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Form **990**  
 Department of the Treasury  
 Internal Revenue Service

**Return of Organization Exempt From Income Tax**  
**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)**  
 The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047  
**2012**  
**Open to Public Inspection**

**A For the 2012 calendar year, or tax year beginning 10-01-2012, 2012, and ending 09-30-2013**

|   |  |  |   |
|---|--|--|---|
| <b>B</b> Check if applicable:<br><input type="checkbox"/> Address change<br><input type="checkbox"/> Name change<br><input type="checkbox"/> Initial return<br><input type="checkbox"/> Terminated<br><input type="checkbox"/> Amended return<br><input type="checkbox"/> Application pending | <b>C</b> Name of organization<br>New London Hospital Association Inc                         |  | <b>D</b> Employer identification number<br>02-0222171 |
|   | Doing Business As  |  | <b>E</b> Telephone number<br>(603) 526-5339           |
|   | Number and street (or P O box if mail is not delivered to street address)<br>273 County Road | Room/suite   |   |
|   | City or town, state or country, and ZIP + 4<br>New London, NH 03257                          |  |   |
| <b>F</b> Name and address of principal officer<br>Bruce King<br>273 County Road<br>New London, NH 03257   |  | <b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br><b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If "No," attach a list (see instructions)<br><b>H(c)</b> Group exemption number |   |
| <b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527   |  |  |   |
| <b>J</b> Website: www.newlondonhospital.org   |  |  |   |
| <b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other  |  |  | <b>L</b> Year of formation 1918                       |
|   |  |  | <b>M</b> State of legal domicile NH                   |

**Part I Summary**

|   |  |                                  |                     |
|---|--|----------------------------------|---------------------|
| <b>Activities &amp; Governance</b>                                      | <b>1</b> Briefly describe the organization's mission or most significant activities<br>NLHA is a rural community Critical Access Hospital with an extended care center |                                  |                     |
|   | <b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets                        |                                  |                     |
|   | <b>3</b> Number of voting members of the governing body (Part VI, line 1a)   | <b>3</b>                         | 14                  |
|   | <b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)   | <b>4</b>                         | 11                  |
|   | <b>5</b> Total number of individuals employed in calendar year 2012 (Part V, line 2a)  | <b>5</b>                         | 677                 |
|   | <b>6</b> Total number of volunteers (estimate if necessary)  | <b>6</b>                         | 188                 |
|   | <b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12   | <b>7a</b>                        | 131,098             |
| <b>b</b> Net unrelated business taxable income from Form 990-T, line 34 | <b>7b</b>  | -31,537                          |                     |
| <b>Revenue</b>  | <b>8</b> Contributions and grants (Part VIII, line 1h)   | <b>Prior Year</b>                | <b>Current Year</b> |
|   | <b>9</b> Program service revenue (Part VIII, line 2g)  | 1,496,917                        | 919,293             |
|   | <b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)  | 55,920,753                       | 53,564,090          |
|   | <b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)   | 570,976                          | 976,640             |
|   | <b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)   | 1,515                            | 1,994               |
| <b>Expenses</b>   | <b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)   | 57,990,161                       | 55,462,017          |
|   | <b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)  | 0                                | 22,865              |
|   | <b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)  | 0                                | 0                   |
|   | <b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)   | 32,624,497                       | 33,261,010          |
|   | <b>b</b> Total fundraising expenses (Part IX, column (D), line 25) $\rightarrow$ 347,883   | 0                                | 0                   |
|   | <b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)   | 22,199,230                       | 23,666,236          |
|   | <b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)   | 54,823,727                       | 56,950,111          |
| <b>19</b> Revenue less expenses Subtract line 18 from line 12           | 3,166,434  | -1,488,094                       |                     |
| <b>Net Assets or Fund Balances</b>                                      | <b>20</b> Total assets (Part X, line 16)   | <b>Beginning of Current Year</b> | <b>End of Year</b>  |
|   | <b>21</b> Total liabilities (Part X, line 26)  | 62,092,733                       | 61,121,031          |
|   | <b>22</b> Net assets or fund balances Subtract line 21 from line 20  | 33,399,049                       | 31,839,700          |
|   |  | 28,693,684                       | 29,281,331          |

**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

|                  |                              |            |
|------------------|------------------------------|------------|
| <b>Sign Here</b> | *****                        | 2014-08-14 |
|                  | Signature of officer         | Date       |
|                  | Donald Griffin CFO           |            |
|                  | Type or print name and title |            |

|                               |  |                      |                    |   |                   |
|-------------------------------|--|----------------------|--------------------|---|-------------------|
| <b>Paid Preparer Use Only</b> | Pnnt/Type preparer's name<br>Barbara J McGuan CPA                  | Preparer's signature | Date<br>2014-08-14 | Check <input type="checkbox"/> if self-employed | PTIN<br>P00219457 |
|                               | Firm's name $\rightarrow$ Berry Dunn McNeil & Parker LLC           |                      |                    | Firm's EIN $\rightarrow$ 01-0523282             |                   |
|                               | Firm's address $\rightarrow$ PO Box 1100<br>Portland, ME 041041100 |                      |                    | Phone no (207) 775-2387                         |                   |

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

**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response to any question in this Part III  Yes  No

**1** Briefly describe the organization's mission

New London Hospital is a 25-bed rural community Critical Access Hospital with a 58-bed long term extended care center dedicated to serving the Lake Sunapee region in central New Hampshire New London Hospital provides safe quality care for every patient, every time in partnership with patients, families and healthcare providers

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

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

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

If "Yes," describe these changes on Schedule O

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

**4a** (Code ) (Expenses \$ 31,906,366 including grants of \$ 22,865 ) (Revenue \$ 41,902,335 )

Hospital services to patients New London Hospital Association, Inc (NLHA) is the principal provider of primary and secondary health care for 15 towns in Sullivan and Merrimack counties in New Hampshire The hospital provides acute and primary health care - from emergency services to family medical practice to surgical care - and essential wellness and prevention services for the 34,000 residents in its service area, a significant proportion of whom are uninsured, underinsured and/or dependent on Medicaid/Medicare benefits This includes a large elderly population and a significant number of rural, low-income families

**4b** (Code ) (Expenses \$ 10,198,688 including grants of \$ ) (Revenue \$ 7,513,246 )

Physician practices In a recent community health needs assessment access to primary care is identified as a central community need As a result, the hospital is committed to providing care in central locations throughout the service area, specifically Newport and New London NLHA employs forty-one providers Twenty-three provide primary care including pediatrics, and eighteen are specialists covering general surgery, anesthesiology, orthopaedics, neurology, emergency medicine, hospitalists, gynecology, rheumatology, and ear, nose and throat

**4c** (Code ) (Expenses \$ 3,761,291 including grants of \$ ) (Revenue \$ 4,017,411 )

Nursing Home The Clough Center is a 58-bed extended nursing care facility located within New London Hospital The Clough Center provides a warm and caring environment for its residents who benefit from health services personalized to meet their individual needs, including special meals, physical, occupational and speech therapy, personalized exercise sessions, and individual attention by highly skilled providers who have immediate access to the comprehensive services of a hospital and pharmacy

**4d** Other program services (Describe in Schedule O )  
(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e Total program service expenses** 45,866,345

**Part IV Checklist of Required Schedules**

|   | Yes | No |
|---|-----|----|
| <b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> <input checked="" type="checkbox"/>   | Yes |    |
| <b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? <input checked="" type="checkbox"/>   | Yes |    |
| <b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> <input checked="" type="checkbox"/>  |     | No |
| <b>4 Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i> <input checked="" type="checkbox"/>  | Yes |    |
| <b>5</b> 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? <i>If "Yes," complete Schedule C, Part III</i> <input checked="" type="checkbox"/>   |     | No |
| <b>6</b> 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? <i>If "Yes," complete Schedule D, Part I</i> <input checked="" type="checkbox"/>  |     | No |
| <b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> <input checked="" type="checkbox"/>  |     | No |
| <b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> <input checked="" type="checkbox"/>   |     | No |
| <b>9</b> 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? <i>If "Yes," complete Schedule D, Part IV</i> <input checked="" type="checkbox"/> |     | No |
| <b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> <input checked="" type="checkbox"/>   | Yes |    |
| <b>11</b> 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  |     |    |
| <b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> <input checked="" type="checkbox"/>   | Yes |    |
| <b>b</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? <i>If "Yes," complete Schedule D, Part VII</i> <input checked="" type="checkbox"/>   |     | No |
| <b>c</b> 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? <i>If "Yes," complete Schedule D, Part VIII</i> <input checked="" type="checkbox"/>   |     | No |
| <b>d</b> 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? <i>If "Yes," complete Schedule D, Part IX</i> <input checked="" type="checkbox"/>  | Yes |    |
| <b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>   | Yes |    |
| <b>f</b> 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)? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>  |     | No |
| <b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> <input checked="" type="checkbox"/>  |     | No |
| <b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> <input checked="" type="checkbox"/>   | Yes |    |
| <b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>  |     | No |
| <b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?  |     | No |
| <b>b</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? <i>If "Yes," complete Schedule F, Parts I and IV</i>                         |     | No |
| <b>15</b> 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? <i>If "Yes," complete Schedule F, Parts II and IV</i>  |     | No |
| <b>16</b> 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? <i>If "Yes," complete Schedule F, Parts III and IV</i>  |     | No |
| <b>17</b> 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? <i>If "Yes," complete Schedule G, Part I (see instructions)</i> <input checked="" type="checkbox"/>  |     | No |
| <b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i> <input checked="" type="checkbox"/>   | Yes |    |
| <b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> <input checked="" type="checkbox"/>   |     | No |
| <b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> <input checked="" type="checkbox"/>   | Yes |    |
| <b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? <input checked="" type="checkbox"/>   | Yes |    |

**Part IV Checklist of Required Schedules** (continued)

|            |  |            |     |    |
|------------|--|------------|-----|----|
| <b>21</b>  | 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> . . . . .   | <b>21</b>  |     | No |
| <b>22</b>  | 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> . . . . .   | <b>22</b>  |     | No |
| <b>23</b>  | 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> . . . . .  | <b>23</b>  | Yes |    |
| <b>24a</b> | 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> . . . . .                             | <b>24a</b> | Yes |    |
| <b>b</b>   | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .  | <b>24b</b> |     | No |
| <b>c</b>   | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .   | <b>24c</b> |     | No |
| <b>d</b>   | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .  | <b>24d</b> |     | No |
| <b>25a</b> | <b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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> . . . . .  | <b>25a</b> |     | No |
| <b>b</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> . . . . .                                       | <b>25b</b> |     | No |
| <b>26</b>  | 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> . . . . .   | <b>26</b>  |     | No |
| <b>27</b>  | 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> . . . . . | <b>27</b>  |     | No |
| <b>28</b>  | 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)   |            |     |    |
| <b>a</b>   | A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .   | <b>28a</b> |     | No |
| <b>b</b>   | A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .  | <b>28b</b> |     | No |
| <b>c</b>   | 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> . . . . .  | <b>28c</b> |     | No |
| <b>29</b>  | Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .  | <b>29</b>  |     | No |
| <b>30</b>  | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .  | <b>30</b>  |     | No |
| <b>31</b>  | Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .  | <b>31</b>  |     | No |
| <b>32</b>  | 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> . . . . .  | <b>32</b>  |     | No |
| <b>33</b>  | 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> . . . . .  | <b>33</b>  |     | No |
| <b>34</b>  | 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> . . . . .  | <b>34</b>  | Yes |    |
| <b>35a</b> | Did the organization have a controlled entity within the meaning of section 512(b)(13)?  | <b>35a</b> |     | No |
| <b>b</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> . . . . .   | <b>35b</b> |     |    |
| <b>36</b>  | <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .   | <b>36</b>  |     | No |
| <b>37</b>  | 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> . . . . .   | <b>37</b>  |     | No |
| <b>38</b>  | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .  | <b>38</b>  | 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 |
|------------|---|-----|----|
| <b>1a</b>  | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable . . . . . <b>1a</b> 141  |     |    |
| <b>1b</b>  | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . . <b>1b</b> 0   |     |    |
| <b>1c</b>  | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . <b>1c</b>  | Yes |    |
| <b>2a</b>  | 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 . . . . . <b>2a</b> 677   |     |    |
| <b>2b</b>  | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) . . . . . <b>2b</b>   | Yes |    |
| <b>3a</b>  | Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . . <b>3a</b>   | Yes |    |
| <b>3b</b>  | If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . . <b>3b</b>  | Yes |    |
| <b>4a</b>  | 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)? . . . . . <b>4a</b>                                  |     | No |
| <b>b</b>   | If "Yes," enter the name of the foreign country: _____<br>See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts . . . . .   |     |    |
| <b>5a</b>  | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . . <b>5a</b>   |     | No |
| <b>5b</b>  | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . . . . <b>5b</b>  |     | No |
| <b>5c</b>  | If "Yes," to line 5a or 5b, did the organization file Form 8886-T? . . . . . <b>5c</b>  |     |    |
| <b>6a</b>  | 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? . . . . . <b>6a</b>   |     | No |
| <b>6b</b>  | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . <b>6b</b>   |     |    |
| <b>7</b>   | <b>Organizations that may receive deductible contributions under section 170(c).</b>  |     |    |
| <b>a</b>   | 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? . . . . . <b>7a</b>   |     | No |
| <b>7b</b>  | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . . <b>7b</b>   |     |    |
| <b>7c</b>  | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . . <b>7c</b>  |     | No |
| <b>7d</b>  | If "Yes," indicate the number of Forms 8282 filed during the year . . . . . <b>7d</b>   |     |    |
| <b>7e</b>  | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . <b>7e</b>   |     | No |
| <b>7f</b>  | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . . <b>7f</b>  |     | No |
| <b>7g</b>  | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . . <b>7g</b>  |     |    |
| <b>7h</b>  | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . <b>7h</b>  |     |    |
| <b>8</b>   | <b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . <b>8</b> |     |    |
| <b>9</b>   | <b>Sponsoring organizations maintaining donor advised funds.</b>  |     |    |
| <b>9a</b>  | Did the organization make any taxable distributions under section 4966? . . . . . <b>9a</b>   |     |    |
| <b>9b</b>  | Did the organization make a distribution to a donor, donor advisor, or related person? . . . . . <b>9b</b>  |     |    |
| <b>10</b>  | <b>Section 501(c)(7) organizations.</b> Enter   |     |    |
| <b>10a</b> | Initiation fees and capital contributions included on Part VIII, line 12 . . . . . <b>10a</b>   |     |    |
| <b>10b</b> | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . . . <b>10b</b>  |     |    |
| <b>11</b>  | <b>Section 501(c)(12) organizations.</b> Enter  |     |    |
| <b>11a</b> | Gross income from members or shareholders . . . . . <b>11a</b>  |     |    |
| <b>11b</b> | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . . <b>11b</b>  |     |    |
| <b>12a</b> | <b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? . . . . . <b>12a</b>  |     |    |
| <b>12b</b> | If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . . <b>12b</b>  |     |    |
| <b>13</b>  | <b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>   |     |    |
| <b>13a</b> | Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O . . . . . <b>13a</b>   |     |    |
| <b>13b</b> | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . . . . <b>13b</b>  |     |    |
| <b>13c</b> | Enter the amount of reserves on hand . . . . . <b>13c</b>   |     |    |
| <b>14a</b> | Did the organization receive any payments for indoor tanning services during the tax year? . . . . . <b>14a</b>   |     | No |
| <b>14b</b> | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . . . . <b>14b</b>  |     |    |

**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 |
|-----------|---|-----|----|
| <b>1a</b> | Enter the number of voting members of the governing body at the end of the tax year . . . . .   |     |    |
|           | 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>1b</b> | Enter the number of voting members included in line 1a, above, who are independent . . . . .  |     |    |
| <b>2</b>  | 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? . . . . .   |     | No |
| <b>3</b>  | 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? . . . . . | Yes |    |
| <b>4</b>  | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .  |     | No |
| <b>5</b>  | Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .  |     | No |
| <b>6</b>  | Did the organization have members or stockholders? . . . . .  |     | No |
| <b>7a</b> | 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? . . . . .  |     | No |
| <b>7b</b> | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .   |     | No |
| <b>8</b>  | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following  |     |    |
| <b>8a</b> | The governing body? . . . . .   | Yes |    |
| <b>8b</b> | Each committee with authority to act on behalf of the governing body? . . . . .   | Yes |    |
| <b>9</b>  | 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 . . . . .        |     | No |

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

|            |  | Yes | No |
|------------|--|-----|----|
| <b>10a</b> | Did the organization have local chapters, branches, or affiliates? . . . . .   |     | No |
| <b>10b</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? . . . . .   |     |    |
| <b>11a</b> | Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .  |     | No |
| <b>11b</b> | Describe in Schedule O the process, if any, used by the organization to review this Form 990 . . . . .   |     |    |
| <b>12a</b> | Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .  | Yes |    |
| <b>12b</b> | Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .  | Yes |    |
| <b>12c</b> | Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . .   | Yes |    |
| <b>13</b>  | Did the organization have a written whistleblower policy? . . . . .  | Yes |    |
| <b>14</b>  | Did the organization have a written document retention and destruction policy? . . . . .   | Yes |    |
| <b>15</b>  | 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?   |     |    |
| <b>15a</b> | The organization's CEO, Executive Director, or top management official . . . . .   | Yes |    |
| <b>15b</b> | Other officers or key employees of the organization . . . . .  | Yes |    |
|            | If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)   |     |    |
| <b>16a</b> | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .  |     | No |
| <b>16b</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? . . . . . |     |    |

**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  
 Donald Griffin 273 County Road New London, NH (603) 526-5372

**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)<br>Name and Title                                 | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |         | (D)<br>Reportable compensation from the organization (W- 2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W- 2/1099-MISC) | (F)<br>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) Anne Holmes<br>Chair                              | 8 00   | X   |                       | X       |              |                              | 0       | 0   | 0  |   |
| (2) Bruce P King<br>President & CEO                   | 50 00  | X   |                       | X       |              |                              | 481,580 | 0   | 59,042   |   |
| (3) Celeste C Cook<br>Trustee                         | 2 00   | X   |                       |         |              |                              | 0       | 0   | 0  |   |
| (4) David Marshall<br>Treasurer                       | 8 00   | X   |                       | X       |              |                              | 0       | 0   | 0  |   |
| (5) Douglas W Lyon<br>Trustee                         | 2 00   | X   |                       |         |              |                              | 0       | 0   | 0  |   |
| (6) Eileen Kirk MD<br>Past Trustee                    | 50 00  | X   |                       |         |              |                              | 233,858 | 0   | 15,584   |   |
| (7) Jane Rastallis<br>Trustee                         | 2 00   | X   |                       |         |              |                              | 0       | 0   | 0  |   |
| (8) John C Fernes<br>Trustee                          | 2 00   | X   |                       |         |              |                              | 0       | 0   | 0  |   |
| (9) John Kirk MD<br>President Elect of Med Staff      | 2 00   | X   |                       |         |              |                              | 166,369 | 0   | 7,283  |   |
| (10) John R Butterly MD<br>Trustee                    | 2 00   | X   |                       |         |              |                              | 0       | 0   | 0  |   |
| (11) Kris Eschbach DO<br>Past Medical Staff President | 40 00  | X   |                       |         |              |                              | 0       | 0   | 0  |   |
| (12) Peter E Hager<br>Trustee                         | 2 00   | X   |                       |         |              |                              | 0       | 0   | 0  |   |
| (13) Robert M Rex<br>Trustee                          | 2 00   | X   |                       |         |              |                              | 0       | 0   | 0  |   |
| (14) Sage Chase<br>Past Trustee                       | 2 00   | X   |                       |         |              |                              | 0       | 0   | 0  |   |
| (15) Stanley I Cundey Jr<br>Secretary                 | 8 00   | X   |                       | X       |              |                              | 0       | 0   | 0  |   |
| (16) Stephen Jordan MD<br>Trustee                     | 50 00  | X   |                       |         |              |                              | 107,742 | 0   | 2,475  |   |
| (17) Susan Reeves<br>Vice Chair                       | 8 00   | X   |                       | X       |              |                              | 0       | 0   | 0  |   |



