	275,726	275,726	-	-
International funds	<u>112,835</u>	<u>112,835</u>	<u>-</u>	<u>-</u>
Total mutual funds	<u>856,986</u>	<u>856,986</u>	<u>-</u>	<u>-</u>
Other investments				
Hatteras Multi-Strategy TEI Institutional Fund, LP	2,455,126	-	-	2,455,126
CFI Multi-Strategy Equity Fund, LLC	1,124,717	-	1,124,717	-
Assets to fund deferred compensation	<u>777,904</u>	<u>777,904</u>	<u>-</u>	<u>-</u>
Total other investments	<u>4,357,747</u>	<u>777,904</u>	<u>1,124,717</u>	<u>2,455,126</u>
Total assets	<u>\$ 24,725,056</u>	<u>\$ 17,822,035</u>	<u>\$ 4,447,895</u>	<u>\$ 2,455,126</u>
Liabilities				
Interest rate swap	<u>\$ 4,091,936</u>	<u>\$ -</u>	<u>\$ 4,091,936</u>	<u>\$ -</u>
Total liabilities	<u>\$ 4,091,936</u>	<u>\$ -</u>	<u>\$ 4,091,936</u>	<u>\$ -</u>

The fair value of corporate bonds are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices and are therefore classified as Level 2 investments

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Inputs other than quoted prices that are observable are used to value the interest rate swap. The Organization considers these inputs to be Level 2.

The fair value of the Level 2 and Level 3 limited partnerships are based on the net asset value per share of the respective funds representing the fair value of the underlying investments which are generally securities which are traded on an active market. Such investments are classified as Level 2 or 3 based on the Organization's ability to redeem its investment in the fund at the net asset value per share at the measurement date or within the near term and there are no other potential liquidity restrictions.

The Organization is required to give a 5-day prior notification to withdraw all or a portion of its investment in the CFI Multi-Strategy Equity Fund, LLC (CFI Fund). There is a 10% holdback until monthly pricing is performed on the sixth business day of the following month. The CFI Fund is included in other investments and is classified as a Level 2 in the table above.

The Organization will be subject to a 5% redemption fee should it withdraw funds from the Hatteras Multi-Strategy TEI Institutional Fund, LP (Hatteras Fund) fund prior to July 1, 2012. After July 1, 2012 there is no redemption fee and quarterly withdrawals are allowed. The Hatteras Fund balance is included in other investments and is classified as Level 3 in the table above.

The following is a reconciliation of activity for assets measured at fair value on a recurring basis for which significant unobservable inputs (Level 3) were used in determining fair value:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	\$ 2,455,126	\$ 2,449,847
Addition	830,000	-
Withdrawals	(1,846,359)	-
Net change in unrealized depreciation	<u>6,225,566</u>	<u>5,279</u>
Balance at end of year	<u>\$ 7,664,333</u>	<u>\$ 2,455,126</u>

14. Medicaid Enhancement Tax

In New Hampshire, hospitals are subject to a 5.5% tax, the Medicaid Enhancement Tax (MET) on net taxable revenues. During 2011, the Hospital filed requests for refunds with respect to the MET they paid for taxable years ending on June 30, 2008 through June 30, 2011 for a total of approximately \$2,501,900 based on the Hospital's understanding at the time of certain items which should have been excluded from the original net taxable revenues. During 2012, the New Hampshire Department of Revenue Administration denied the requests for all of the years and audited the Hospital's MET returns for those years. The Hospital filed a petition for reconsideration in 2013 and a settlement was reached on December 19, 2013 which it has recorded in other long-term assets and other operating revenues.

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

15. Meaningful Use Revenues

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The criteria for meaningful use will be staged in three steps from fiscal year 2012 through 2016. During 2013 and 2012, the Hospital attested to Stage 1 meaningful use certification from CMS and recorded meaningful use revenues of \$830,226 and \$278,241, respectively. At September 30, 2012 \$278,241 was included as a receivable in due to third-party payors in the consolidated balance sheets. The meaningful use attestation is subject to audit by CMS 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.

The Medicaid program will provide incentive payments to hospitals and eligible professionals as they adopt, implement, upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to two remaining participation years. The New Hampshire program was launched in 2012. During 2013 and 2012, the Hospital recorded meaningful use revenues of \$220,510 and \$416,581, respectively, from the Medicaid EHR program. At September 30, 2013 and 2012, \$199,260 and \$416,581, respectively, were included as receivables in due to third-party payors.

In 2013 and 2012, the Hospital recognized \$180,000 and \$18,000, respectively, of Medicare EHR program revenues for its eligible physicians.