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

| (A)<br>Name and Title  | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W- 2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W- 2/1099-MISC) | (F)<br>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) Donald J Griffin<br>Chief Financial Officer               | 50 00  |   |                       | X       |              |                              |        | 142,650   | 0  | 12,152  |
| (19) James Murphy MD<br>Co-Chief Medical Officer               | 50 00  |   |                       | X       |              |                              |        | 251,993   | 0  | 3,097   |
| (20) Margie Lmmorson<br>Co-Chief Nursing Officer               | 50 00  |   |                       | X       |              |                              |        | 46,510  | 0  | 5,637   |
| (21) Patricia Sweezey<br>Chief Nursing Officer                 | 50 00  |   |                       | X       |              |                              |        | 121,278   | 0  | 12,609  |
| (22) Sally Patton<br>Co-Chief Nursing Officer                  | 50 00  |   |                       | X       |              |                              |        | 20,642  | 0  | 0   |
| (23) Steven Powell MD MPH<br>Co-Chief Medical Officer          | 50 00  |   |                       | X       |              |                              |        | 451,897   | 0  | 9,121   |
| (24) Teresa LeBlanc<br>Chief Operating Officer                 | 50 00  |   |                       | X       |              |                              |        | 145,978   | 0  | 2,264   |
| (25) Adnan Khan MD<br>Hospitalist                              | 50 00  |   |                       |         |              | X                            |        | 380,168   | 0  | 1,460   |
| (26) Donald A Eberly MD<br>General Surgeon                     | 50 00  |   |                       |         |              | X                            |        | 284,235   | 0  | 13,137  |
| (27) Michael Madan MD<br>Hospitalist                           | 50 00  |   |                       |         |              | X                            |        | 283,749   | 0  | 7,551   |
| (28) Stephen Bissah MD<br>Hospitalist                          | 50 00  |   |                       |         |              | X                            |        | 278,224   | 0  | 18,101  |
| (29) Thomas F Lucas MD<br>Anesthesiologist                     | 50 00  |   |                       |         |              | X                            |        | 280,886   | 0  | 7,654   |
| <b>1b Sub-Total</b>  |  |   |                       |         |              |                              |        |   |  |   |
| <b>c Total from continuation sheets to Part VII, Section A</b> |  |   |                       |         |              |                              |        |   |  |   |
| <b>d Total (add lines 1b and 1c)</b>                           |  |   |                       |         |              |                              |        | 3,677,759   | 0  | 177,167   |

**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 **44**

|  | Yes | No |
|--|-----|----|
| <b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>  |     | No |
| <b>4</b> 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 |    |
| <b>5</b> 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>                       | Yes |    |

**Section B. Independent Contractors**

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

| (A)<br>Name and business address  | (B)<br>Description of services    | (C)<br>Compensation |
|---|-----------------------------------|---------------------|
| Dartmouth Hitchcock Clinic 1 Medical Center Drive Lebanon NH 03756          | Physician Staffing & Lab Services | 1,165,362           |
| Upper Valley Neurology Neurosurgery PC 106 Hanover St Lebanon NH 03766      | Physician Services                | 870,544             |
| New England Alliance for Health LLC 1 Medical Center Drive Lebanon NH 03756 | Management Services               | 743,448             |
| Quest Diagnostics PO Box 51048 Los Angeles CA 90074                         | Lab Services                      | 278,558             |
| New Hampshire Imaging Services 1 Pillsbury St Concord NH 03301              | Diagnostic Imaging Services       | 278,080             |

**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 **13**

**Part VIII Statement of Revenue**

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

|   |  |  | (A)<br>Total revenue                                   | (B)<br>Related or<br>exempt<br>function<br>revenue | (C)<br>Unrelated<br>business<br>revenue | (D)<br>Revenue<br>excluded from<br>tax under<br>sections<br>512, 513, or<br>514 |       |  |
|---|--|--|--|--|---|---|-------|--|
| <b>Contributions, Gifts, Grants and Other Similar Amounts</b> | <b>1a</b>  | Federated campaigns . . . . . <b>1a</b>  |  |  |   |   |       |  |
|   | <b>b</b>   | Membership dues . . . . . <b>1b</b>  |  |  |   |   |       |  |
|   | <b>c</b>   | Fundraising events . . . . . <b>1c</b>   | 56,269   |  |   |   |       |  |
|   | <b>d</b>   | Related organizations . . . . . <b>1d</b>  |  |  |   |   |       |  |
|   | <b>e</b>   | Government grants (contributions) <b>1e</b>  | 128,452  |  |   |   |       |  |
|   | <b>f</b>   | All other contributions, gifts, grants, and similar amounts not included above <b>1f</b>   | 734,572  |  |   |   |       |  |
|   | <b>g</b>   | Noncash contributions included in lines 1a-1f \$   | 18,372   |  |   |   |       |  |
|   | <b>h</b>   | <b>Total.</b> Add lines 1a-1f . . . . .  | 919,293  |  |   |   |       |  |
| <b>Program Service Revenue</b>                                |  |  | Business Code  |  |   |   |       |  |
|   | <b>2a</b>  | Patient Revenue  | 621400   | 97,314,506   | 97,314,506                              |   |       |  |
|   | <b>b</b>   | Physician Services   | 621110   | 2,632,577  | 2,632,577                               |   |       |  |
|   | <b>c</b>   | Other Revenue  | 900099   | 444,102  | 313,004                                 | 131,098   |       |  |
|   | <b>d</b>   | Provision for Bad Debts  | 621400   | -2,458,172   | -2,458,172                              |   |       |  |
|   | <b>e</b>   | Contractual/Char Adj   | 621400   | -44,368,923  | -44,368,923                             |   |       |  |
|   | <b>f</b>   | All other program service revenue  |  |  |   |   |       |  |
| <b>g</b>  | <b>Total.</b> Add lines 2a-2f . . . . .                            |  | 53,564,090   |  |   |   |       |  |
| <b>Other Revenue</b>  | <b>3</b>   | Investment income (including dividends, interest, and other similar amounts) . . . . .   |  | 418,711  |   | 418,711   |       |  |
|   | <b>4</b>   | Income from investment of tax-exempt bond proceeds . . . . .   |  |  |   |   |       |  |
|   | <b>5</b>   | Royalties . . . . .  |  |  |   |   |       |  |
|   | <b>6a</b>  | Gross rents  | (i) Real   |  |   |   |       |  |
|   |  |  | (ii) Personal  |  |   |   |       |  |
|   |  |  | <b>b</b>   | Less rental expenses                               |   |   |       |  |
|   |  |  | <b>c</b>   | Rental income or (loss)                            |   |   |       |  |
|   | <b>d</b>   | Net rental income or (loss) . . . . .  |  |  |   |   |       |  |
|   | <b>7a</b>  | Gross amount from sales of assets other than inventory   | (i) Securities   | 7,743,770  |   |   |       |  |
|   |  |  | (ii) Other   |  | 7,250                                   |   |       |  |
|   |  |  | <b>b</b>   | Less cost or other basis and sales expenses        | 7,193,091                               |   | 0     |  |
|   |  |  | <b>c</b>   | Gain or (loss)                                     | 550,679                                 |   | 7,250 |  |
|   | <b>d</b>   | Net gain or (loss) . . . . .   |  | 557,929  |   | 557,929   |       |  |
|   | <b>8a</b>  | Gross income from fundraising events (not including \$ 56,269 of contributions reported on line 1c) See Part IV, line 18 . . . . . |  |  |   |   |       |  |
|   | <b>a</b>   |  |  | 86,119   |   |   |       |  |
| <b>b</b>  | Less direct expenses . . . . . <b>b</b>                            |  | 84,125   |  |   |   |       |  |
| <b>c</b>  | Net income or (loss) from fundraising events . . . . .             |  | 1,994  |  | 1,994                                   |   |       |  |
| <b>9a</b>   | Gross income from gaming activities See Part IV, line 19 . . . . . |  |  |  |   |   |       |  |
| <b>a</b>  |  |  |  |  |   |   |       |  |
| <b>b</b>  | Less direct expenses . . . . . <b>b</b>                            |  |  |  |   |   |       |  |
| <b>c</b>  | Net income or (loss) from gaming activities . . . . .              |  |  |  |   |   |       |  |
| <b>10a</b>  | Gross sales of inventory, less returns and allowances . . . . .    | <b>a</b>   |  |  |   |   |       |  |
|   |  | <b>b</b>   | Less cost of goods sold . . . . . <b>b</b>             |  |   |   |       |  |
|   |  | <b>c</b>   | Net income or (loss) from sales of inventory . . . . . |  |   |   |       |  |
| Miscellaneous Revenue   |  | Business Code  |  |  |   |   |       |  |
| <b>11a</b>  |  |  |  |  |   |   |       |  |
| <b>b</b>  |  |  |  |  |   |   |       |  |
| <b>c</b>  |  |  |  |  |   |   |       |  |
| <b>d</b>  | All other revenue . . . . .  |  |  |  |   |   |       |  |
| <b>e</b>  | <b>Total.</b> Add lines 11a-11d . . . . .                          |  |  |  |   |   |       |  |
| <b>12</b>   | <b>Total revenue.</b> See Instructions . . . . .                   |  | 55,462,017   | 53,432,992   | 131,098                                 | 978,634   |       |  |

**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

| <b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b> |   | <b>(A)</b><br>Total expenses | <b>(B)</b><br>Program service expenses | <b>(C)</b><br>Management and general expenses | <b>(D)</b><br>Fundraising expenses |
|---|---|------------------------------|--|---|------------------------------------|
| <b>1</b>  | Grants and other assistance to governments and organizations in the United States. See Part IV, line 21   | 22,865                       | 22,865                                 |   |                                    |
| <b>2</b>  | Grants and other assistance to individuals in the United States. See Part IV, line 22   |                              |  |   |                                    |
| <b>3</b>  | Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16  |                              |  |   |                                    |
| <b>4</b>  | Benefits paid to or for members   |                              |  |   |                                    |
| <b>5</b>  | Compensation of current officers, directors, trustees, and key employees  | 2,073,279                    | 889,272                                | 1,184,007                                     |                                    |
| <b>6</b>  | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)   |                              |  |   |                                    |
| <b>7</b>  | Other salaries and wages  | 26,078,120                   | 20,888,574                             | 4,945,548                                     | 243,998                            |
| <b>8</b>  | Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)  | 6,657                        | 5,332                                  | 1,325   |                                    |
| <b>9</b>  | Other employee benefits   | 3,453,610                    | 2,766,342                              | 653,555                                       | 33,713                             |
| <b>10</b>   | Payroll taxes   | 1,649,344                    | 1,321,125                              | 310,509                                       | 17,710                             |
| <b>11</b>   | Fees for services (non-employees)   |                              |  |   |                                    |
| <b>a</b>  | Management  |                              |  |   |                                    |
| <b>b</b>  | Legal   | 417,296                      | 334,254                                | 83,042  |                                    |
| <b>c</b>  | Accounting  | 85,514                       | 68,497                                 | 17,017  |                                    |
| <b>d</b>  | Lobbying  |                              |  |   |                                    |
| <b>e</b>  | Professional fundraising services. See Part IV, line 17   |                              |  |   |                                    |
| <b>f</b>  | Investment management fees  | 61,562                       | 49,311                                 | 12,251  |                                    |
| <b>g</b>  | Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)  | 5,557,492                    | 4,451,551                              | 1,105,941                                     |                                    |
| <b>12</b>   | Advertising and promotion   | 196,422                      | 157,334                                | 14,620  | 24,468                             |
| <b>13</b>   | Office expenses   | 2,748,721                    | 2,201,726                              | 529,680                                       | 17,315                             |
| <b>14</b>   | Information technology  | 742,316                      | 594,595                                | 147,721                                       |                                    |
| <b>15</b>   | Royalties   |                              |  |   |                                    |
| <b>16</b>   | Occupancy   | 1,368,719                    | 1,096,344                              | 268,171                                       | 4,204                              |
| <b>17</b>   | Travel  | 102,312                      | 81,952                                 | 15,325  | 5,035                              |
| <b>18</b>   | Payments of travel or entertainment expenses for any federal, state, or local public officials  |                              |  |   |                                    |
| <b>19</b>   | Conferences, conventions, and meetings  | 173,359                      | 138,861                                | 33,058  | 1,440                              |
| <b>20</b>   | Interest  | 764,216                      | 612,137                                | 152,079                                       |                                    |
| <b>21</b>   | Payments to affiliates  | 172,396                      | 138,089                                | 34,307  |                                    |
| <b>22</b>   | Depreciation, depletion, and amortization   | 3,370,943                    | 2,700,125                              | 670,818                                       |                                    |
| <b>23</b>   | Insurance   | 664,363                      | 532,155                                | 132,208                                       |                                    |
| <b>24</b>   | 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)  |                              |  |   |                                    |
| <b>a</b>  | Medicaid Enhancement Ta   | 2,197,391                    | 2,197,391                              |   |                                    |
| <b>b</b>  | Drugs and Pharmaceutica   | 1,907,209                    | 1,907,209                              |   |                                    |
| <b>c</b>  | Medical Supplies  | 1,877,131                    | 1,877,131                              |   |                                    |
| <b>d</b>  | Other   | 1,258,874                    | 834,173                                | 424,701                                       |                                    |
| <b>e</b>  | All other expenses  |                              |  |   |                                    |
| <b>25</b>   | <b>Total functional expenses.</b> Add lines 1 through 24e   | 56,950,111                   | 45,866,345                             | 10,735,883                                    | 347,883                            |
| <b>26</b>   | <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> 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           |
| <b>Assets</b>   | <b>1</b> Cash—non-interest-bearing . . . . .  | 7,832,625             | <b>1</b>   | 3,167,830             |
|   | <b>2</b> Savings and temporary cash investments . . . . .   | 2,107,677             | <b>2</b>   | 2,037,303             |
|   | <b>3</b> Pledges and grants receivable, net . . . . .   | 221,530               | <b>3</b>   | 85,719                |
|   | <b>4</b> Accounts receivable, net . . . . .   | 7,034,343             | <b>4</b>   | 6,722,367             |
|   | <b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .   |                       | <b>5</b>   |                       |
|   | <b>6</b> 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 . . . . . |                       | <b>6</b>   |                       |
|   | <b>7</b> Notes and loans receivable, net . . . . .  |                       | <b>7</b>   |                       |
|   | <b>8</b> Inventories for sale or use . . . . .  | 988,908               | <b>8</b>   | 1,022,833             |
|   | <b>9</b> Prepaid expenses and deferred charges . . . . .  | 462,985               | <b>9</b>   | 815,350               |
|   | <b>10a</b> Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D . . . . .  | <b>10a</b> 71,546,675 |            |                       |
|   | <b>b</b> Less accumulated depreciation . . . . .  | <b>10b</b> 39,764,489 | 30,021,283 | <b>10c</b> 31,782,186 |
|   | <b>11</b> Investments—publicly traded securities . . . . .  | 9,705,309             | <b>11</b>  | 11,444,575            |
|   | <b>12</b> Investments—other securities See Part IV, line 11 . . . . .   |                       | <b>12</b>  |                       |
|   | <b>13</b> Investments—program-related See Part IV, line 11 . . . . .  |                       | <b>13</b>  |                       |
|   | <b>14</b> Intangible assets . . . . .   | 303,792               | <b>14</b>  | 292,506               |
|   | <b>15</b> Other assets See Part IV, line 11 . . . . .   | 3,414,281             | <b>15</b>  | 3,750,362             |
| <b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . . | 62,092,733  | <b>16</b>             | 61,121,031 |                       |
| <b>Liabilities</b>  | <b>17</b> Accounts payable and accrued expenses . . . . .   | 5,292,720             | <b>17</b>  | 6,387,588             |
|   | <b>18</b> Grants payable . . . . .  |                       | <b>18</b>  |                       |
|   | <b>19</b> Deferred revenue . . . . .  |                       | <b>19</b>  |                       |
|   | <b>20</b> Tax-exempt bond liabilities . . . . .   | 16,175,000            | <b>20</b>  | 15,855,000            |
|   | <b>21</b> Escrow or custodial account liability Complete Part IV of Schedule D . . . . .  |                       | <b>21</b>  |                       |
|   | <b>22</b> 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 . . . . .   |                       | <b>22</b>  |                       |
|   | <b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .  | 151,601               | <b>23</b>  | 94,738                |
|   | <b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .  |                       | <b>24</b>  |                       |
|   | <b>25</b> 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 . . . . .  | 11,779,728            | <b>25</b>  | 9,502,374             |
|   | <b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .  | 33,399,049            | <b>26</b>  | 31,839,700            |
| <b>Net Assets or Fund Balances</b>  | <b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>  |                       |            |                       |
|   | <b>27</b> Unrestricted net assets . . . . .   | 26,286,652            | <b>27</b>  | 26,843,022            |
|   | <b>28</b> Temporarily restricted net assets . . . . .   | 404,043               | <b>28</b>  | 385,793               |
|   | <b>29</b> Permanently restricted net assets . . . . .   | 2,002,989             | <b>29</b>  | 2,052,516             |
|   | <b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>   |                       |            |                       |
|   | <b>30</b> Capital stock or trust principal, or current funds . . . . .  |                       | <b>30</b>  |                       |
|   | <b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .   |                       | <b>31</b>  |                       |
|   | <b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .  |                       | <b>32</b>  |                       |
| <b>33</b> Total net assets or fund balances . . . . .                         | 28,693,684  | <b>33</b>             | 29,281,331 |                       |
| <b>34</b> Total liabilities and net assets/fund balances . . . . .            | 62,092,733  | <b>34</b>             | 61,121,031 |                       |

**Part XI Reconciliation of Net Assets**

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

|           |   |           |            |
|-----------|---|-----------|------------|
| <b>1</b>  | Total revenue (must equal Part VIII, column (A), line 12)   | <b>1</b>  | 55,462,017 |
| <b>2</b>  | Total expenses (must equal Part IX, column (A), line 25)  | <b>2</b>  | 56,950,111 |
| <b>3</b>  | Revenue less expenses Subtract line 2 from line 1   | <b>3</b>  | -1,488,094 |
| <b>4</b>  | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))                     | <b>4</b>  | 28,693,684 |
| <b>5</b>  | Net unrealized gains (losses) on investments  | <b>5</b>  | 348,285    |
| <b>6</b>  | Donated services and use of facilities  | <b>6</b>  |            |
| <b>7</b>  | Investment expenses   | <b>7</b>  |            |
| <b>8</b>  | Prior period adjustments  | <b>8</b>  |            |
| <b>9</b>  | Other changes in net assets or fund balances (explain in Schedule O)  | <b>9</b>  | 1,727,456  |
| <b>10</b> | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | <b>10</b> | 29,281,331 |

**Part XII Financial Statements and Reporting**

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

|  | Yes | No |
|--|-----|----|
| <b>1</b> Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____<br>If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O   |     |    |
| <b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant?<br>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<br><input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis |     | No |
| <b>2b</b> Were the organization's financial statements audited by an independent accountant?<br>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<br><input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis                | Yes |    |
| <b>2c</b> 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?<br>If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O  | Yes |    |
| <b>3a</b> 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?   |     | No |
| <b>3b</b> If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits   |     |    |

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 02-0222171  
**Name:** New London Hospital Association Inc

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

| (A)<br>Name and Title                            | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
|  |  | Individual trustee or director  | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former |  |   |   |
| Anne Holmes<br>Chair                             | 8 00   | X   |                       | X       |              |                              |        | 0  | 0   | 0   |
| Bruce P King<br>President & CEO                  | 50 00  | X   |                       | X       |              |                              |        | 481,580  | 0   | 59,042  |
| Celeste C Cook<br>Trustee                        | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| David Marshall<br>Treasurer                      | 8 00   | X   |                       | X       |              |                              |        | 0  | 0   | 0   |
| Douglas W Lyon<br>Trustee                        | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| Eileen Kirk MD<br>Past Trustee                   | 50 00  | X   |                       |         |              |                              |        | 233,858  | 0   | 15,584  |
| Jane Rastallis<br>Trustee                        | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| John C Ferries<br>Trustee                        | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| John Kirk MD<br>President Elect of Med Staff     | 2 00   | X   |                       |         |              |                              |        | 166,369  | 0   | 7,283   |
| John R Butterly MD<br>Trustee                    | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| Kris Eschbach DO<br>Past Medical Staff President | 40 00  | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| Peter E Hager<br>Trustee                         | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| Robert M Rex<br>Trustee                          | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| Sage Chase<br>Past Trustee                       | 2 00   | X   |                       |         |              |                              |        | 0  | 0   | 0   |
| Stanley I Cundey Jr<br>Secretary                 | 8 00   | X   |                       | X       |              |                              |        | 0  | 0   | 0   |
| Stephen Jordan MD<br>Trustee                     | 50 00  | X   |                       |         |              |                              |        | 107,742  | 0   | 2,475   |
| Susan Reeves<br>Vice Chair                       | 8 00   | X   |                       | X       |              |                              |        | 0  | 0   | 0   |
| Donald J Grffin<br>Chief Financial Officer       | 50 00  |   |                       | X       |              |                              |        | 142,650  | 0   | 12,152  |
| James Murphy MD<br>Co-Chief Medical Officer      | 50 00  |   |                       | X       |              |                              |        | 251,993  | 0   | 3,097   |
| Margie Limmorison<br>Co-Chief Nursing Officer    | 50 00  |   |                       | X       |              |                              |        | 46,510   | 0   | 5,637   |
| Patricia Sweezey<br>Chief Nursing Officer        | 50 00  |   |                       | X       |              |                              |        | 121,278  | 0   | 12,609  |
| Sally Patton<br>Co-Chief Nursing Officer         | 50 00  |   |                       | X       |              |                              |        | 20,642   | 0   | 0   |
| Steven Powell MD MPH<br>Co-Chief Medical Officer | 50 00  |   |                       | X       |              |                              |        | 451,897  | 0   | 9,121   |
| Teresa LeBlanc<br>Chief Operating Officer        | 50 00  |   |                       | X       |              |                              |        | 145,978  | 0   | 2,264   |
| Adnan Khan MD<br>Hospitalist                     | 50 00  |   |                       |         |              | X                            |        | 380,168  | 0   | 1,460   |

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

| (A)<br>Name and Title                 | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|---------------------------------------|--|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
|                                       |  | Individual trustee or director  | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former |  |   |   |
| Donald A Eberly MD<br>General Surgeon | 50 00  |   |                       |         |              | X                            |        | 284,235  | 0   | 13,137  |
| Michael Madan MD<br>Hospitalist       | 50 00  |   |                       |         |              | X                            |        | 283,749  | 0   | 7,551   |
| Stephen Bissah MD<br>Hospitalist      | 50 00  |   |                       |         |              | X                            |        | 278,224  | 0   | 18,101  |
| Thomas F Lucas MD<br>Anesthesiologist | 50 00  |   |                       |         |              | X                            |        | 280,886  | 0   | 7,654   |

**SCHEDULE A**  
(Form 990 or 990EZ)

**Public Charity Status and Public Support**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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

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

Department of the Treasury  
Internal Revenue Service

**Name of the organization**

New London Hospital Association Inc

**Employer identification number**

02-0222171

**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 |
|-----------------|-----|----|
| <b>11g(i)</b>   |     |    |
| <b>11g(ii)</b>  |     |    |
| <b>11g(iii)</b> |     |    |

| (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 |                                  |
|                                    |          |  |  |    |   |    |  |    |                                  |
|                                    |          |  |  |    |   |    |  |    |                                  |
| <b>Total</b>                       |          |  |  |    |   |    |  |    |                                  |



**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 |
|--|----------|----------|----------|----------|----------|-----------|
| <b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")   |          |          |          |          |          |           |
| <b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf   |          |          |          |          |          |           |
| <b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge   |          |          |          |          |          |           |
| <b>4 Total.</b> Add lines 1 through 3  |          |          |          |          |          |           |
| <b>5</b> 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) |          |          |          |          |          |           |
| <b>6 Public support.</b> 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 |
|--|----------|----------|----------|----------|-----------|-----------|
| <b>7</b> Amounts from line 4   |          |          |          |          |           |           |
| <b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources  |          |          |          |          |           |           |
| <b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on  |          |          |          |          |           |           |
| <b>10</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )   |          |          |          |          |           |           |
| <b>11 Total support</b> (Add lines 7 through 10)   |          |          |          |          |           |           |
| <b>12</b> Gross receipts from related activities, etc (see instructions)   |          |          |          |          | <b>12</b> |           |
| <b>13 First five years.</b> 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 <b>stop here</b> . . . . . ▶ |          |          |          |          |           |           |

**Section C. Computation of Public Support Percentage**

|   |           |  |
|---|-----------|--|
| <b>14</b> Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))  | <b>14</b> |  |
| <b>15</b> Public support percentage for 2011 Schedule A, Part II, line 14   | <b>15</b> |  |
| <b>16a 33 1/3% support test—2012.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization ▶  |           |  |
| <b>b 33 1/3% support test—2011.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization ▶   |           |  |
| <b>17a 10%-facts-and-circumstances test—2012.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶    |           |  |
| <b>b 10%-facts-and-circumstances test—2011.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶ |           |  |
| <b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶  |           |  |

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

| Calendar year (or fiscal year beginning in) ▶   | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| <b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")  |          |          |          |          |          |           |
| <b>2</b> 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 |          |          |          |          |          |           |
| <b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513   |          |          |          |          |          |           |
| <b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf  |          |          |          |          |          |           |
| <b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge  |          |          |          |          |          |           |
| <b>6 Total.</b> Add lines 1 through 5   |          |          |          |          |          |           |
| <b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons  |          |          |          |          |          |           |
| <b>b</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           |          |          |          |          |          |           |
| <b>c</b> Add lines 7a and 7b  |          |          |          |          |          |           |
| <b>8 Public support</b> (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 |
|---|----------|----------|----------|----------|----------|-----------|
| <b>9</b> Amounts from line 6  |          |          |          |          |          |           |
| <b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources   |          |          |          |          |          |           |
| <b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975  |          |          |          |          |          |           |
| <b>c</b> Add lines 10a and 10b  |          |          |          |          |          |           |
| <b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on   |          |          |          |          |          |           |
| <b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)   |          |          |          |          |          |           |
| <b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)  |          |          |          |          |          |           |
| <b>14 First five years.</b> 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 <b>stop here</b> <input type="checkbox"/> |          |          |          |          |          |           |

**Section C. Computation of Public Support Percentage**

|  |           |  |
|--|-----------|--|
| <b>15</b> Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f)) | <b>15</b> |  |
| <b>16</b> Public support percentage from 2011 Schedule A, Part III, line 15                      | <b>16</b> |  |

**Section D. Computation of Investment Income Percentage**

|  |           |  |
|--|-----------|--|
| <b>17</b> Investment income percentage for <b>2012</b> (line 10c, column (f) divided by line 13, column (f)) | <b>17</b> |  |
| <b>18</b> Investment income percentage from <b>2011</b> Schedule A, Part III, line 17                        | <b>18</b> |  |

- 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).

|                                     |
|-------------------------------------|
| <b>Facts And Circumstances Test</b> |
| <b>Explanation</b>                  |

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2012

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

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

Table with 2 columns: Name of the organization (New London Hospital Association Inc) and Employer identification number (02-0222171)

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

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization

**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

| <b>Limits on Lobbying Expenditures</b><br>(The term "expenditures" means amounts paid or incurred.)  | (a) Filing organization's totals                  | (b) Affiliated group totals                              |                    |                              |   |   |   |   |  |  |                   |             |  |  |
|--|---|--|--------------------|------------------------------|---|---|---|---|--|--|-------------------|-------------|--|--|
| <b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying)   |   |  |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| <b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying)   |   |  |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| <b>c</b> Total lobbying expenditures (add lines 1a and 1b)   |   |  |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| <b>d</b> Other exempt purpose expenditures   |   |  |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| <b>e</b> Total exempt purpose expenditures (add lines 1c and 1d)   |   |  |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| <b>f</b> Lobbying nontaxable amount Enter the amount from the following table in both columns  |   |  |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <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> </tbody> </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                                       |  |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| <b>g</b> Grassroots nontaxable amount (enter 25% of line 1f)   |   |  |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| <b>h</b> Subtract line 1g from line 1a If zero or less, enter -0-  |   |  |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| <b>i</b> Subtract line 1f from line 1c If zero or less, enter -0-  |   |  |                    |                              |   |   |   |   |  |  |                   |             |  |  |
| <b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?   |   | <input type="checkbox"/> Yes <input type="checkbox"/> No |                    |                              |   |   |   |   |  |  |                   |             |  |  |

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

| <b>Lobbying Expenditures During 4-Year Averaging Period</b>      |          |          |          |          |           |
|--|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in)                      | (a) 2009 | (b) 2010 | (c) 2011 | (d) 2012 | (e) Total |
| <b>2a</b> Lobbying nontaxable amount                             |          |          |          |          |           |
| <b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))    |          |          |          |          |           |
| <b>c</b> Total lobbying expenditures                             |          |          |          |          |           |
| <b>d</b> Grassroots nontaxable amount                            |          |          |          |          |           |
| <b>e</b> Grassroots ceiling amount (150% of line 2d, column (e)) |          |          |          |          |           |
| <b>f</b> 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 |
| <b>1</b> 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 |     |    |        |
| <b>a</b> Volunteers?  |     | No |        |
| <b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?   |     | No |        |
| <b>c</b> Media advertisements?  |     | No |        |
| <b>d</b> Mailings to members, legislators, or the public?   |     | No |        |
| <b>e</b> Publications, or published or broadcast statements?  |     | No |        |
| <b>f</b> Grants to other organizations for lobbying purposes?   |     | No |        |
| <b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?  |     | No |        |
| <b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  |     | No |        |
| <b>i</b> Other activities?  | Yes |    | 11,231 |
| <b>j</b> Total Add lines 1c through 1i  |     |    | 11,231 |
| <b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?   |     | No |        |
| <b>b</b> If "Yes," enter the amount of any tax incurred under section 4912  |     |    |        |
| <b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912   |     |    |        |
| <b>d</b> 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 |
|--|----------|----|
| <b>1</b> Were substantially all (90% or more) dues received nondeductible by members?                      | <b>1</b> |    |
| <b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?                 | <b>2</b> |    |
| <b>3</b> Did the organization agree to carry over lobbying and political expenditures from the prior year? | <b>3</b> |    |

**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."**

|   |           |  |
|---|-----------|--|
| <b>1</b> Dues, assessments and similar amounts from members   | <b>1</b>  |  |
| <b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).   |           |  |
| <b>a</b> Current year   | <b>2a</b> |  |
| <b>b</b> Carryover from last year   | <b>2b</b> |  |
| <b>c</b> Total  | <b>2c</b> |  |
| <b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues  | <b>3</b>  |  |
| <b>4</b> 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? | <b>4</b>  |  |
| <b>5</b> Taxable amount of lobbying and political expenditures (see instructions)   | <b>5</b>  |  |

**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 | Per information provided by the NH Hospital Association (NHHA), the NHHA percentage of dues expended for lobbying purposed was 23.45% |

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2012

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization New London Hospital Association Inc

Employer identification number 02-0222171

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.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Includes questions 1-6 regarding donor advised funds.

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

Form for Part II Conservation Easements, including questions 1-9 and a table for 'Held at the End of the Year' with rows 2a, 2b, 2c, 2d.

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.

Form for Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets, including questions 1a, 1b, 2, and sub-questions (i) and (ii).

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

Table with 2 columns: Description (1c-1f) and Amount

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.

Table with 6 columns: (a) Current year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows include 1a-1g.

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 100.000%
c Temporarily restricted endowment 0%
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

Table with 3 columns: Description (3a(i), 3a(ii)), Yes, No

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

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.

Table with 5 columns: Description of property, (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows include 1a-1e and Total.





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

|          |   |           |           |  |
|----------|---|-----------|-----------|--|
| <b>1</b> | Total revenue, gains, and other support per audited financial statements . . . . .                      |           | <b>1</b>  |  |
| <b>2</b> | Amounts included on line 1 but not on Form 990, Part VIII, line 12                                      |           |           |  |
| <b>a</b> | Net unrealized gains on investments . . . . .   | <b>2a</b> |           |  |
| <b>b</b> | Donated services and use of facilities . . . . .  | <b>2b</b> |           |  |
| <b>c</b> | Recoveries of prior year grants . . . . .   | <b>2c</b> |           |  |
| <b>d</b> | Other (Describe in Part XIII ) . . . . .  | <b>2d</b> |           |  |
| <b>e</b> | Add lines <b>2a</b> through <b>2d</b> . . . . .   |           | <b>2e</b> |  |
| <b>3</b> | Subtract line <b>2e</b> from line <b>1</b> . . . . .  |           | <b>3</b>  |  |
| <b>4</b> | Amounts included on Form 990, Part VIII, line 12, but not on line <b>1</b>                              |           |           |  |
| <b>a</b> | Investment expenses not included on Form 990, Part VIII, line 7b . . . . .                              | <b>4a</b> |           |  |
| <b>b</b> | Other (Describe in Part XIII ) . . . . .  | <b>4b</b> |           |  |
| <b>c</b> | Add lines <b>4a</b> and <b>4b</b> . . . . .   |           | <b>4c</b> |  |
| <b>5</b> | Total revenue Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12 ) . . . . . |           | <b>5</b>  |  |

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

|          |  |           |           |  |
|----------|--|-----------|-----------|--|
| <b>1</b> | Total expenses and losses per audited financial statements . . . . .                                     |           | <b>1</b>  |  |
| <b>2</b> | Amounts included on line 1 but not on Form 990, Part IX, line 25   |           |           |  |
| <b>a</b> | Donated services and use of facilities . . . . .   | <b>2a</b> |           |  |
| <b>b</b> | Prior year adjustments . . . . .   | <b>2b</b> |           |  |
| <b>c</b> | Other losses . . . . .   | <b>2c</b> |           |  |
| <b>d</b> | Other (Describe in Part XIII ) . . . . .   | <b>2d</b> |           |  |
| <b>e</b> | Add lines <b>2a</b> through <b>2d</b> . . . . .  |           | <b>2e</b> |  |
| <b>3</b> | Subtract line <b>2e</b> from line <b>1</b> . . . . .   |           | <b>3</b>  |  |
| <b>4</b> | Amounts included on Form 990, Part IX, line 25, but not on line <b>1</b> :                               |           |           |  |
| <b>a</b> | Investment expenses not included on Form 990, Part VIII, line 7b . . . . .                               | <b>4a</b> |           |  |
| <b>b</b> | Other (Describe in Part XIII ) . . . . .   | <b>4b</b> |           |  |
| <b>c</b> | Add lines <b>4a</b> and <b>4b</b> . . . . .  |           | <b>4c</b> |  |
| <b>5</b> | Total expenses Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18 ) . . . . . |           | <b>5</b>  |  |

**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  |
|--|------------------|--|
| Description of Intended Use of Endowment Funds | Part V, Line 4   | The income from the Endowment Funds is used to assist in the payment of the hospitals program-related expenses |

SCHEDULE G (Form 990 or 990-EZ)

Supplemental Information Regarding Fundraising or Gaming Activities

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury Internal Revenue Service

Name of the organization New London Hospital Association Inc

Employer identification number 02-0222171

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

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

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

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

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

Table with 6 columns: (i) Name and address of individual or entity (fundraiser), (ii) Activity, (iii) Did fundraiser have custody or control of contributions? (Yes/No), (iv) Gross receipts from activity, (v) Amount paid to (or retained by) fundraiser listed in col (i), (vi) Amount paid to (or retained by) organization. Includes a Total row at the bottom.