SUPPLEMENTARY INFORMATION

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Consolidating Balance Sheets

September 30, 2013

ASSETS

	<u>Hospital</u>	<u>Foundation</u>	<u>Eliminations</u>	2013 <u>Consolidated</u>
Current assets				
Cash and cash equivalents	\$ 8,120,183	\$ 80,067	\$ -	\$ 8,200,250
Patient accounts receivable, net	8,619,960	-	-	8,619,960
Supplies	1,580,589	-	-	1,580,589
Prepaid expenses and other current assets	2,518,592	66,565	(167,427)	2,417,730
Assets limited as to use, current portion	<u>600,475</u>	<u>-</u>	<u>-</u>	<u>600,475</u>
Total current assets	21,439,799	146,632	(167,427)	21,419,004
Assets limited as to use, less current portion	25,679,057	1,180,946	-	26,860,003
Property and equipment, net	46,267,834	-	-	46,267,834
Other long-term assets	<u>1,682,131</u>	<u>-</u>	<u>-</u>	<u>1,682,131</u>
Total assets	<u>\$ 95,068,821</u>	<u>\$ 1,327,578</u>	<u>\$ (167,427)</u>	<u>\$ 96,228,972</u>

LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

Consolidating Balance Sheets

September 30, 2013

LIABILITIES AND NET ASSETS

	<u>Hospital</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>2013 Consolidated</u>
Current liabilities				
Current portion of long-term debt	\$ 1,305,391	\$ -	\$ -	\$ 1,305,391
Accounts payable and other accrued expenses	4,587,481	167,427	(167,427)	4,587,481
Accrued salaries, wages and related accounts	2,067,229	-	-	2,067,229
Other current liabilities	2,025,458	5,361	-	2,030,819
Due to third-party payors	5,130,354	-	-	5,130,354
Reserve for self-funded health insurance	<u>751,000</u>	<u>-</u>	<u>-</u>	<u>751,000</u>
Total current liabilities	15,866,913	172,788	(167,427)	15,872,274
Deferred compensation	1,063,723	-	-	1,063,723
Long-term debt, less current portion	30,908,891	-	-	30,908,891
Interest rate swap	<u>2,583,490</u>	<u>-</u>	<u>-</u>	<u>2,583,490</u>
Total liabilities	<u>50,423,017</u>	<u>172,788</u>	<u>(167,427)</u>	<u>50,428,378</u>
Net assets				
Unrestricted	43,762,042	81,119	-	43,843,161
Temporarily restricted	165,664	159,389	-	325,053
Permanently restricted	<u>718,098</u>	<u>914,282</u>	<u>-</u>	<u>1,632,380</u>
Total net assets	<u>44,645,804</u>	<u>1,154,790</u>	<u>-</u>	<u>45,800,594</u>
Total liabilities and net assets	<u>\$ 95,068,821</u>	<u>\$ 1,327,578</u>	<u>\$ (167,427)</u>	<u>\$ 96,228,972</u>

LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

Consolidating Balance Sheets

September 30, 2012

ASSETS

	<u>Hospital</u>	<u>Foundation</u>	<u>Eliminations</u>	2012 <u>Consolidated</u>
Current assets				
Cash and cash equivalents	\$ 3,996,511	\$ 89,094	\$ -	\$ 4,085,605
Patient accounts receivable, net	9,385,246	-	-	9,385,246
Supplies	1,485,073	-	-	1,485,073
Prepaid expenses and other current assets	1,526,204	56,441	(122,296)	1,460,349
Assets limited as to use, current portion	<u>572,945</u>	<u>-</u>	<u>-</u>	<u>572,945</u>
Total current assets	16,965,979	145,535	(122,296)	16,989,218
Assets limited as to use, less current portion	23,119,480	1,032,631	-	24,152,111
Property and equipment, net	45,116,903	-	-	45,116,903
Other long-term assets	<u>147,050</u>	<u>-</u>	<u>-</u>	<u>147,050</u>
Total assets	<u>\$ 85,349,412</u>	<u>\$ 1,178,166</u>	<u>\$ (122,296)</u>	<u>\$ 86,405,282</u>

LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

Consolidating Balance Sheets

September 30, 2012

LIABILITIES AND NET ASSETS

	<u>Hospital</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>2012 Consolidated</u>
Current liabilities				
Current portion of long-term debt	\$ 963,100	\$ -	\$ -	\$ 963,100
Accounts payable and other accrued expenses	3,311,826	122,296	(122,296)	3,311,826
Accrued salaries, wages and related accounts	2,061,462	-	-	2,061,462
Other current liabilities	593,490	5,360	-	598,850
Due to third-party payors	5,164,209	-	-	5,164,209
Reserve for self-funded health insurance	<u>744,000</u>	<u>-</u>	<u>-</u>	<u>744,000</u>
Total current liabilities	12,838,087	127,656	(122,296)	12,843,447
Deferred compensation	777,904	-	-	777,904
Long-term debt, less current portion	29,192,882	-	-	29,192,882
Interest rate swap	<u>4,091,936</u>	<u>-</u>	<u>-</u>	<u>4,091,936</u>
Total liabilities	<u>46,900,809</u>	<u>127,656</u>	<u>(122,296)</u>	<u>46,906,169</u>
Net assets				
Unrestricted	37,642,591	92,427	-	37,735,018
Temporarily restricted	145,619	139,691	-	285,310
Permanently restricted	<u>660,393</u>	<u>818,392</u>	<u>-</u>	<u>1,478,785</u>
Total net assets	<u>38,448,603</u>	<u>1,050,510</u>	<u>-</u>	<u>39,499,113</u>
Total liabilities and net assets	<u>\$ 85,349,412</u>	<u>\$ 1,178,166</u>	<u>\$ (122,296)</u>	<u>\$ 86,405,282</u>

LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)

Consolidating Statements of Operations

Year Ended September 30, 2013

	<u>Hospital</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>2013 Consolidated</u>
Unrestricted revenues, gains and other support				
Patient service revenue (net of contractual allowances and discounts)	\$ 79,373,054	\$ -	\$ -	\$ 79,373,054
Less provision for bad debts	<u>4,096,468</u>	<u>-</u>	<u>-</u>	<u>4,096,468</u>
Net patient service revenue	75,276,586	-	-	75,276,586
Other operating revenues	3,551,827	-	-	3,551,827
Meaningful use incentive revenue	1,230,736	-	-	1,230,736
LRH Charitable Foundation support	114,760	-	(114,760)	-
Net assets released from restrictions used in operations	<u>857</u>	<u>125,850</u>	<u>-</u>	<u>126,707</u>
Total unrestricted revenues, gains and other support	<u>80,174,766</u>	<u>125,850</u>	<u>(114,760)</u>	<u>80,185,856</u>
Expenses				
Salaries and wages	31,553,200	81,042	-	31,634,242
Employee benefits	7,869,314	22,692	-	7,892,006
Supplies and other	28,585,551	168,491	(114,760)	28,639,282
Medicaid Enhancement Tax	3,084,550	-	-	3,084,550
Depreciation and amortization	5,772,458	-	-	5,772,458
Interest	<u>722,882</u>	<u>-</u>	<u>-</u>	<u>722,882</u>
Total expenses	<u>77,587,955</u>	<u>272,225</u>	<u>(114,760)</u>	<u>77,745,420</u>
Operating income (loss)	<u>2,586,811</u>	<u>(146,375)</u>	<u>-</u>	<u>2,440,436</u>
Nonoperating gains (losses)				
Income from investments	360,553	9,866	-	370,419
Unrestricted gifts	7,341	15,449	-	22,790
Foundation subsidy	(103,734)	103,734	-	-
Net realized and unrealized gains on investments	1,896,556	7,815	-	1,904,371
Community benefit expense	(10,243)	-	-	(10,243)
Investment management fees	(126,279)	(1,797)	-	(128,076)
Unrealized gain on interest rate swap	<u>1,508,446</u>	<u>-</u>	<u>-</u>	<u>1,508,446</u>
Nonoperating gains (losses), net	<u>3,532,640</u>	<u>135,067</u>	<u>-</u>	<u>3,667,707</u>
Excess (deficiency) of revenues over expenses and increase (decrease) in unrestricted net assets	<u>\$ 6,119,451</u>	<u>\$ (11,308)</u>	<u>\$ -</u>	<u>\$ 6,108,143</u>

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Consolidating Statements of Operations