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

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

|  |  | (a) Event #1                           | (b) Event #2                         | (c) Other events           | (d) Total events              |
|--|--|--|--------------------------------------|----------------------------|-------------------------------|
|  |  | <u>Golf Tournament</u><br>(event type) | <u>Hospital Gala</u><br>(event type) | <u>1</u><br>(total number) | (add col (a) through col (c)) |
| <b>Revenue</b>   | <b>1</b> Gross receipts . . . . .  | 53,844                                 | 54,910                               | 33,634                     | 142,388                       |
|  | <b>2</b> Less Contributions . . . . .  | 27,057                                 | 21,550                               | 7,662                      | 56,269                        |
|  | <b>3</b> Gross income (line 1 minus line 2) . . . . .                            | 26,787                                 | 33,360                               | 25,972                     | 86,119                        |
| <b>Direct Expenses</b>   | <b>4</b> Cash prizes . . . . .   |  |                                      |                            |                               |
|  | <b>5</b> Noncash prizes . . . . .  | 6,615                                  |                                      |                            | 6,615                         |
|  | <b>6</b> Rent/facility costs . . . . .   | 9,137                                  | 3,108                                | 6,932                      | 19,177                        |
|  | <b>7</b> Food and beverages . . . . .  | 5,922                                  | 16,729                               | 1,936                      | 24,587                        |
|  | <b>8</b> Entertainment . . . . .   |  | 8,220                                | 750                        | 8,970                         |
|  | <b>9</b> Other direct expenses . . . . .   | 3,119                                  | 5,303                                | 16,354                     | 24,776                        |
|  | <b>10</b> Direct expense summary Add lines 4 through 9 in column (d) . . . . . ▶ |  |                                      |                            |                               |
| <b>11</b> Net income summary Combine line 3, column (d), and line 10 . . . . . ▶ |  |  |                                      |                            | 1,994                         |

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

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

**9** Enter the state(s) in which the organization operates gaming activities \_\_\_\_\_

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

**b** If "No," explain \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

**b** If "Yes," explain \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Does the organization operate gaming activities with nonmembers?  Yes  No

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

**13** Indicate the percentage of gaming activity operated in

|                                      |            |  |
|--------------------------------------|------------|--|
| <b>a</b> The organization's facility | <b>13a</b> |  |
| <b>b</b> An outside facility         | <b>13b</b> |  |

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

Name ▶ .....

Address ▶ .....

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

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

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

Name ▶ .....

Address ▶ .....

**16** Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ \$ .....

Description of services provided ▶ .....

Director/officer                       Employee                       Independent contractor

**17** Mandatory distributions

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

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

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

| Identifier | Return Reference | Explanation |
|------------|------------------|-------------|
|------------|------------------|-------------|

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

New London Hospital Association Inc

Employer identification number

02-0222171

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a. 1b If "Yes," was it a written policy? 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. 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. 3a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? 3b Did the organization use FPG as a factor in determining eligibility for providing 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"? 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? 5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? 6a Did the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs (a-d) and Other Benefits (e-k).

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

|   | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|---|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1 Physical improvements and housing                         |   |                               |                                      |                               |                                    |                              |
| 2 Economic development                                      |   |                               |                                      |                               |                                    |                              |
| 3 Community support   |   |                               | 72,002                               |                               | 72,002                             | 0.130 %                      |
| 4 Environmental improvements                                |   |                               |                                      |                               |                                    |                              |
| 5 Leadership development and training for community members |   |                               |                                      |                               |                                    |                              |
| 6 Coalition building  |   |                               |                                      |                               |                                    |                              |
| 7 Community health improvement advocacy                     |   |                               | 53,632                               |                               | 53,632                             | 0.090 %                      |
| 8 Workforce development                                     |   |                               |                                      |                               |                                    |                              |
| 9 Other   |   |                               |                                      |                               |                                    |                              |
| 10 Total  |   |                               | 125,634                              |                               | 125,634                            | 0.220 %                      |

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

**Section A. Bad Debt Expense**

|   |   | Yes | No        |
|---|---|-----|-----------|
| 1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?   | 1 | Yes |           |
| 2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.   | 2 |     | 1,296,121 |
| 3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit. | 3 |     | 25,922    |
| 4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.   |   |     |           |

**Section B. Medicare**

|   |   |            |
|---|---|------------|
| 5 Enter total revenue received from Medicare (including DSH and IME).   | 5 | 15,571,995 |
| 6 Enter Medicare allowable costs of care relating to payments on line 5.  | 6 | 16,602,340 |
| 7 Subtract line 6 from line 5. This is the surplus (or shortfall).  | 7 | -1,030,345 |
| 8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:<br><input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other |   |            |

**Section C. Collection Practices**

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

**Part IV Management Companies and Joint Ventures** (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 | New London Hospital<br>273 County Road<br>New London, NH 03257 |                   |                            |                     |                   | 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)

New London Hospital Association

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 |
|--|--|-----|----|
| <b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012) |  |     |    |
| <b>1</b>   | 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<br>If "Yes," indicate what the CHNA report describes (check all that apply)  | Yes |    |
| <b>a</b>   | <input checked="" type="checkbox"/> A definition of the community served by the hospital facility  |     |    |
| <b>b</b>   | <input checked="" type="checkbox"/> Demographics of the community  |     |    |
| <b>c</b>   | <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community  |     |    |
| <b>d</b>   | <input checked="" type="checkbox"/> How data was obtained  |     |    |
| <b>e</b>   | <input checked="" type="checkbox"/> The health needs of the community  |     |    |
| <b>f</b>   | <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups  |     |    |
| <b>g</b>   | <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs  |     |    |
| <b>h</b>   | <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests   |     |    |
| <b>i</b>   | <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs   |     |    |
| <b>j</b>   | <input type="checkbox"/> Other (describe in Part VI)   |     |    |
| <b>2</b>   | Indicate the tax year the hospital facility last conducted a CHNA <u>20 11</u>   |     |    |
| <b>3</b>   | 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 . . . . . | Yes |    |
| <b>4</b>   | Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .   | Yes |    |
| <b>5</b>   | Did the hospital facility make its CHNA report widely available to the public? . . . . .<br>If "Yes," indicate how the CHNA report was made widely available (check all that apply)  | Yes |    |
| <b>a</b>   | <input type="checkbox"/> Hospital facility's website   |     |    |
| <b>b</b>   | <input checked="" type="checkbox"/> Available upon request from the hospital facility  |     |    |
| <b>c</b>   | <input type="checkbox"/> Other (describe in Part VI)   |     |    |
| <b>6</b>   | If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)   |     |    |
| <b>a</b>   | <input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA  |     |    |
| <b>b</b>   | <input type="checkbox"/> Execution of the implementation strategy  |     |    |
| <b>c</b>   | <input type="checkbox"/> Participation in the development of a community-wide plan   |     |    |
| <b>d</b>   | <input type="checkbox"/> Participation in the execution of a community-wide plan   |     |    |
| <b>e</b>   | <input type="checkbox"/> Inclusion of a community benefit section in operational plans   |     |    |
| <b>f</b>   | <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA  |     |    |
| <b>g</b>   | <input type="checkbox"/> Prioritization of health needs in its community   |     |    |
| <b>h</b>   | <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community  |     |    |
| <b>i</b>   | <input checked="" type="checkbox"/> Other (describe in Part VI)  |     |    |
| <b>7</b>   | 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 . . . . .  | Yes |    |
| <b>8a</b>  | 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)? . . . . .  |     | No |
| <b>8b</b>  | If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .  |     |    |
| <b>c</b>   | 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)

| <b>Financial Assistance Policy</b> |   | <b>Yes</b>    | <b>No</b> |
|------------------------------------|---|---------------|-----------|
| <b>9</b>                           | 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?   | <b>9</b> Yes  |           |
| <b>10</b>                          | Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 000000000000</u> %<br>If "No," explain in Part VI the criteria the hospital facility used | <b>10</b> Yes |           |
| <b>11</b>                          | Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000</u> %<br>If "No," explain in Part VI the criteria the hospital facility used                  | <b>11</b> Yes |           |
| <b>12</b>                          | Explained the basis for calculating amounts charged to patients? . . . . .<br>If "Yes," indicate the factors used in determining such amounts (check all that apply)  | <b>12</b> Yes |           |
| <b>a</b>                           | <input checked="" type="checkbox"/> Income level  |               |           |
| <b>b</b>                           | <input checked="" type="checkbox"/> Asset level   |               |           |
| <b>c</b>                           | <input type="checkbox"/> Medical indigency  |               |           |
| <b>d</b>                           | <input type="checkbox"/> Insurance status   |               |           |
| <b>e</b>                           | <input type="checkbox"/> Uninsured discount   |               |           |
| <b>f</b>                           | <input checked="" type="checkbox"/> Medicaid/Medicare   |               |           |
| <b>g</b>                           | <input checked="" type="checkbox"/> State regulation  |               |           |
| <b>h</b>                           | <input type="checkbox"/> Other (describe in Part VI)  |               |           |
| <b>13</b>                          | Explained the method for applying for financial assistance? . . . . .   | <b>13</b> Yes |           |
| <b>14</b>                          | Included measures to publicize the policy within the community served by the hospital facility? . . . . .<br>If "Yes," indicate how the hospital facility publicized the policy (check all that apply)  | <b>14</b> Yes |           |
| <b>a</b>                           | <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website  |               |           |
| <b>b</b>                           | <input type="checkbox"/> The policy was attached to billing invoices  |               |           |
| <b>c</b>                           | <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms  |               |           |
| <b>d</b>                           | <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices  |               |           |
| <b>e</b>                           | <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility  |               |           |
| <b>f</b>                           | <input checked="" type="checkbox"/> The policy was available upon request   |               |           |
| <b>g</b>                           | <input type="checkbox"/> Other (describe in Part VI)  |               |           |

| <b>Billing and Collections</b> |  |               |    |
|--------------------------------|--|---------------|----|
| <b>15</b>                      | 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? . . . . .  | <b>15</b> Yes |    |
| <b>16</b>                      | 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   |               |    |
| <b>a</b>                       | <input type="checkbox"/> Reporting to credit agency  |               |    |
| <b>b</b>                       | <input type="checkbox"/> Lawsuits  |               |    |
| <b>c</b>                       | <input type="checkbox"/> Liens on residences   |               |    |
| <b>d</b>                       | <input type="checkbox"/> Body attachments  |               |    |
| <b>e</b>                       | <input type="checkbox"/> Other similar actions (describe in Part VI)   |               |    |
| <b>17</b>                      | 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? . . . . .<br>If "Yes," check all actions in which the hospital facility or a third party engaged | <b>17</b>     | No |
| <b>a</b>                       | <input type="checkbox"/> Reporting to credit agency  |               |    |
| <b>b</b>                       | <input type="checkbox"/> Lawsuits  |               |    |
| <b>c</b>                       | <input type="checkbox"/> Liens on residences   |               |    |
| <b>d</b>                       | <input type="checkbox"/> Body attachments  |               |    |
| <b>e</b>                       | <input type="checkbox"/> 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**

**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

- a**  The hospital facility did not provide care for any emergency medical conditions
- b**  The hospital facility's policy was not in writing
- c**  The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d**  Other (describe in Part VI)

|           | Yes | No |
|-----------|-----|----|
| <b>19</b> | Yes |    |
|           |     |    |

**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

**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

|           |  |    |
|-----------|--|----|
|           |  |    |
| <b>21</b> |  | No |
|           |  |    |
| <b>22</b> |  | 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) |
|--|-----------------------------|
| <b>1</b> Newport Health Center<br>11 John Stark Hwy<br>Newport, NH 03773 | Clinic                      |
| <b>2</b>   |                             |
| <b>3</b>   |                             |
| <b>4</b>   |                             |
| <b>5</b>   |                             |
| <b>6</b>   |                             |
| <b>7</b>   |                             |
| <b>8</b>   |                             |
| <b>9</b>   |                             |
| <b>10</b>  |                             |

**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  |
|------------|-----------------|--|
|            |                 | <p>Part I, Line 7g The Hospital is dedicated to serving and supporting the community it serves by ensuring access to programs that could not be provided without the organization subsidizing their services. In FY 2013, the Hospital subsidized health care to the community in the amount of \$5,273,650. This included support for primary care services, the medication bridge program, ambulance services and mental health services. With a focus on wellness, primary care is of the utmost importance to our patients and their families. The Organization has locations for primary care in New London and Newport, NH to expand access within the communities we serve. Costs incurred for subsidizing primary care by the Hospital, were over \$4.9 million dollars for fiscal year 2013. Due to limited access to mental health services within our service area, the Hospital partnered with West Central Behavioral Health to expand service availability to patients in need. These services were provided at a cost of \$200,000 for fiscal year 2013. The ambulance service provides advanced life support services seven days a week, 24 hours a day to towns within our service area that would not otherwise have access to emergency medical transport. The ambulance responded to over 1,000 emergency calls in fiscal year 2013 at a cost of over \$57,000 to the Hospital. The cost of prescription drugs is often beyond the means of many of residents in our community. The Hospital supports the medication bridge program which works with uninsured and underinsured patients to assist them in accessing prescription medication. Over 100 patients received assistance under this program, at a cost of \$24,000 to the Hospital.</p> |
|            |                 | <p>Part II The Hospital participates in a wide variety of community building activities including community support and community health improvement advocacy. The Hospital supports many local service agencies through the participation of members of its management team on committees and boards. The Hospital subsidizes the cost of operations for the ABC'S Childcare Center, which provides high quality childcare at affordable prices. The childcare center is open to full and part time employees of the Organization and to the community to provide a nurturing, safe and stimulating environment for the children of our community to grow and learn.</p>  |

| Identifier | ReturnReference | Explanation   |
|------------|-----------------|---|
|            |                 | <p>Part III, Line 4 Patient accounts receivable are stated at the amount management expects to collect from outstanding balances Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable The Association's allowance for doubtful accounts for self-pay patients increased from 82% of self-pay accounts receivable at September 30, 2012, to 85% of self-pay accounts receivable at September 30, 2013 In addition, the Association's self-pay accounts receivable increased from approximately \$949,000 at September 30, 2012 to \$1,670,000 at September 30, 2013 The Association has not changed its free care or uninsured discount policies during 2013 The Association does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors The Association recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the service rendered For uninsured patients that do not qualify for free care, the Association recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy) On the basis of historical experience, a portion of the Association's uninsured patients will be unable to or unwilling to pay for the services provided Thus, the Association records a significant provision for bad debts related to uninsured patients in the period the services are provided The Hospital used the cost-to-charge ratio for reporting the bad debt expense at cost The estimate of bad debt attributable to charity care was based upon an internal review of records and specific information available for individual patients The Hospital provides information about financial assistance policies upon admission, prior to discharge and throughout the billing process Although the Hospital works diligently to provide financial options to patients, a small number of patients do not provide the information necessary to complete the financial aid application Patients who do not respond to repeated attempts for assistance may be classified as bad debt due to insufficient information on eligibility for financial assistance programs The Hospital did not include these amounts within its community benefit reporting due to the fact that adherence with the organizations charity care criteria could not be determined</p> |
|            |                 | <p>Part III, Line 9b Information concerning the Organization's financial assistance policy is available from a variety of sources from the website, upon admission and throughout the billing process The Collection Coordinator is responsible for reviewing returned financial assistance applications, assisting patients with securing information necessary to complete the applications, evaluating the applications and making recommendations to the Director of Patient Business Services and/or the Chief Financial Officer, when applicable The Collection Coordinator will notify patients of their eligibility and work with them to address any remaining balances If a patient does not meet eligibility requirements for free or discounted care, the organization will work with the patient to create an installment plan that will allow payment over time of patient balances</p>   |

| Identifier                      | ReturnReference | Explanation  |
|---------------------------------|-----------------|--|
| New London Hospital Association |                 | Part V, Section B, Line 3 The most recent Community Needs Assessment was completed in May 2012 The New London Hospital Association Inc worked with the Crescendo Consulting Group to bring together key healthcare and public stakeholders to elicit feedback on our local community needs Input was received from persons who represent the broad interests of the community served by the hospital facility This group included those with special knowledge of or expertise in public health, community opinion leaders (a diverse set of service providers) and healthcare consumers |
| New London Hospital Association |                 | Part V, Section B, Line 4 The New London Hospital Association Inc conducted their community health needs assessment in collaboration with Valley Regional Hospital   |

| Identifier                      | ReturnReference | Explanation  |
|---------------------------------|-----------------|--|
| New London Hospital Association |                 | Part V, Section B, Line 6i During 2013, the Hospital commenced the development of a framework and strategic plan to guide the design, development and implementation of New London Hospital's Population Health Improvement Initiative. The initiative seeks to roll out health promoting activities and will leverage on the good work of community organizations that currently exist, build new capacity to address gaps relative to health priorities and issues, and formalize a process for addressing future population health improvement initiatives. |
| New London Hospital Association |                 | Part V, Section B, Line 20d The New London Hospital Association Inc extends a 25% discount from gross charges to uninsured patients, which approximates the average of its three lowest negotiated commercial insurance rates.   |



| Identifier | ReturnReference | Explanation   |
|------------|-----------------|---|
|            |                 | <p>Part VI, Line 2 The Affordable Care Act of 2010 requires not-for-profit hospitals to conduct Community Health Needs Assessments every three years The Organization completed its most recent Community Health Needs Assessment in May of 2012 in collaboration with Valley Regional Hospital with the help of Crescendo Consulting Group Focus group discussions were held to elicit feedback from community members, public service officials and healthcare experts to identify community needs and prioritize the needs for our local community The prioritization of community needs identified in the Community Needs Assessment include the following 1 availability of affordable healthcare, prescriptions and related services2 communication between healthcare providers and other community service providers regarding the breadth of services available3 primary care physician availability4 drug and alcohol detection and treatment5 insurance coverage rates6 chronic disease screenings7 coordination of care amongst provider organizations8 dementia spectrum issues/elder care services9 obesity, nutrition, exercise education and services</p> |
|            |                 | <p>Part VI, Line 3 The Organization strives to educate patients on the availability of financial assistance in a variety of forums to widely publicize the programs and encourage patients to apply for assistance they may be eligible for The Organization posts information in regards to financial assistance on the Hospital's website, upon admission, upon request and throughout the billing process to inform patients of assistance that may be available to them</p>   |

| Identifier | ReturnReference | Explanation  |
|------------|-----------------|--|
|            |                 | <p>Part VI, Line 4 The New London Hospital Association Inc (NLHA) is the principal provider of primary and secondary healthcare for 15 towns in Sullivan and Merrimack counties in New Hampshire The towns within our service area include Andover, Bradford, Croydon, Danbury, Goshen, Grantham, Lempster, New London, Newbury, Newport, Springfield, Sunapee, Sutton, Washington and Wilmot The services area has a population of 32,868 (per 2010 census) which approximates about 2.5% of New Hampshire's population The percent of families living below the poverty level in New London's service area was approximately 11.8% compared to an 8.6% for the State of New Hampshire</p>  |
|            |                 | <p>Part VI, Line 5 The New London Hospital Association Inc is dedicated to improving the health and well-being of our community and the people we serve The Organization provides a wide array of services ranging from health education to subsidizing health services and access to care, to community building activities which improve the quality of life for all of those within our service area The Organization provides health education classes including safe sitter, smoking cessation, healthy lifestyle, and programs to support new parents Additional classes include CPR, EMS and health care provider education to allow emergency medical training to residents of our community Many services provided by the Organization are subsidized to sustain necessary services for the community Primary care is an area that has been identified as a community need in the most recent community benefit report The Organization not only subsidized these services but also expanded access to care by increasing hours and locations within our community Services include expanded hours of clinics, on site treatment at community locations and outreach programs at Hospital sponsored events The Hospital also participates in the medication bridge program which allows access to necessary prescriptions that would otherwise be cost prohibitive to our patients Financial assistance and charity care programs strive to remove financial barriers to care and encourage patients to seek regular medical care and focus upon wellness The Organization supports many local community organizations with programs outside the scope of services provided by the Hospital with both in-kind and monetary donations The Hospital subsidizes the ABC's childcare program to provide a safe, nurturing atmosphere where children can grow and learn and parents can feel confident that their children are well taken care of During 2013 the Organization partnered with Dartmouth-Hitchcock to create a new Accountable Care Organization (ACO) with a focus on improving the experience of care, improving quality and reducing cost The Organization received clearance from the Attorney General and the Charitable Trusts Unit to proceed with affiliation with Dartmouth-Hitchcock during FY 2013 The affiliation will enhance and expand services available to the community while providing the highest quality personalized care</p> |

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



**Schedule J**  
(Form 990)

**Compensation Information**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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.

Department of the Treasury  
Internal Revenue Service

Name of the organization  
New London Hospital Association Inc

Employer identification number

02-0222171

**Part I Questions Regarding Compensation**

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items
- |  |   |
|--|---|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use          |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence          |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input checked="" type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)          |

**b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the 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

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee              | <input checked="" type="checkbox"/> Written employment contract                     |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations                | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?  
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

- a** The organization?
- b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

- a** The organization?
- b** Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

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

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

|           | Yes | No |
|-----------|-----|----|
| <b>1b</b> | Yes |    |
| <b>2</b>  | Yes |    |
| <b>4a</b> |     | No |
| <b>4b</b> |     | No |
| <b>4c</b> |     | No |
| <b>5a</b> |     | No |
| <b>5b</b> |     | No |
| <b>6a</b> |     | No |
| <b>6b</b> |     | No |
| <b>7</b>  |     | No |
| <b>8</b>  |     | No |
| <b>9</b>  |     |    |

**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   |
|--------------------------|------------------|---|
| Supplemental Information | Part III         | Mr. Bruce King, CEO of New London Hospital is paid by the Mary Hitchcock Memorial Hospital, an unrelated organization. New London Hospital purchases Mr. King's services from MHMH. Compensation amounts disclosed on Form 990 & Schedule J for Mr. King represent earnings from MHMH and taxable fringe benefits directly provided to Mr. King by NLHA. The amount disclosed as other reportable compensation for Mr. King (Schedule J, Part II) include benefits that were partially funded by MHMH for Mr. King's many years of service as a Vice President of MHMH. Mr. King also received club dues of \$612 during the year from Mary Hitchcock Memorial Hospital, an unrelated organization, which was included in his compensation. |

**Software ID:**  
**Software Version:**  
**EIN:** 02-0222171  
**Name:** New London Hospital Association Inc

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

| (A) Name             |      | (B) Breakdown of W-2 and/or 1099-MISC compensation |                                     |                          | (C) Deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|----------------------|------|--|-------------------------------------|--------------------------|---------------------------|-------------------------|---------------------------------|--|
|                      |      | (i) Base Compensation                              | (ii) Bonus & incentive compensation | (iii) Other compensation |                           |                         |                                 |  |
| Bruce P King         | (i)  | 309,772  | 0                                   | 171,808                  | 39,000                    | 20,042                  | 540,622                         | 0  |
|                      | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| Eileen Kirk MD       | (i)  | 232,892  | 0                                   | 966                      | 0                         | 15,584                  | 249,442                         | 0  |
|                      | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| John Kirk MD         | (i)  | 161,184  | 500                                 | 4,685                    | 0                         | 7,283                   | 173,652                         | 0  |
|                      | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| Donald J Griffin     | (i)  | 140,431  | 500                                 | 1,719                    | 0                         | 12,152                  | 154,802                         | 0  |
|                      | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| James Murphy MD      | (i)  | 248,971  | 250                                 | 2,772                    | 0                         | 3,097                   | 255,090                         | 0  |
|                      | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| Steven Powell MD MPH | (i)  | 448,477  | 3,000                               | 420                      | 0                         | 9,121                   | 461,018                         | 0  |
|                      | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| Adnan Khan MD        | (i)  | 376,790  | 3,000                               | 378                      | 0                         | 1,460                   | 381,628                         | 0  |
|                      | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| Donald A Eberly MD   | (i)  | 283,735  | 500                                 | 0                        | 0                         | 13,137                  | 297,372                         | 0  |
|                      | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| Michael Madan MD     | (i)  | 280,269  | 2,850                               | 630                      | 0                         | 7,551                   | 291,300                         | 0  |
|                      | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| Stephen Bissah MD    | (i)  | 272,304  | 5,500                               | 420                      | 0                         | 18,101                  | 296,325                         | 0  |
|                      | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |
| Thomas F Lucas MD    | (i)  | 278,926  | 250                                 | 1,710                    | 0                         | 7,654                   | 288,540                         | 0  |
|                      | (ii) | 0  | 0                                   | 0                        | 0                         | 0                       | 0                               | 0  |



**Schedule K  
(Form 990)**

OMB No 1545-0047

**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.**

**2012**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
New London Hospital Association Inc

Employer identification number  
02-0222171

**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 |
| <b>A</b> NH Health and Education Facilities Authority | 02-0279866     | 644614SL4   | 06-21-2007      | 20,000,000      | New medical office building construction & renovation of hospital facilities |              | X  |                         | X  |                    | X  |

**Part II Proceeds**

|           |  | A          |    | B   |    | C   |    | D   |    |
|-----------|--|------------|----|-----|----|-----|----|-----|----|
| <b>1</b>  | Amount of bonds retired  | 4,145,000  |    |     |    |     |    |     |    |
| <b>2</b>  | Amount of bonds legally defeased   |            |    |     |    |     |    |     |    |
| <b>3</b>  | Total proceeds of issue  | 20,000,000 |    |     |    |     |    |     |    |
| <b>4</b>  | Gross proceeds in reserve funds  | 363,051    |    |     |    |     |    |     |    |
| <b>5</b>  | Capitalized interest from proceeds   |            |    |     |    |     |    |     |    |
| <b>6</b>  | Proceeds in refunding escrows  |            |    |     |    |     |    |     |    |
| <b>7</b>  | Issuance costs from proceeds   | 304,750    |    |     |    |     |    |     |    |
| <b>8</b>  | Credit enhancement from proceeds   | 75,035     |    |     |    |     |    |     |    |
| <b>9</b>  | Working capital expenditures from proceeds   | 19,250,184 |    |     |    |     |    |     |    |
| <b>10</b> | Capital expenditures from proceeds   |            |    |     |    |     |    |     |    |
| <b>11</b> | Other spent proceeds   |            |    |     |    |     |    |     |    |
| <b>12</b> | Other unspent proceeds   |            |    |     |    |     |    |     |    |
| <b>13</b> | Year of substantial completion   | 2009       |    |     |    |     |    |     |    |
|           |  | Yes        | No | Yes | No | Yes | No | Yes | No |
| <b>14</b> | Were the bonds issued as part of a current refunding issue?  |            | X  |     |    |     |    |     |    |
| <b>15</b> | Were the bonds issued as part of an advance refunding issue?   |            | X  |     |    |     |    |     |    |
| <b>16</b> | Has the final allocation of proceeds been made?  | X          |    |     |    |     |    |     |    |
| <b>17</b> | 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 |
| <b>1</b> | Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds? |     | X  |     |    |     |    |     |    |
| <b>2</b> | 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 |
| <b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property?  |     | X  |     |    |     |    |     |    |
| <b>b</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?   |     |    |     |    |     |    |     |    |
| <b>c</b> Are there any research agreements that may result in private business use of bond-financed property?   |     | X  |     |    |     |    |     |    |
| <b>d</b> 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?   |     |    |     |    |     |    |     |    |
| <b>4</b> 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  |     | %  |     | %  |     | %  |     | %  |
| <b>5</b> 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 |     | %  |     | %  |     | %  |     | %  |
| <b>6</b> Total of lines 4 and 5   |     | %  |     | %  |     | %  |     | %  |
| <b>7</b> Does the bond issue meet the private security or payment test?   |     | X  |     |    |     |    |     |    |
| <b>8a</b> 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>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of  |     | %  |     | %  |     | %  |     | %  |
| <b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?  |     |    |     |    |     |    |     |    |
| <b>9</b> 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 |
| <b>1</b> Has the issuer filed Form 8038-T?   |                 | X  |     |    |     |    |     |    |
| <b>2</b> If "No" to line 1, did the following apply?   |                 |    |     |    |     |    |     |    |
| <b>a</b> Rebate not due yet?   |                 | X  |     |    |     |    |     |    |
| <b>b</b> Exception to rebate?  | X               |    |     |    |     |    |     |    |
| <b>c</b> No rebate due?  |                 | X  |     |    |     |    |     |    |
| If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed              |                 |    |     |    |     |    |     |    |
| <b>3</b> Is the bond issue a variable rate issue?  | X               |    |     |    |     |    |     |    |
| <b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? | X               |    |     |    |     |    |     |    |
| <b>b</b> Name of provider  | Morgan Stanley  |    |     |    |     |    |     |    |
| <b>c</b> Term of hedge   | 30 000000000000 |    |     |    |     |    |     |    |
| <b>d</b> Was the hedge superintegrated?  |                 | X  |     |    |     |    |     |    |
| <b>e</b> Was a hedge terminated?   |                 | X  |     |    |     |    |     |    |

**Part IV Arbitrage (Continued)**

|  | A                   |    | B   |    | C   |    | D   |    |
|--|---------------------|----|-----|----|-----|----|-----|----|
|  | Yes                 | No | Yes | No | Yes | No | Yes | No |
| <b>5a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)?                        | X                   |    |     |    |     |    |     |    |
| <b>b</b> Name of provider  | Hypo Public Finance |    |     |    |     |    |     |    |
| <b>c</b> Term of GIC   | 1 830000000000      |    |     |    |     |    |     |    |
| <b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?     | X                   |    |     |    |     |    |     |    |
| <b>6</b> Were any gross proceeds invested beyond an available temporary period?                          |                     |    |     |    |     |    |     |    |
| <b>7</b> 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 |
| <b>1</b> 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 |
|------------|------------------|-------------|
|------------|------------------|-------------|

**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  
New London Hospital Association Inc

**Employer identification number**

02-0222171

| Identifier                             | Return Reference                       | Explanation  |
|--|--|--|
|  | Form 990, Part I, Lines 8-18           | Prior years numbers have been restated to present revenue net of bad debt expense  |
|  | Form 990, Part VI, Section A, line 3   | Mr Bruce King, CEO, of New London Hospital Association (NLHA) is an employee of Mary Hitchcock Memorial Hospital (MHMH) NLHA purchases Mr King's services from MHMH  |
|  | Form 990, Part VI, Section B, line 11  | NLHA posted a copy of the Form 990 on its trustee intranet site and solicited trustee comments before filing the return The Schedule B provided did not include the names of the donors  |
|  | Form 990, Part VI, Section B, line 12c | Each year, as part of the preparation process for the Form 990, a written conflict of interest survey is sent to each Trustee inquiring about situations that could result in conflicts of interest  |
|  | Form 990, Part VI, Section B, line 15  | The CEO's compensation is determined by the New London Hospital Association (NLHA) Executive Committee and Mary Hitchcock Memorial Hospital, the CEO's employer, after considering compensation for CEOs of various sized hospitals in the region Compensation levels for all other officers and key employees are reviewed periodically by NLHA's Senior Director of Human Resources and the CEO of NLHA These reviews include comparisons of compensation levels to independent salary survey data for comparable positions in the region        |
|  | Form 990, Part VI, Section C, line 19  | NLHA makes this information available to the public upon request Additionally, Form 990 is filed with the State of New Hampshire and is available to the public through the State NLHA also maintains public inspection copies of the Form 990 that are available upon request and its Form 990 is also available through GuideStar NLHA files a Community Benefit Report annually with the State of NH A summary of the Community Benefit Report and summary financial information is available on NLHA's website and in annual reports to donors |
| Changes in Net Assets or Fund Balances | Form 990, Part XI, line 9              | Unrealized Gain on Interest Rate Swap 1,677,929 Change in Beneficial Interest in Perpetual Trust 49,527  |

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

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

Department of the Treasury  
Internal Revenue Service

Name of the organization  
New London Hospital Association Inc

**Employer identification number**

02-0222171

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

| (a)<br>Name, address, and EIN (if applicable) of disregarded entity | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Total income | (e)<br>End-of-year assets | (f)<br>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)<br>Name, address, and EIN of related organization | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Exempt Code section | (e)<br>Public charity status (if section 501(c)(3)) | (f)<br>Direct controlling entity | (g)<br>Section 512(b)(13) controlled entity? |    |
|---|-------------------------|--|----------------------------|---|----------------------------------|--|----|
|   |                         |  |                            |   |                                  | Yes  | No |
|   |                         |  |                            |   |                                  |  |    |
|   |                         |  |                            |   |                                  |  |    |
|   |                         |  |                            |   |                                  |  |    |
|   |                         |  |                            |   |                                  |  |    |
|   |                         |  |                            |   |                                  |  |    |
|   |                         |  |                            |   |                                  |  |    |
|   |                         |  |                            |   |                                  |  |    |
|   |                         |  |                            |   |                                  |  |    |

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

| (a)<br>Name, address, and EIN of<br>related organization | (b)<br>Primary activity | (c)<br>Legal<br>domicile<br>(state or<br>foreign<br>country) | (d)<br>Direct<br>controlling<br>entity | (e)<br>Predominant<br>income(related,<br>unrelated,<br>excluded from<br>tax under<br>sections 512-<br>514) | (f)<br>Share of<br>total income | (g)<br>Share of<br>end-of-year<br>assets | (h)<br>Disproportionate<br>allocations? |    | (i)<br>Code V—UBI<br>amount in box<br>20 of<br>Schedule K-1<br>(Form 1065) | (j)<br>General or<br>managing<br>partner? |    | (k)<br>Percentage<br>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)<br>Name, address, and EIN of<br>related organization  | (b)<br>Primary activity | (c)<br>Legal<br>domicile<br>(state or foreign<br>country) | (d)<br>Direct controlling<br>entity   | (e)<br>Type of entity<br>(C corp, S corp,<br>or trust) | (f)<br>Share of total<br>income | (g)<br>Share of end-of-<br>year<br>assets | (h)<br>Percentage<br>ownership | (i)<br>Section 512<br>(b)(13)<br>controlled<br>entity? |    |
|---|-------------------------|---|---------------------------------------|--|---------------------------------|---|--------------------------------|--|----|
|   |                         |   |                                       |  |                                 |   |                                | Yes  | No |
| <b>(1)</b> Kearsarge Services Inc<br>273 County Road<br>New London, NH 03257<br>02-0460136            | Real Estate             | NH  | New London<br>Hospital<br>Association | C  | 179,619                         | 732,852                                   | 100 000 %                      |  | No |
| <b>(2)</b> New London Medical<br>Center East<br>273 County Road<br>New London, NH 03257<br>02-0480857 | Real Estate             | NH  | New London<br>Hospital<br>Association | C  | 49,337                          | 34,264                                    | 100 000 %                      |  | No |
| <b>(3)</b> New London Physician<br>Group Inc<br>273 County Road<br>New London, NH 03257<br>02-0494420 | Physician Praticce      | NH  | New London<br>Hospital<br>Association | C  |                                 |   | 100 000 %                      |  | 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 |
|-----------|-----|----|
|           |     |    |
| <b>1a</b> |     | No |
| <b>1b</b> |     | No |
| <b>1c</b> |     | No |
| <b>1d</b> |     | No |
| <b>1e</b> |     | No |
|           |     |    |
| <b>1f</b> |     | No |
| <b>1g</b> |     | No |
| <b>1h</b> |     | No |
| <b>1i</b> |     | No |
| <b>1j</b> |     | No |
|           |     |    |
| <b>1k</b> |     | No |
| <b>1l</b> |     | No |
| <b>1m</b> |     | No |
| <b>1n</b> |     | No |
| <b>1o</b> |     | No |
|           |     |    |
| <b>1p</b> |     | No |
| <b>1q</b> |     | No |
|           |     |    |
| <b>1r</b> |     | No |
| <b>1s</b> |     | 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)<br>Name of other organization | (b)<br>Transaction type (a-s) | (c)<br>Amount involved | (d)<br>Method of determining amount involved |
|-----------------------------------|-------------------------------|------------------------|--|
|                                   |                               |                        |  |
|                                   |                               |                        |  |
|                                   |                               |                        |  |
|                                   |                               |                        |  |
|                                   |                               |                        |  |
|                                   |                               |                        |  |





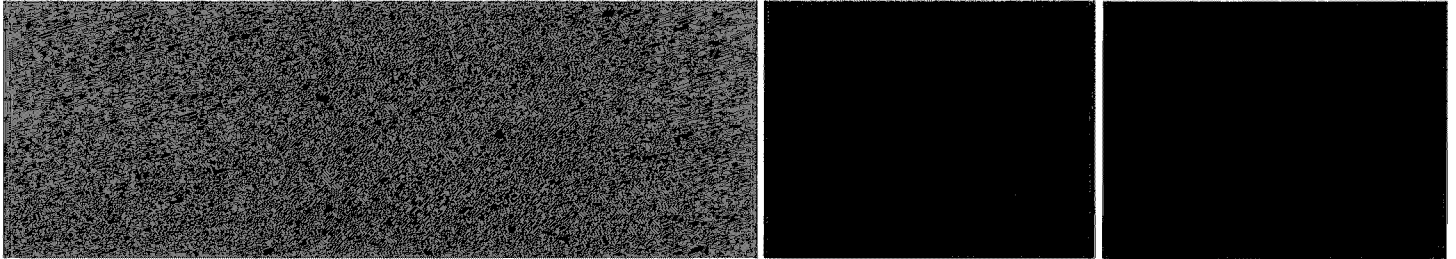
**Software ID:**  
**Software Version:**  
**EIN:** 02-0222171  
**Name:** New London Hospital Association Inc

**Part VII Supplemental Information**

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

| Identifier | Return Reference | Explanation |  |
|------------|------------------|-------------|--|
|------------|------------------|-------------|--|

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**THE NEW LONDON HOSPITAL ASSOCIATION, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

and

**ADDITIONAL INFORMATION**

**September 30, 2013 and 2012**

**With Independent Auditor's Report**





## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
The New London Hospital Association, Inc. and Subsidiaries

### ***Report on the Financial Statements***

We have audited the accompanying consolidated financial statements of The New London Hospital Association, Inc. and Subsidiaries (the Association), 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. Those 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 The New London Hospital Association, Inc. and Subsidiaries as of September 30, 2013 and 2012, and the 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 and 2 are presented for purposes of additional analysis and are not a required part of the consolidated 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*