Year Ended September 30, 2012

	<u>Hospital</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>2012 Consolidated</u>
Unrestricted revenues, gains and other support				
Patient service revenue (net of contractual allowances and discounts)	\$ 75,077,218	\$ -	\$ -	\$ 75,077,218
Less provision for bad debts	<u>5,934,669</u>	<u>-</u>	<u>-</u>	<u>5,934,669</u>
Net patient service revenue	69,142,549	-	-	69,142,549
Other operating revenues	1,600,788	-	-	1,600,788
Meaningful use incentive revenue	712,822	-	-	712,822
LRH Charitable Foundation support	50,565	-	(50,565)	-
Net assets released from restrictions used in operations	<u>2,420</u>	<u>58,948</u>	<u>-</u>	<u>61,368</u>
Total unrestricted revenues, gains and other support	<u>71,509,144</u>	<u>58,948</u>	<u>(50,565)</u>	<u>71,517,527</u>
Expenses				
Salaries and wages	28,475,825	43,582	-	28,519,407
Employee benefits	6,875,839	12,376	-	6,888,215
Supplies and other	25,125,975	130,998	(50,565)	25,206,408
Medicaid Enhancement Tax	3,912,471	-	-	3,912,471
Depreciation and amortization	5,374,271	-	-	5,374,271
Interest	<u>708,632</u>	<u>-</u>	<u>-</u>	<u>708,632</u>
Total expenses	<u>70,473,013</u>	<u>186,956</u>	<u>(50,565)</u>	<u>70,609,404</u>
Operating income (loss)	<u>1,036,131</u>	<u>(128,008)</u>	<u>-</u>	<u>908,123</u>
Nonoperating gains (losses)				
Income from investments	393,950	8,653	-	402,603
Unrestricted gifts	981	13,798	-	14,779
Foundation subsidy	(55,959)	55,959	-	-
Net realized and unrealized gains on investments	1,841,418	14,828	-	1,856,246
Community benefit expense	(14,025)	-	-	(14,025)
Investment management fees	(144,812)	(2,026)	-	(146,838)
Unrealized loss on interest rate swap	<u>(222,584)</u>	<u>-</u>	<u>-</u>	<u>(222,584)</u>
Nonoperating gains (losses), net	<u>1,798,969</u>	<u>91,212</u>	<u>-</u>	<u>1,890,181</u>
Excess (deficiency) of revenues over expenses and increase (decrease) in unrestricted net assets	<u>\$ 2,835,100</u>	<u>\$ (36,796)</u>	<u>\$ -</u>	<u>\$ 2,798,304</u>

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Consolidating Statements of Changes in Net Assets

Year Ended September 30, 2013

	<u>Hospital</u>	<u>Foundation</u>	<u>2013 Consolidated</u>
Unrestricted net assets			
Excess (deficiency) of revenues over expenses and change in unrestricted net assets	\$ <u>6,119,451</u>	\$ <u>(11,308)</u>	\$ <u>6,108,143</u>
Temporarily restricted net assets			
Contributions	-	113,626	113,626
Net realized and unrealized gains on investments	13,396	13,511	26,907
Investment income, net	7,506	18,411	25,917
Net assets released from restriction for operations	<u>(857)</u>	<u>(125,850)</u>	<u>(126,707)</u>
Change in temporarily restricted net assets	<u>20,045</u>	<u>19,698</u>	<u>39,743</u>
Permanently restricted net assets			
Contributions	-	50,145	50,145
Net realized and unrealized gains on investments	59,090	56,906	115,996
Investment management fees	<u>(1,385)</u>	<u>(11,161)</u>	<u>(12,546)</u>
Change in permanently restricted net assets	<u>57,705</u>	<u>95,890</u>	<u>153,595</u>
Increase in net assets	6,197,201	104,280	6,301,481
Net assets, beginning of year	<u>38,448,603</u>	<u>1,050,510</u>	<u>39,499,113</u>
Net assets, end of year	<u>\$ 44,645,804</u>	<u>\$ 1,154,790</u>	<u>\$ 45,800,594</u>

**LITTLETON HOSPITAL ASSOCIATION, INC.
(d/b/a LITTLETON REGIONAL HEALTHCARE AND SUBSIDIARY)**

Consolidating Statements of Changes in Net Assets

Year Ended September 30, 2012

	<u>Hospital</u>	<u>Foundation</u>	<u>2012 Consolidated</u>
Unrestricted net assets			
Excess (deficiency) of revenues over expenses and change in unrestricted net assets	\$ <u>2,835,100</u>	\$ <u>(36,796)</u>	\$ <u>2,798,304</u>
Temporarily restricted net assets			
Contributions	-	63,983	63,983
Net realized and unrealized gains on investments	13,084	16,984	30,068
Investment income, net	8,923	14,834	23,757
Net assets released from restriction for operations	<u>(2,420)</u>	<u>(58,948)</u>	<u>(61,368)</u>
Change in temporarily restricted net assets	<u>19,587</u>	<u>36,853</u>	<u>56,440</u>
Permanently restricted net assets			
Contributions	-	9,820	9,820
Net realized and unrealized gains on investments	61,905	89,474	151,379
Investment management fees	<u>(5,372)</u>	<u>(11,690)</u>	<u>(17,062)</u>
Change in permanently restricted net assets	<u>56,533</u>	<u>87,604</u>	<u>144,137</u>
Increase in net assets	2,911,220	87,661	2,998,881
Net assets, beginning of year	<u>35,537,383</u>	<u>962,849</u>	<u>36,500,232</u>
Net assets, end of year	<u>\$ 38,448,603</u>	<u>\$ 1,050,510</u>	<u>\$ 39,499,113</u>