Portland, Maine  
December 30, 2013

**THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**September 30, 2013 and 2012**

**ASSETS**

|  | <u>2013</u>          | <u>2012</u>          |
|--|----------------------|----------------------|
| Current assets   |                      |                      |
| Cash and cash equivalents  | \$ 3,430,516         | \$ 8,086,485         |
| Assets limited as to use   | 363,051              | 370,031              |
| Patient accounts receivable, net of allowance for uncollectible<br>accounts of \$1,729,044 and \$967,628 in 2013 and 2012,<br>respectively | 6,492,848            | 6,450,190            |
| Pledges receivable, net  | 76,803               | 199,008              |
| Other accounts receivable, net   | 279,452              | 604,000              |
| Supplies   | 1,022,833            | 988,908              |
| Prepaid expenses   | <u>815,350</u>       | <u>463,088</u>       |
| Total current assets   | <u>12,480,853</u>    | <u>17,161,710</u>    |
| Assets limited as to use   |                      |                      |
| By Trustees  | 12,569,428           | 10,860,135           |
| Under bond indenture   | <u>363,051</u>       | <u>370,031</u>       |
|  | 12,932,479           | 11,230,166           |
| Less current portion   | <u>363,051</u>       | <u>370,031</u>       |
|  | 12,569,428           | 10,860,135           |
| Long-term investments  | 537,846              | 564,745              |
| Deferred compensation plan assets  | 1,475,875            | 1,193,226            |
| Beneficial interest in perpetual trust   | 1,678,649            | 1,629,122            |
| Property and equipment, net  | 32,235,902           | 30,514,558           |
| Deferred financing costs, net of amortization  | 292,506              | 303,792              |
| Pledges receivable, net of current portion   | 8,916                | 22,522               |
| Other assets   | <u>6,066</u>         | <u>6,066</u>         |
| Total assets   | <u>\$ 61,286,041</u> | <u>\$ 62,255,876</u> |

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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                    | \$ 386,675                  | \$ 370,534                  |
| Current portion of capital lease obligation          | 466,902                     | 448,795                     |
| Accounts payable and accrued expenses                | 4,560,099                   | 3,620,509                   |
| Accrued salaries, wages, and related amounts         | 1,840,732                   | 1,680,883                   |
| Estimated third-party payor settlements              | 3,471,988                   | 4,600,763                   |
| Current portion of charitable gift annuities         | 4,930                       | 10,172                      |
| Other current liabilities                            | <u>20,000</u>               | <u>20,000</u>               |
| Total current liabilities                            | <b>10,751,326</b>           | 10,751,656                  |
| Deferred compensation                                | 1,475,875                   | 1,193,226                   |
| Long-term debt, excluding current portion            | 15,563,063                  | 15,956,067                  |
| Capital lease obligations, excluding current portion | 949,854                     | 721,127                     |
| Interest rate swap                                   | 3,095,722                   | 4,773,651                   |
| Charitable gift annuities, excluding current portion | <u>17,103</u>               | <u>11,994</u>               |
| Total liabilities                                    | <b><u>31,852,943</u></b>    | <b><u>33,407,721</u></b>    |
| Commitments and contingencies (Notes 11, 12, and 13) |                             |                             |
| Net assets   |                             |                             |
| Unrestricted   | 26,994,789                  | 26,441,123                  |
| Temporarily restricted                               | 385,793                     | 404,043                     |
| Permanently restricted                               | <u>2,052,516</u>            | <u>2,002,989</u>            |
| Total net assets                                     | <b><u>29,433,098</u></b>    | <b><u>28,848,155</u></b>    |
| Total liabilities and net assets                     | <b><u>\$ 61,286,041</u></b> | <b><u>\$ 62,255,876</u></b> |

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**THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES**

**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)             | \$ 52,989,644             | \$ 54,962,775       |
| Less provisions for bad debts   | <u>2,458,172</u>          | <u>2,941,149</u>    |
| Net patient service revenue   | <b>50,531,472</b>         | 52,021,626          |
| Other operating revenue   | <b>3,165,356</b>          | 3,996,710           |
| Net assets released from restrictions used for operations                         | <b>107,009</b>            | <u>78,975</u>       |
| Total revenues, gains, and other support  | <u><b>53,803,837</b></u>  | <u>56,097,311</u>   |
| Expenses  |                           |                     |
| Salaries and benefits   | <b>32,782,844</b>         | 32,111,069          |
| Supplies and other  | <b>10,299,608</b>         | 9,488,370           |
| Purchased services  | <b>7,167,865</b>          | 6,321,293           |
| Depreciation and amortization   | <b>3,410,503</b>          | 3,679,563           |
| Medicaid enhancement tax  | <b>2,197,391</b>          | 2,194,918           |
| Interest  | <b>764,216</b>            | <u>914,542</u>      |
| Total expenses  | <u><b>56,622,427</b></u>  | <u>54,709,755</u>   |
| Operating (loss) income   | <u><b>(2,818,590)</b></u> | <u>1,387,556</u>    |
| Nonoperating gains (losses)   |                           |                     |
| Investment income   | <b>303,062</b>            | 261,498             |
| Contributions and program support   | <b>653,760</b>            | 1,200,100           |
| Other nonoperating expenses   | <b>(211,779)</b>          | -                   |
| Unrealized gain (loss) on interest rate swap                                      | <b>1,677,929</b>          | (167,747)           |
| Realized and unrealized gains on investments                                      | <b>898,968</b>            | <u>1,111,581</u>    |
| Nonoperating gains, net   | <u><b>3,321,940</b></u>   | <u>2,405,432</u>    |
| Excess of revenues, gains, and other support over expenses and nonoperating gains | <b>503,350</b>            | 3,792,988           |
| Net assets released from restrictions used for purchase of property and equipment | <u><b>50,316</b></u>      | <u>27,422</u>       |
| Increase in unrestricted net assets   | <u><b>\$ 553,666</b></u>  | <u>\$ 3,820,410</u> |

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

**THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Net Assets**

**Years Ended September 30, 2013 and 2012**

|   | <u>Unrestricted</u>         | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>                |
|---|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------|
| Balances, October 1, 2011   | \$ 22,620,713               | \$ 307,685                        | \$ 1,890,475                      | \$ 24,818,873               |
| Excess of revenues, gains, and other support<br>under expenses and nonoperating gains | 3,792,988                   | -                                 | -                                 | 3,792,988                   |
| Restricted bequests and contributions   | -                           | 202,755                           | -                                 | 202,755                     |
| Net assets released from restrictions used for<br>operations                          | -                           | (78,975)                          | -                                 | (78,975)                    |
| Net assets released from restrictions used for<br>purchase of property and equipment  | 27,422                      | (27,422)                          | -                                 | -                           |
| Change in beneficial interest in<br>perpetual trust                                   | -                           | -                                 | 112,514                           | 112,514                     |
| Increase in net assets  | <u>3,820,410</u>            | <u>96,358</u>                     | <u>112,514</u>                    | <u>4,029,282</u>            |
| Balances, September 30, 2012  | 26,441,123                  | 404,043                           | 2,002,989                         | 28,848,155                  |
| Excess of revenues, gains, and other support<br>over expenses and nonoperating gains  | <b>503,350</b>              | -                                 | -                                 | <b>503,350</b>              |
| Restricted bequests and contributions   | -                           | <b>139,075</b>                    | -                                 | <b>139,075</b>              |
| Net assets released from restrictions used for<br>operations                          | -                           | <b>(107,009)</b>                  | -                                 | <b>(107,009)</b>            |
| Net assets released from restrictions used for<br>purchase of property and equipment  | <b>50,316</b>               | <b>(50,316)</b>                   | -                                 | -                           |
| Change in beneficial interest in<br>perpetual trust                                   | -                           | -                                 | <b>49,527</b>                     | <b>49,527</b>               |
| Increase (decrease) in net assets   | <u><b>553,666</b></u>       | <u><b>(18,250)</b></u>            | <u><b>49,527</b></u>              | <u><b>584,943</b></u>       |
| Balances, September 30, 2013  | <u><b>\$ 26,994,789</b></u> | <u><b>\$ 385,793</b></u>          | <u><b>\$ 2,052,516</b></u>        | <u><b>\$ 29,433,098</b></u> |

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



**THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES**

**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   | \$ 584,943          | \$ 4,029,282        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                     |                     |
| Depreciation and amortization  | 3,410,503           | 3,679,563           |
| Provision for bad debts  | 2,458,172           | 2,941,149           |
| Unrealized (gain) loss on interest rate swap   | (1,677,929)         | 167,747             |
| Loss (gain) on sale of equipment   | 204,529             | (3,000)             |
| Net realized and unrealized gains on investments   | (898,968)           | (1,111,581)         |
| Net unrealized gain on beneficial interest in perpetual trust                              | (49,527)            | (112,514)           |
| Restricted contributions   | (139,075)           | (202,755)           |
| Increase (decrease) in cash resulting from a change in                                     |                     |                     |
| Patient accounts receivable  | (2,500,830)         | (2,477,314)         |
| Pledges receivable, net  | 135,811             | 346,899             |
| Estimated third-party payor settlements  | (1,128,775)         | 1,589,088           |
| Supplies and prepaid expenses  | (213,984)           | 119,403             |
| Other accounts receivable, net   | 324,548             | (551,599)           |
| Accounts payable and accrued expenses  | 939,590             | 697,379             |
| Accrued salaries, wages, and related amounts   | 159,849             | 113,540             |
| Charitable gift annuities  | (133)               | (10,172)            |
| Net cash provided by operating activities  | <u>1,608,724</u>    | <u>9,215,115</u>    |
| Cash flows from investing activities   |                     |                     |
| Purchases of property and equipment  | (4,748,402)         | (1,895,265)         |
| Proceeds from sale of property and equipment   | 7,250               | 3,000               |
| Proceeds from sale of investments  | 7,743,770           | 4,670,286           |
| Purchase of investments  | (8,520,216)         | (7,151,687)         |
| Net cash used by investing activities  | <u>(5,517,598)</u>  | <u>(4,373,666)</u>  |
| Cash flows from financing activities   |                     |                     |
| Payments on long-term debt   | (390,093)           | (874,727)           |
| Net payments on line of credit   | -                   | (2,000,000)         |
| Payment on capital lease obligations   | (496,077)           | (507,184)           |
| Restricted gifts received  | 139,075             | 202,755             |
| Net cash used by financing activities  | <u>(747,095)</u>    | <u>(3,179,156)</u>  |
| Net (decrease) increase in cash and cash equivalents                                       | <u>(4,655,969)</u>  | 1,662,293           |
| Cash and cash equivalents, beginning of year   | <u>8,086,485</u>    | <u>6,424,192</u>    |
| Cash and cash equivalents, end of year   | \$ <u>3,430,516</u> | \$ <u>8,086,485</u> |
| Noncash transaction - equipment under loan obligation                                      | \$ <u>13,230</u>    | \$ <u>155,022</u>   |
| Noncash transaction - equipment under capital lease obligations                            | \$ <u>742,911</u>   | \$ <u>401,614</u>   |

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

# THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2013 and 2012

### Organization

The New London Hospital Association, Inc (the NLHA) and Subsidiaries (the Association) is a not-for-profit organization providing inpatient, outpatient and extended care services to residents of Merrimack and Sullivan counties. Kearsarge Community Services, Inc. (Kearsarge), a taxable corporation which owns and operates a medical office building, is a wholly-owned subsidiary of the Association. New London Medical Center East, Inc (NLMCE), a taxable corporation which operates a building, is a wholly-owned subsidiary of the Association

### 1. Summary of Significant Accounting Policies

#### Principles of Consolidation

The consolidated financial statements include the accounts of the Association and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

#### Use of Estimates

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

#### Cash and Cash Equivalents

Cash and cash equivalents include all bank deposits, certificates of deposits, and short-term investments that have a maturity of three months or less when purchased. Cash and cash equivalents exclude amounts whose use is limited by Board designation or under revenue bond agreements.

#### 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.

The Association's allowance for doubtful accounts for self-pay patients increased from 82% of self-pay accounts receivable at September 30, 2012, to 85% percent of self-pay accounts receivable at September 30, 2013. In addition, the Association's self-pay accounts receivable increased from approximately \$949,000 at September 30, 2012 to \$1,670,000 at September 30, 2013. The Association has not changed its free care or uninsured discount policies during 2013. The Association does not maintain a material allowance for doubtful accounts from third-party payors,

# THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2013 and 2012

nor did it have significant write-offs from third-party payors. The Association recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the service rendered. For uninsured patients that do not qualify for free care, the Association recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a portion of the Association's uninsured patients will be unable to or unwilling to pay for the services provided. Thus, the Association records a significant provision for bad debts related to uninsured patients in the period the services are provided.

### **Supplies**

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

### **Assets Limited as to Use**

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Trustees for future purposes, over which the Board retains control, and may at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the Association have been reclassified as necessary in the consolidated balance sheets as of September 30, 2013 and 2012.

### **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the excess of revenues, gains, and other support over expenses and nonoperating gains pursuant to the fair value option under ASC Topic 825, unless the income or loss is restricted by donor or law.

### **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. The Association's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures that do not extend the lives of the related assets. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the asset's estimated useful life. Such amortization is included in depreciation and amortization in the financial statements.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues, gains, and other support over expenses and nonoperating gains, 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

# THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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 long-term financing are being amortized by the straight-line method, which approximates the effective interest method, over the repayment period of the related debt.

### **Interest Rate Swap**

The Association uses an interest rate swap contract to mitigate the cash flow exposure of interest rate movements on variable-rate debt. The Association 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 the change in value is included in nonoperating gains (losses).

### **Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use by the Association 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 consolidated statements of operations as net assets released from restrictions.

Permanently restricted net assets have been restricted by donors to be maintained by the Association in perpetuity. Income earned on permanently restricted net assets, including net realized appreciation on investments, is included in the consolidated statements of operations as unrestricted resources or as a change in temporarily restricted net assets in accordance with donor-intended purposes.

### **Excess of Revenues, Gains, and Other Support Over Expenses and Nonoperating Gains**

The statements of operations include the excess of revenues, gains, and other support over expenses and nonoperating gains. Changes in unrestricted net assets that are excluded from this measure, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).

### **Net Patient Service Revenue**

The Association has agreements with third-party payors that provide for payments to the Association at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, fee schedules and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including

# THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2013 and 2012

estimated retroactive adjustments under reimbursement agreements with third-party payors, including Medicare and Medicaid. Retroactive adjustments are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined.

### Charity Care

The Association has a formal charity care policy under which patient care is provided without charge or at amounts less than the established rates to patients who meet certain criteria. Because the Association does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

### Employee Fringe Benefits

The employees of the Association participate in an "earned time" plan under which each employee earns paid leave for each period worked. These hours of paid leave may be used for vacations, holidays, or illnesses. Hours earned, but not used, are vested with the employee. The Association accrues the cost of these benefits as they are earned up to 300 hours.

### Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Association 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. Pledged intentions to give are recorded as receivables when received net of an estimated uncollectible allowance and present value discount. 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.

### Income Taxes

The NLHA is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on related income. Kearsarge and NLMCE are for-profit organizations and, in accordance with federal and state tax laws, file separate returns from that of the NLHA. Taxes were not material in 2013 or 2012.

### Functional Expenses

The Association provides general health care services to residents within its geographic location, including inpatient, outpatient, long-term, and emergency care. Expenses related to providing these services as of September 30 are:

|                            | <u>2013</u>                 | <u>2012</u>                 |
|----------------------------|-----------------------------|-----------------------------|
| Health care services       | <b>\$ 45,364,450</b>        | \$43,181,186                |
| General and administrative | <b>11,027,316</b>           | 11,311,607                  |
| Fundraising                | <b><u>230,661</u></b>       | <u>216,962</u>              |
|                            | <b><u>\$ 56,622,427</u></b> | <b><u>\$ 54,709,755</u></b> |

# THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2013 and 2012

### **Reclassifications**

Certain amounts in the 2012 consolidated financial statements have been reclassified to conform to the current year's presentation.

### **Subsequent Events**

For purposes of the preparation of these financial statements, management has considered transactions or events occurring through December 30, 2013, the date which the financial statements were issued.

Effective October 1, 2013, the Association became a subsidiary of Dartmouth-Hitchcock Health. Dartmouth-Hitchcock Health is also the parent company of Mary Hitchcock Memorial Hospital and the Dartmouth-Hitchcock Clinic and was formed as an integrated health system designed to efficiently coordinate resources, expand access to specialized services and research, and enhance the value and quality of care in communities throughout New Hampshire and Vermont.

In October 2013, the NLHA refunded its Series 2007 Revenue Bonds through NHHEFA Series 2013A Revenue Bonds of \$15,520,000. Additional borrowings were obtained (\$9,480,000 Revenue Bonds, Series 2013B) for the construction of a new health center building in Newport, New Hampshire. The bonds mature in variable amounts, ranging from \$241,000 in 2014 to \$1,472,000 in 2043, the maturity date of the bonds, but are subject to mandatory tender in ten years. Interest is payable monthly and is equal to the sum of .72 times the Adjusted LIBOR Rate plus .72 times the credit spread rate. The bonds are collateralized by the gross receipts and property of NLHA and require certain financial covenants. As part of the bond refinancing, the swap arrangement was effectively terminated for federal tax purposes with respect to the Series 2007 Revenue Bonds but remains in effect.

### **Recently Issued Accounting Pronouncements**

In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-07, *Health Care Entities (Topic 954), Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ("ASU 2011-07"), which requires reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). It also requires enhanced disclosure about its sources of patient service revenue, the policies for recognizing revenue and assessing bad debts, as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The provisions of ASU 2011-07 are effective for the Association beginning October 1, 2012. The Association has included the enhanced disclosures in Notes 1 and 2 to the financial statements.

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

2. Patient Service Revenue (Net of Contractual Allowances and Discounts)

The following summarizes patient service revenue (net of contractual allowances and discounts) as of September 30:

|   | <u>2013</u>                | <u>2012</u>                |
|---|----------------------------|----------------------------|
| Gross patient service revenue   | <b>\$97,314,506</b>        | \$96,220,573               |
| Less contractual allowances and other revenue deductions              | <b><u>44,324,862</u></b>   | <u>41,257,798</u>          |
| Patient service revenue (net of contractual allowances and discounts) | <b><u>\$52,989,644</u></b> | <b><u>\$54,962,775</u></b> |

Revenue net of discounts related to self-pay patients was approximately \$5,605,000 and \$4,528,000 for the years ended September 30, 2013 and 2012, respectively.

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

**Medicare**

Effective April 1, 2003, the NLHA was granted Critical Access Hospital (CAH) status. Under CAH, the NLHA is reimbursed 101% of reasonable allowable cost for its inpatient acute, swing bed, and outpatient services, excluding ambulance services and inpatient hospice care, provided to Medicare patients. The NLHA is reimbursed at tentative interim rates for cost reimbursable items with final settlement determined after submission of annual cost reports by the NLHA and audits thereof by the Medicare fiscal intermediary. The nursing home is not impacted by the CAH designation. Medicare has implemented a prospective payment system for skilled nursing facilities. Providers of care to skilled nursing facility residents eligible for "Part A" Medicare benefits are paid on a prospective basis, with no retrospective settlement. The prospective payment is based on the scoring attributed to the acuity level of the resident at a rate determined by federal guidelines. The NLHA's Medicare cost reports have been audited and settled through September 30, 2009. The physician practices owned by NLHA are designated as provider-based.

Effective January 1, 2013, the NLHA began participating in Dartmouth-Hitchcock's Pioneer Accountable Care Organization (ACO), a Medicare shared savings program initiative. The Association must meet or exceed established quality measures in order to receive any savings. The Association may have a negative shared savings if quality measures are not met.

**Medicaid**

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined per diem rates. The prospectively determined per-diem rates are not subject to retroactive adjustment. Outpatient services rendered to Medicaid program beneficiaries are

# THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2013 and 2012

reimbursed under a cost reimbursement methodology. The NLHA is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the NLHA and audits thereof by the fiscal intermediary. The NLHA's skilled nursing facility is reimbursed on a prospectively determined per diem rate. The NLHA's Medicaid cost reports have been audited by the fiscal intermediary through September 30, 2008.

### **Anthem Blue Cross**

The NLHA also maintains contracts with Anthem Blue Cross and various other payors, which pay the NLHA for services based on charges with varying discounts, on a per diem basis, or fee schedules.

Revenue from the Medicare and Medicaid programs accounted for approximately 49% and 8%, respectively, of the Association's patient service revenue for the year ended September 30, 2013, and approximately 48% and 7%, respectively, for the year ended September 30, 2012. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Association believes that it is in compliance with all laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenue in the year that such amounts become known. Net patient service revenue decreased approximately \$796,000 and \$905,000 in 2013 and 2012, respectively, due to prior year retroactive adjustments in excess of amounts previously estimated and changes in prior year estimates.

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. Amounts recorded by the Association are therefore subject to change. The disproportionate share payments amounted to \$1,944,149 and \$2,311,102 for 2013 and 2012, respectively, and are recorded as an increase in net patient service revenue. The NLHA pays a separate tax of 5.5% based on net patient service revenue, which amounted to \$2,197,391 and \$2,194,918 for 2013 and 2012, respectively, which is recorded as an operating expense.

### **3. Charity Care**

The Association provides services without charge, or at amounts less than its established rates, to patients who meet the criteria of its charity care policy. The criteria for charity care consider family income, net worth and the federal poverty income guidelines.



THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

The Association estimates the costs associated with providing charity care by calculating a ratio of total costs to total gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for charity care. The net cost of charity care provided was approximately \$1,298,000 in 2013 and \$1,604,000 in 2012. The net cost of charity care is determined by the total charity care cost less any patient-related revenue due to sliding-scale payments or other patient-specific sources, which were \$19,465 in 2013 and \$28,758 in 2012.

The largest proportion of services provided on a charity basis was for surgical services and emergency room services.

In addition to the charity care identified above, the Association does not receive full payment from the Medicaid program for the cost of services to certain low income and elderly patients served through traditional inpatient and outpatient services. The Association incurred \$1,446,000 and \$1,187,000 of costs in excess of payments, based on an overall financial statement cost to charge ratio, during the years ended September 30, 2013 and 2012, respectively.

4. Investments

The composition of investments was as follows as of September 30:

|   | <u>2013</u>          | <u>2012</u>         |
|---|----------------------|---------------------|
| Assets limited as to use by the Board of Trustees |                      |                     |
| Cash and cash equivalents                         | \$ 1,179,187         | \$ 1,211,841        |
| Mortgage backed securities                        | 197,046              | 278,634             |
| U.S. Treasury obligations                         | 805,779              | 868,972             |
| Marketable equity securities                      | 7,084,664            | 6,069,127           |
| Mutual funds                                      | 274,103              | 342,285             |
| Corporate bonds                                   | 2,026,931            | 1,772,117           |
| International bonds                               | <u>1,001,718</u>     | <u>317,159</u>      |
|   | <u>\$ 12,569,428</u> | <u>\$10,860,135</u> |
| Assets limited as to use under Bond Indenture     |                      |                     |
| Cash and cash equivalents                         | <u>\$ 363,051</u>    | <u>\$ 370,031</u>   |
| Long-term investments                             |                      |                     |
| Cash and cash equivalents                         | \$ 483,512           | \$ 507,730          |
| Equity mutual funds                               | 22,147               | 23,617              |
| Fixed income mutual funds                         | <u>32,187</u>        | <u>33,398</u>       |
|   | <u>\$ 537,846</u>    | <u>\$ 564,745</u>   |

**THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**September 30, 2013 and 2012**

Assets limited as to use were designated for the following as of September 30:

|                                    | <u>2013</u>              | <u>2012</u>             |
|------------------------------------|--------------------------|-------------------------|
| By Board of Trustees:              |                          |                         |
| Property and equipment reserve     | \$ 790,621               | \$ 683,104              |
| Depreciation reserve               | 324,291                  | 280,192                 |
| Long-term investment purposes      | <u>11,454,516</u>        | <u>9,896,839</u>        |
|                                    | <u>12,569,428</u>        | <u>10,860,135</u>       |
| Under Bond Indenture:              |                          |                         |
| Debt service funds                 | <u>363,051</u>           | <u>370,031</u>          |
| <br>Total assets limited as to use | <br><u>\$ 12,932,479</u> | <br><u>\$11,230,166</u> |

Investment performance for the years ended September 30, were as follows:

|                                       | <u>2013</u>             | <u>2012</u>             |
|---------------------------------------|-------------------------|-------------------------|
| Investment income                     |                         |                         |
| Interest and dividend income          | \$ 364,624              | \$ 318,416              |
| Investment fees                       | <u>(61,562)</u>         | <u>(56,918)</u>         |
|                                       | 303,062                 | 261,498                 |
| Realized gains on sales of securities | 550,679                 | 195,473                 |
| Unrealized gains on investments       | <u>348,289</u>          | <u>916,108</u>          |
| <br>Total gains on investments        | <br><u>\$ 1,202,030</u> | <br><u>\$ 1,373,079</u> |

**5. Property and Equipment**

Property and equipment consists of the following as of September 30:

|  | <u>2013</u>         | <u>2012</u>         |
|--|---------------------|---------------------|
| Land and land improvements                     | \$ 3,484,486        | \$ 2,630,160        |
| Buildings and fixed equipment                  | 40,761,433          | 39,419,321          |
| Major moveable equipment                       | 28,266,372          | 26,832,855          |
| Construction in progress                       | <u>2,145,086</u>    | <u>831,835</u>      |
|  | 74,657,377          | 69,714,171          |
| Less accumulated depreciation and amortization | <u>42,421,475</u>   | <u>39,199,613</u>   |
|  | <u>\$32,235,902</u> | <u>\$30,514,558</u> |

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Equipment capitalized under capital lease agreements and included in major moveable equipment above consisted of the following as of September 30:

|                          | <u>2013</u>         | <u>2012</u>         |
|--------------------------|---------------------|---------------------|
| Cost                     | \$ 4,421,802        | \$ 3,923,344        |
| Accumulated depreciation | <u>(3,135,564)</u>  | <u>(2,708,854)</u>  |
| Net book value           | <u>\$ 1,286,238</u> | <u>\$ 1,214,490</u> |

Depreciation expense for the years ended September 30, 2013 and 2012 amounted to \$3,399,217 and \$3,668,277, respectively.

6. Promises to Contribute

At September 30, 2013, the Association had promises to contribute of \$95,259 receivable from donors.

The pledges receivable are due as follows:

|  |                  |
|--|------------------|
| In less than one year  | \$ 85,337        |
| In one to five years   | <u>9,922</u>     |
|  | 95,259           |
| Less allowance for uncollectible amounts and discount to present value | <u>9,540</u>     |
|  | <u>\$ 85,719</u> |

7. Beneficial Interest in Perpetual Trust

The Association is an income beneficiary of a perpetual trust controlled by an unrelated third-party trustee. The beneficial interest in the assets of the trust is included in the Association's financial statements as permanently restricted net assets. Income is distributed in accordance with the trust documents and is included in investment return. Trust income distributed to the Association for the years ended September 30, 2013 and 2012 was \$79,066 and \$80,935, respectively.

8. Borrowings

Line of Credit

The Association has a \$2,000,000 available line of credit with a local bank, collateralized by a second security interest in the Association's gross receipts and accounts receivable. Interest on borrowings is charged at the Wall Street Journal Prime plus .5% (3.75% at September 30, 2013). The credit line expires in March 2014. There were no draws on the line of credit as of September 30, 2013 and 2012.

# THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2013 and 2012

### Bonds

On June 1, 2007, the Association entered into a loan agreement with New Hampshire Health and Education Facilities Authority (NHHEFA) issuing \$20,000,000 in tax-exempt bonds, \$15,000,000 of this amount is long-term financing and \$5,000,000 is a bridge loan. As of September 30, 2013, approximately \$4,145,000 has been repaid on the bridge loan. The funds from the issuance were used to renovate the Association and construct a new medical office building. The interest rate on the bonds is variable, calculated monthly by Morgan Stanley and is based on a monthly average of the weekly remarketed rates by George Baum & Associates. The bonds are backed by an irrevocable direct pay letter of credit (LC) from Sovereign Bank with a termination date of June 20, 2017. The bonds are collateralized by substantially all of the Association's assets.

The Loan Agreement and LC both have certain financial covenants with which the Association must comply. At September 30, 2013, the Association was in compliance with these covenants.

In connection with the issuance of the Bonds, the Association entered into an interest rate swap agreement on \$15,000,000 of its outstanding bond obligation for the life of the bond issue to hedge the interest rate risk associated with the Bonds. The interest rate swap agreement requires the Association to pay Morgan Stanley Capital Services, Inc., the swap counterparty, a fixed rate of 3.9354% in exchange for the counterparty's payment to the Association of a variable rate based on 67% of the USD-LIBOR-BBA.

The Association 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 unrealized gain in the statement of operations), which will generally be indicative that the net fixed rate the Association 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 loss in the statement 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 Association 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 will be zero at the end of the 30-year Bonds' term. The Association retains the sole right to terminate the swap agreement should the need arise. The Association recorded the swap at its liability position of approximately \$3,096,000 and \$4,774,000 at September 30, 2013 and 2012, respectively.

**THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**September 30, 2013 and 2012**

**Long-Term Debt and Capital Leases**

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

|  | <u>2013</u>         | <u>2012</u>         |
|--|---------------------|---------------------|
| Note payable to Baxter Capital Services payable in interest-free monthly installments of \$4,211, through September 2015; collateralized by associated equipment.  | \$ 94,738           | \$ 151,601          |
| NHHEFA Revenue Bonds, New London Hospital Issue Series 2007, interest is payable at a variable rate which was 0.05% at September 30, 2013, annual principal payments are of varying amounts ranging from \$330,000 to \$1,270,000 through 2037 | 15,855,000          | 16,175,000          |
| Various capital lease obligations; collateralized by equipment, payable in monthly installments including interest between 0% and 8.62%, expiring through June 2018.   | <u>1,416,756</u>    | <u>1,169,922</u>    |
|  | 17,366,494          | 17,496,523          |
| Less current portion   | <u>853,577</u>      | <u>819,329</u>      |
| Long-term debt and capital leases, excluding current portion   | <u>\$16,512,917</u> | <u>\$16,677,194</u> |

Aggregate annual principal payments required under long-term debt agreements and capital lease obligations are as follows as of September 30, 2013:

|   | <u>Long-Term<br/>Debt</u> | <u>Capital<br/>Lease<br/>Obligations</u> |
|---|---------------------------|--|
| Year ending September 30  |                           |  |
| 2014 (included in current liabilities)                            | \$ 386,675                | \$ 510,784                               |
| 2015  | 284,063                   | 473,604                                  |
| 2016  | 253,000                   | 248,643                                  |
| 2017  | 265,000                   | 171,577                                  |
| 2018  | 495,000                   | 109,096                                  |
| Thereafter  | <u>14,266,000</u>         | <u>-</u>                                 |
|   | <u>\$ 15,949,738</u>      | 1,513,704                                |
| Less amount representing interest under capital lease obligations |                           | <u>96,948</u>                            |
|   |                           | <u>\$ 1,416,756</u>                      |

Cash paid for interest was approximately \$727,600 and \$866,000 for the years ended September 30, 2013 and 2012, respectively.

**THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**September 30, 2013 and 2012**

**9. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes for the years ended September 30.

|                                    | <u>2013</u>       | <u>2012</u>       |
|------------------------------------|-------------------|-------------------|
| Health care services               | \$ 275,394        | \$ 265,350        |
| Equipment and capital improvements | 32,192            | 41,813            |
| Other                              | <u>78,207</u>     | <u>96,880</u>     |
|                                    | <u>\$ 385,793</u> | <u>\$ 404,043</u> |

Permanently restricted net assets are restricted to the following for the years ended September 30:

|  | <u>2013</u>         | <u>2012</u>         |
|--|---------------------|---------------------|
| Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as operating income)                               | \$ 232,270          | \$ 232,270          |
| Investments to be held in perpetuity, requiring income to be temporarily restricted for specific purposes (reported as increases in temporarily restricted net assets) | 141,597             | 141,597             |
| Beneficial interest in perpetual trust   | <u>1,678,649</u>    | <u>1,629,122</u>    |
|  | <u>\$ 2,052,516</u> | <u>\$ 2,002,989</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of providing specific health care services and purchasing of related equipment were \$157,325 and \$106,397 in 2013 and 2012, respectively.

**10. Split-Interest Agreements**

The Association administers various charitable gift annuities. A charitable gift annuity provides for the payment of distributions to the donor or other designated beneficiaries for a specified period of time. At the end of that period of time, the remaining assets are available for the Association's unrestricted use or as set forth by the donor agreement. The portion of the assets attributable to the present value of the future benefits to be received by the Association is recorded as an increase in net assets in the period the charitable gift annuity is established in accordance with the Association's policy for recording contribution revenue. There were no contributions for 2013 or 2012. On a quarterly basis, the Association makes distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$22,033 and \$22,166 as of September 30, 2013 and 2012, respectively) is calculated using various discount rates and applicable mortality tables.

# THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2013 and 2012

### 11. Related Party Transactions

The Association has entered into a management service agreement (Agreement) with Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital (collectively referred to as D-H), to provide certain management services for the Association. In April 2007, the Association agreed to extend this agreement without an expiration date. The Association engaged D-H to provide, during the term of the Agreement, the chief executive officer and also to provide other mutually agreed-upon consultative services and management support. Management fees for the years ended September 30, 2013 and 2012 were \$478,166 and \$513,428, respectively. Effective January 1, 2009, the Association pays an annual fee to New England Alliance for Health (NEAH), an LLC owned and managed by Mary Hitchcock Memorial Hospital, and many of these consultative services were provided as part of the NEAH arrangement. Fees to NEAH were approximately \$109,700 and \$138,000 in 2013 and 2012, respectively.

### 12. Commitments

#### Management Agreement With D-H

The Association has a commitment to purchase management services through D-H for 2014 for the president and CEO, consultative services, and management support in the amount of \$606,700.

### 13. Contingencies

During the year, the Association was covered for malpractice claims under a modified claims-made policy purchased through NEAH. While the Association remains in the current insurance program under this policy, the coverage year is based on the date the claim is filed subject to a medical incident arising after the retroactive date (includes prior acts). The policy provides modified claims-made coverage for former insured providers for claims that relate to the employee's period of employment at the Association and for services that were provided within the scope of the employee's duties. Therefore, when an employee leaves the insured organization, tail coverage is not required.

The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the Association. U.S. generally accepted accounting principles require the Association 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 Association is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect upon the Association's financial statements.

# THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2013 and 2012

### 14. Concentrations of Credit Risk

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

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

|                          | <u>2013</u>  | <u>2012</u>  |
|--------------------------|--------------|--------------|
| Medicare                 | 38 %         | 40 %         |
| Medicaid                 | 13           | 9            |
| Anthem Blue Cross        | 12           | 14           |
| Other third-party payors | 17           | 17           |
| Patients                 | <u>20</u>    | <u>20</u>    |
|                          | <u>100 %</u> | <u>100 %</u> |

### 15. Retirement Plans

#### Defined Contribution Plan

The Association has a tax-sheltered annuity plan under which contributions can be made into the plans by all employees. The Association makes contributions to the plan computed at a percentage of yearly earnings, for employees who meet certain annual and consecutive service requirements, as defined by the plan documents. The Association has temporarily suspended further contributions on behalf of its employees for 2013 and 2012.

#### Deferred Compensation Plan

The Association has a nonqualified deferred compensation plan established under section 457 of the Internal Revenue Code of 1986. The plan covers key employees of the Association. Contributions charged to operations amounted to \$0 and \$7,500 in 2013 and 2012, respectively. The Association has temporarily suspended further contributions on behalf of its employees.

### 16. Self-Insured Health Plan

Effective October 1, 2001, the Association established a self-funded health insurance plan (Plan). The Plan is administered by an insurance company, which determines the current funding requirements of participants under the terms of the Plan and the liability for claims and assessments that would be payable at any given point in time. The Association is insured above a stop-loss amount of \$125,000 on individual claims, with a maximum annual aggregate of approximately \$2,810,000 for the year ended September 30, 2013. These stop-loss limits exclude the costs of services provided by the Association. Unpaid claims have been recorded as a liability and are reflected in accrued expenses in the balance sheets. Health insurance claims expensed under this Plan amounted to \$2,315,227 and \$2,315,776 in 2013 and 2012, respectively.



# THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

September 30, 2013 and 2012

### 17. Volunteer Services (unaudited)

Volunteer services to the Association totaled approximately 10,899 hours and 9,214 hours in 2013 and 2012, respectively. The Friends of New London Hospital also contributed countless hours supporting a variety of community-based programs. The in-hospital volunteers provide assistance to patients, visitors and staff in a wide range of services including: information and way finding, bedside delivery of mail and flowers, backroom support in multiple departments, system mail delivery and patient activities

### 18. Meaningful Use Revenue

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The Medicare criteria for meaningful use financial incentives will be staged in three steps up through fiscal year 2016. 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

The Medicaid program provides incentive payments to hospitals and eligible professionals, with a certain percentage of Medicaid patient volumes. In the first year of participation, they must adopt and implement, upgrade or demonstrate meaningful use and then demonstrate meaningful use for up to five remaining participation years. There are no payment adjustments under the Medicaid EHR incentive program.

During 2013 and 2012, the NLHA recorded meaningful use revenue of \$330,000 and \$1,836,000, respectively, from the Medicare EHR programs which is included in other revenues in the consolidated statements of operations. The NLHA has attested to the first stage of meaningful use.

### 19. Fair Value of Financial Instruments

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

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

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

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

**THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**September 30, 2013 and 2012**

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

|   | Fair Value Measurements at September 30, 2013 |                            |                            |                             |
|---|---|----------------------------|----------------------------|-----------------------------|
|   | <u>Level 1</u>                                | <u>Level 2</u>             | <u>Level 3</u>             | <u>Total</u>                |
| <b>Assets</b>                           |   |                            |                            |                             |
| Assets limited as to use                |   |                            |                            |                             |
| Cash and cash equivalents               | \$ 1,542,238                                  | \$ -                       | \$ -                       | \$ 1,542,238                |
| Mortgage backed securities              | -   | 197,046                    | -                          | 197,046                     |
| Corporate bonds                         | -   | 2,026,931                  | -                          | 2,026,931                   |
| International bonds                     | -   | 1,001,718                  | -                          | 1,001,718                   |
| U S. Treasury obligations               | 805,779                                       | -                          | -                          | 805,779                     |
| Marketable equity securities            |   |                            |                            |                             |
| Basic materials                         | 181,165                                       | -                          | -                          | 181,165                     |
| Communication services                  | 166,231                                       | -                          | -                          | 166,231                     |
| Consumer staples                        | 788,323                                       | -                          | -                          | 788,323                     |
| Consumer discretionary                  | 583,505                                       | -                          | -                          | 583,505                     |
| Energy                                  | 532,020                                       | -                          | -                          | 532,020                     |
| Financial services                      | 920,653                                       | -                          | -                          | 920,653                     |
| Healthcare                              | 1,123,883                                     | -                          | -                          | 1,123,883                   |
| Industrials                             | 963,745                                       | -                          | -                          | 963,745                     |
| Technology                              | 770,143                                       | -                          | -                          | 770,143                     |
| Utilities                               | 124,224                                       | -                          | -                          | 124,224                     |
| Miscellaneous                           | <u>930,772</u>                                | -                          | -                          | <u>930,772</u>              |
| Total marketable equity securities      | 7,084,664                                     | -                          | -                          | 7,084,664                   |
| Mutual funds                            |   |                            |                            |                             |
| International funds                     | <u>274,103</u>                                | -                          | -                          | <u>274,103</u>              |
| Total mutual funds                      | 274,103                                       | -                          | -                          | 274,103                     |
| Investments                             |   |                            |                            |                             |
| Cash and short-term investments         | 483,512                                       | -                          | -                          | 483,512                     |
| Equity mutual funds                     | 22,147  | -                          | -                          | 22,147                      |
| Bond mutual funds                       | 32,187  | -                          | -                          | 32,187                      |
| Beneficial interest in perpetual trust  | -   | -                          | 1,678,649                  | 1,678,649                   |
| Deferred compensation plan assets       |   |                            |                            |                             |
| Growth mutual funds                     | 206,540                                       | -                          | -                          | 206,540                     |
| Equity mutual funds                     | 886,627                                       | -                          | -                          | 886,627                     |
| Bond mutual funds                       | 113,032                                       | -                          | -                          | 113,032                     |
| International mutual funds              | <u>269,676</u>                                | -                          | -                          | <u>269,676</u>              |
| Total deferred compensation plan assets | <u>1,475,875</u>                              | -                          | -                          | <u>1,475,875</u>            |
| <b>Total</b>                            | <b><u>\$ 11,720,505</u></b>                   | <b><u>\$ 3,225,695</u></b> | <b><u>\$ 1,678,649</u></b> | <b><u>\$ 16,624,849</u></b> |
| <b>Liabilities</b>                      |   |                            |                            |                             |
| Interest rate swap                      | \$ -  | \$ 3,095,722               | \$ -                       | \$ 3,095,722                |
| <b>Total</b>                            | <b><u>\$ -</u></b>                            | <b><u>\$ 3,095,722</u></b> | <b><u>\$ -</u></b>         | <b><u>\$ 3,095,722</u></b>  |

**THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**September 30, 2013 and 2012**

|  | <u>Fair Value Measurements at September 30, 2012</u> |                     |                     |                      |
|--|--|---------------------|---------------------|----------------------|
|  | <u>Level 1</u>                                       | <u>Level 2</u>      | <u>Level 3</u>      | <u>Total</u>         |
| <b>Assets</b>                            |  |                     |                     |                      |
| <b>Assets limited as to use</b>          |  |                     |                     |                      |
| Cash and cash equivalents                | \$ 1,581,872   | \$ -                | \$ -                | \$ 1,581,872         |
| Mortgage backed securities               | -  | 278,634             | -                   | 278,634              |
| Corporate bonds                          | -  | 1,772,117           | -                   | 1,772,117            |
| International bonds                      | -  | 317,159             | -                   | 317,159              |
| U S Treasury obligations                 | 868,972  | -                   | -                   | 868,972              |
| <b>Marketable equity securities</b>      |  |                     |                     |                      |
| Basic materials                          | 155,821  | -                   | -                   | 155,821              |
| Communication services                   | -  | -                   | -                   | -                    |
| Consumer staples                         | 782,769  | -                   | -                   | 782,769              |
| Consumer discretionary                   | 576,595  | -                   | -                   | 576,595              |
| Energy                                   | 644,319  | -                   | -                   | 644,319              |
| Financial services                       | 677,432  | -                   | -                   | 677,432              |
| Healthcare                               | 913,589  | -                   | -                   | 913,589              |
| Industrials                              | 902,904  | -                   | -                   | 902,904              |
| Technology                               | 1,020,206  | -                   | -                   | 1,020,206            |
| Utilities                                | 279,348  | -                   | -                   | 279,348              |
| Miscellaneous                            | <u>116,144</u>                                       | -                   | -                   | <u>116,144</u>       |
| Total marketable equity securities       | <u>6,069,127</u>                                     | -                   | -                   | <u>6,069,127</u>     |
| <b>Mutual funds</b>                      |  |                     |                     |                      |
| Equity funds                             | 231,210  | -                   | -                   | 231,210              |
| International funds                      | 111,075  | -                   | -                   | 111,075              |
| Total mutual funds                       | <u>342,285</u>                                       | -                   | -                   | <u>342,285</u>       |
| <b>Investments</b>                       |  |                     |                     |                      |
| Cash and short-term investments          | 507,730  | -                   | -                   | 507,730              |
| Equity mutual funds                      | 23,617   | -                   | -                   | 23,617               |
| Bond mutual funds                        | 33,398   | -                   | -                   | 33,398               |
| Beneficial interest in perpetual trust   | -  | -                   | 1,629,122           | 1,629,122            |
| <b>Deferred compensation plan assets</b> |  |                     |                     |                      |
| Growth mutual funds                      | 169,530  | -                   | -                   | 169,530              |
| Equity mutual funds                      | 660,873  | -                   | -                   | 660,873              |
| Bond mutual funds                        | 112,399  | -                   | -                   | 112,399              |
| International mutual funds               | <u>250,424</u>                                       | -                   | -                   | <u>250,424</u>       |
| Total deferred compensation plan assets  | <u>1,193,226</u>                                     | -                   | -                   | <u>1,193,226</u>     |
| <b>Total</b>                             | <u>\$ 10,620,227</u>                                 | <u>\$ 2,367,910</u> | <u>\$ 1,629,122</u> | <u>\$ 14,617,259</u> |
| <b>Liabilities.</b>                      |  |                     |                     |                      |
| Interest rate swap                       | \$ -   | \$ 4,773,651        | \$ -                | \$ 4,773,651         |
| <b>Total</b>                             | <u>\$ -</u>  | <u>\$ 4,773,651</u> | <u>\$ -</u>         | <u>\$ 4,773,651</u>  |

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

**THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**September 30, 2013 and 2012**

The fair value of the beneficial interest in perpetual trust is based on the market prices of the underlying assets which consist of cash and cash equivalents, marketable equity securities, corporate bonds, and U.S. treasury obligations. It is classified as Level 3 as there is no market in which to trade the beneficial interest itself. The change in the beneficial interest in perpetual trust is attributed solely to the change in the underlying market value of the Association's interest in the funds.

The Association's financial instruments consist of cash and cash equivalents, assets limited as to use, investments, trade accounts receivable and payable, estimated third-party payor settlements, interest rate swap, and long-term debt. The fair values of all financial instruments approximate their carrying values at September 30, 2013 and 2012.

## **ADDITIONAL INFORMATION**

## Consolidating Balance Sheet

September 30, 2013  
(With Comparative Totals for September 30, 2012)

## ASSETS

|   | New London<br>Hospital<br>Association, Inc. | Kearsarge<br>Community<br>Services, Inc. and<br>New London Medical<br>Center East, Inc. | Eliminations      | 2013<br>Consolidated | 2012<br>Consolidated |
|---|---|---|-------------------|----------------------|----------------------|
| Current assets                                |   |   |                   |                      |                      |
| Cash and cash equivalents                     | \$ 3,179,383                                | \$ 251,133  | \$ -              | \$ 3,430,516         | \$ 8,086,485         |
| Assets limited as to use                      | 363,051                                     | -   | -                 | 363,051              | 370,031              |
| Patient accounts receivable, net              | 6,492,848                                   | -   | -                 | 6,492,848            | 6,450,190            |
| Pledges receivable, net                       | 76,803                                      | -   | -                 | 76,803               | 199,008              |
| Due from affiliates                           | 589,772                                     | -   | 589,772           | -                    | -                    |
| Other accounts receivable, net                | 229,519                                     | 49,933  | -                 | 279,452              | 604,000              |
| Supplies                                      | 1,022,833                                   | -   | -                 | 1,022,833            | 988,908              |
| Prepaid expenses                              | 815,350                                     | -   | -                 | 815,350              | 463,088              |
| Total current assets                          | <u>12,769,559</u>                           | <u>301,066</u>  | <u>589,772</u>    | <u>12,480,853</u>    | <u>17,161,710</u>    |
| Assets limited as to use                      |   |   |                   |                      |                      |
| By Trustees                                   | 12,569,428                                  | -   | -                 | 12,569,428           | 10,860,135           |
| Under bond indenture                          | 363,051                                     | -   | -                 | 363,051              | 370,031              |
|   | <u>12,932,479</u>                           | <u>-</u>  | <u>-</u>          | <u>12,932,479</u>    | <u>11,230,166</u>    |
| Less current portion                          | 363,051                                     | -   | -                 | 363,051              | 370,031              |
|   | <u>12,569,428</u>                           | <u>-</u>  | <u>-</u>          | <u>12,569,428</u>    | <u>10,860,135</u>    |
| Long-term investments                         | 537,846                                     | -   | -                 | 537,846              | 564,745              |
| Deferred compensation plan assets             | 1,475,875                                   | -   | -                 | 1,475,875            | 1,193,226            |
| Beneficial interest in perpetual trust        | 1,678,649                                   | -   | -                 | 1,678,649            | 1,629,122            |
| Property and equipment, net                   | 31,782,186                                  | 453,716   | -                 | 32,235,902           | 30,514,558           |
| Deferred financing costs, net of amortization | 292,506                                     | -   | -                 | 292,506              | 303,792              |
| Pledges receivable, net of current portion    | 8,916                                       | -   | -                 | 8,916                | 22,522               |
| Other assets                                  | 6,066                                       | -   | -                 | 6,066                | 6,066                |
| Total assets                                  | <u>\$ 61,121,031</u>                        | <u>\$ 754,782</u>   | <u>\$ 589,772</u> | <u>\$ 61,286,041</u> | <u>\$ 62,255,876</u> |

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

Schedule 1  
(Concluded)

Consolidating Balance Sheets

September 30, 2013  
(With Comparative Totals for September 30, 2012)

LIABILITIES AND NET ASSETS

|  | New London<br>Hospital<br>Association, Inc | Kearsarge<br>Community<br>Services, Inc and<br>New London Medical<br>Center East, Inc | Eliminations      | 2013<br>Consolidated | 2012<br>Consolidated |
|--|--|---|-------------------|----------------------|----------------------|
| Current liabilities                                  |  |   |                   |                      |                      |
| Current portion of long-term debt                    | \$ 386,675                                 | \$ -  | \$ -              | \$ 386,675           | \$ 370,534           |
| Current portion of capital lease obligations         | 466,902                                    | -   | -                 | 466,902              | 448,795              |
| Accounts payable and accrued expenses                | 4,546,856                                  | 13,243  | -                 | 4,560,099            | 3,620,509            |
| Accrued salaries, wages, and related amounts         | 1,840,732                                  | -   | -                 | 1,840,732            | 1,680,883            |
| Estimated third-party payor settlements              | 3,471,988                                  | -   | -                 | 3,471,988            | 4,600,763            |
| Due to affiliates                                    | -  | 589,772   | 589,772           | -                    | -                    |
| Current portion of charitable gift annuities         | 4,930                                      | -   | -                 | 4,930                | 10,172               |
| Other current liabilities                            | <u>20,000</u>                              | <u>-</u>  | <u>-</u>          | <u>20,000</u>        | <u>20,000</u>        |
| Total current liabilities                            | 10,738,083                                 | 603,015   | 589,772           | 10,751,326           | 10,751,656           |
| Deferred compensation                                | 1,475,875                                  | -   | -                 | 1,475,875            | 1,193,226            |
| Long-term debt, excluding current portion            | 15,563,063                                 | -   | -                 | 15,563,063           | 15,956,067           |
| Capital lease obligations, excluding current portion | 949,854                                    | -   | -                 | 949,854              | 721,127              |
| Interest rate swap                                   | 3,095,722                                  | -   | -                 | 3,095,722            | 4,773,651            |
| Charitable gift annuities, excluding current portion | <u>17,103</u>                              | <u>-</u>  | <u>-</u>          | <u>17,103</u>        | <u>11,994</u>        |
| Total liabilities                                    | <u>31,839,700</u>                          | <u>603,015</u>  | <u>589,772</u>    | <u>31,852,943</u>    | <u>33,407,721</u>    |
| Net assets   |  |   |                   |                      |                      |
| Unrestricted   | 26,843,022                                 | 151,767   | -                 | 26,994,789           | 26,441,123           |
| Temporarily restricted                               | 385,793                                    | -   | -                 | 385,793              | 404,043              |
| Permanently restricted                               | <u>2,052,516</u>                           | <u>-</u>  | <u>-</u>          | <u>2,052,516</u>     | <u>2,002,989</u>     |
| Total net assets                                     | <u>29,281,331</u>                          | <u>151,767</u>  | <u>-</u>          | <u>29,433,098</u>    | <u>28,848,155</u>    |
| Total liabilities and net assets                     | <u>\$ 61,121,031</u>                       | <u>\$ 754,782</u>   | <u>\$ 589,772</u> | <u>\$ 61,286,041</u> | <u>\$ 62,255,876</u> |

THE NEW LONDON HOSPITAL ASSOCIATION, INC. AND SUBSIDIARIES

Schedule 2

Consolidating Statements of Operations

Years Ended September 30, 2013  
(With Comparative Totals for the Year Ended September 30, 2012)

|  | New London<br>Hospital<br>Association, Inc | Kearsarge Community<br>Services, Inc and<br>New London Medical<br>Center East, Inc | Eliminations    | 2013<br>Consolidated | 2012<br>Consolidated |
|--|--|--|-----------------|----------------------|----------------------|
| Unrestricted revenues, gains, and other support  |  |  |                 |                      |                      |
| Patient service revenue (net of contractual allowances and discounts)                          | \$ 52,989,644                              | \$ -   | \$ -            | \$ 52,989,644        | \$ 54,962,775        |
| Less provision for bad debts   | <u>2,458,172</u>                           | <u>-</u>   | <u>-</u>        | <u>2,458,172</u>     | <u>2,941,149</u>     |
| Net patient service revenue  | 50,531,472                                 | -  | -               | 50,531,472           | 52,021,626           |
| Other operating revenue  | 3,168,320                                  | 228,953  | 231,917         | 3,165,356            | 3,996,710            |
| Net assets released from restrictions used for operations                                      | <u>107,009</u>                             | <u>-</u>   | <u>-</u>        | <u>107,009</u>       | <u>78,975</u>        |
| Total revenues, gains, and other support   | <u>53,806,801</u>                          | <u>228,953</u>   | <u>231,917</u>  | <u>53,803,837</u>    | <u>56,097,311</u>    |
| Expenses   |  |  |                 |                      |                      |
| Salaries and benefits  | 32,782,844                                 | -  | -               | 32,782,844           | 32,111,069           |
| Supplies and other   | 10,393,511                                 | 138,014  | 231,917         | 10,299,608           | 9,488,370            |
| Purchased services   | 7,167,865                                  | -  | -               | 7,167,865            | 6,321,293            |
| Depreciation and amortization  | 3,370,943                                  | 39,560   | -               | 3,410,503            | 3,679,563            |
| Medicaid enhancement tax   | 2,197,391                                  | -  | -               | 2,197,391            | 2,194,918            |
| Interest   | <u>764,216</u>                             | <u>54,087</u>  | <u>54,087</u>   | <u>764,216</u>       | <u>914,542</u>       |
| Total expenses   | <u>56,676,770</u>                          | <u>231,661</u>   | <u>286,004</u>  | <u>56,622,427</u>    | <u>54,709,755</u>    |
| Operating (loss) income  | <u>(2,869,969)</u>                         | <u>(2,708)</u>   | <u>(54,087)</u> | <u>(2,818,590)</u>   | <u>1,387,556</u>     |
| Nonoperating gains (losses)  |  |  |                 |                      |                      |
| Investment income  | 357,149                                    | -  | 54,087          | 303,062              | 261,498              |
| Contributions and program support  | 653,760                                    | -  | -               | 653,760              | 1,200,100            |
| Other nonoperating expenses  | (211,779)                                  | -  | -               | (211,779)            | -                    |
| Unrealized gain (loss) on interest rate swap   | 1,677,929                                  | -  | -               | 1,677,929            | (167,747)            |
| Realized and unrealized gains on investments   | <u>898,968</u>                             | <u>-</u>   | <u>-</u>        | <u>898,968</u>       | <u>1,111,581</u>     |
| Nonoperating gains, net  | <u>3,376,027</u>                           | <u>-</u>   | <u>54,087</u>   | <u>3,321,940</u>     | <u>2,405,432</u>     |
| Excess (deficiency) of revenues, gains, and other support over expenses and nonoperating gains | 506,058                                    | (2,708)  | -               | 503,350              | 3,792,988            |
| Net assets released from restrictions for purchase of property and equipment                   | <u>50,316</u>                              | <u>-</u>   | <u>-</u>        | <u>50,316</u>        | <u>27,422</u>        |
| Increase (decrease) in unrestricted net assets   | <u>\$ 556,374</u>                          | <u>\$ (2,708)</u>  | <u>\$ -</u>     | <u>\$ 553,666</u>    | <u>\$ 3,820,410</u>  |



