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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)	OMB No 1545-0047 <div> <div>2012</div> <div>Open to Public Inspection</div> </div>
	▶ The organization may have to use a copy of this return to satisfy state reporting requirements	

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

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization Huggins Hospital		D Employer identification number 02-0223332	
	Doing Business As			
	Number and street (or P O box if mail is not delivered to street address) PO Box 912		Room/suite	E Telephone number (603) 569-7571
	City or town, state or country, and ZIP + 4 Wolfeboro, NH 03894			G Gross receipts \$ 61,561,470
	F Name and address of principal officer Michael Connolly PO Box 912 Wolfeboro, NH 03894			H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I 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		J Website: ▶ www.hugginshospital.org		

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities Critical Access Hospital		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	15
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	581
	6 Total number of volunteers (estimate if necessary)	6	223
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
	7b Net unrelated business taxable income from Form 990-T, line 34	7b	0
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	1,000,616	1,336,327
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	51,475,090	51,346,686
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,566,768	1,092,477
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	149,312	113,000
		54,191,786	53,888,490
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	29,247,467	26,795,161
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <u>104,710</u>		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	24,889,279	26,532,528
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	54,136,746	53,327,689
	19 Revenue less expenses Subtract line 18 from line 12	55,040	560,801
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	104,651,750	106,255,911
	21 Total liabilities (Part X, line 26)	42,002,816	40,256,084
	22 Net assets or fund balances Subtract line 21 from line 20	62,648,934	65,999,827

Part II Signature Block

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

Sign Here	*****				2014-08-14	
	Signature of officer				Date	
Paid Preparer Use Only	Jeremy Roberge CFO					
	Type or print name and title					
	Prnt/Type preparer's name Barbara J McGuan CPA		Preparer's signature		Date 2014-08-14	Check <input type="checkbox"/> if self-employed PTIN P00219457
	Firm's name ▶ Berry Dunn McNeil & Parker LLC				Firm's EIN ▶ 01-0523282	
Firm's address ▶ PO Box 1100 Portland, ME 041041100				Phone no (207) 775-2387		

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

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

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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?

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 \$ 45,622,681 including grants of \$) (Revenue \$ 49,944,047)

Huggins Hospital is a 25 bed critical access hospital that provides acute care and primary health care from emergency services to family medical practice care, along with essential wellness and prevention services to the residents of the Eastern Lakes Region of NH (lower Carroll County and North/Northeastern Belknap County) A significant portion of the hospital's service area is uninsured, underinsured and/or dependent on Medicaid/Medicare benefits Carroll County has one of the largest elderly populations in the state, and also has a significant number of rural, low-income families Physician Practices The hospital is committed to providing primary care services throughout our service area Huggins Hospital has 138 credentialed providers 17 provide primary care including pediatrics, and 56 are specialists covering general surgery, anesthesiology, orthopedics, emergency medicine, and hospitalists

4b

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

4c

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

4d

Other program services (Describe in Schedule O)
























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

4e

Total program service expenses

45,622,681

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	141	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	581	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	15	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	10	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	NH
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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	Jeremy Roberge PO Box 912 Wolfeboro, NH (603) 569-7510

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

List all of the organization's **current** key employees, if any See instructions for definition of "key employee "

List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Stephen Wainwright Chairman	1 00	X		X				0	0	0
(2) Cecile M Chase Secretary	1 00	X		X				0	0	0
(3) William M Marsh MD Treasurer	1 00	X		X				0	0	0
(4) Timothy Sullivan Vice Chairman	1 00	X		X				0	0	0
(5) John J Daigneault CPA CVA Assistant Treasurer	1 00	X		X				0	0	0
(6) Michael Connelly President	40 00	X		X				272,622	0	0
(7) David Booth Trustee	1 00	X						0	0	0
(8) Judith Cole APRN Trustee	30 00	X						63,522	0	21,819
(9) James Cubeddu PA Trustee	40 00	X						105,700	0	10,646
(10) George Walker Trustee	1 00	X						0	0	0
(11) Kathy Barnard Trustee	1 00	X						0	0	0
(12) Timothy Pinard MD Trustee	40 00	X						196,935	0	25,628
(13) Leslie MacLeod Trustee	40 00	X						225,221	0	0
(14) Roy C Ballentine CLU ChFC CFP Trustee	1 00	X						0	0	0
(15) Howie Knight Trustee	1 00	X						0	0	0
(16) Gerard Bozuwa MD Past Trustee	1 00	X						0	0	0
(17) Gregory A Eldridge Past Trustee	1 00	X						0	0	0

Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Brad Hayes Past Trustee	1 00	X						0	0	0
(19) James Rines Past Trustee	1 00	X						0	0	0
(20) J Pierre Lamy Past Trustee	1 00	X						0	0	0
(21) Jeremy Roberge CFO	40 00			X				85,932	0	12,319
(22) George Costello Physician	30 00					X		338,530	0	27,451
(23) Thomas Barton Physician	30 00					X		340,997	0	33,636
(24) Dennis Badman Physician	40 00					X		277,543	0	28,924
(25) William Barton General Surgeon	40 00					X		298,111	0	6,630
(26) Savitri Rambissoon General Surgeon	40 00					X		308,301	0	20,536
(27) David W Tower FACHE Former President	0 00						X	114,034	0	0
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								2,627,448	0	187,589

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▶33

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

Section B. Independent Contractors

1	Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year	
(A) Name and business address	(B) Description of services	(C) Compensation
Central NH ER Associates PA 6 Pickett Fence Road Meredith NH 03253	ER Physicians	1,518,827
Francis J Tranfa MD , PO Box 306 Melvin Village NH 03850	Anesthesiologist	327,740
Bauen Corp PO Box 16211 Meredith NH 03253	Construction	260,885
Dan Balser , 24 Brice Lane Brookfield NH 03872	CRNA	217,947
Comphealth Associates Inc PO Box 972651 Dallas TX 75397	Locums	164,558
2	Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶14	

Part VIII

Statement of Revenue

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

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c	25,050				
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,311,277				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f			1,336,327			
Program Service Revenue			Business Code					
	2a	Patient Service Revenue	621990	90,243,391	90,243,391			
	b	Miscellaneous	621990	2,114,938	712,299		1,402,639	
	c	Provision for Bad Debts	621990	-4,927,293	-4,927,293			
	d	Contractual/Char Adj	621990	-36,084,350	-36,084,350			
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			51,346,686			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		292,026			292,026	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	(i) Real		(ii) Personal				
		108,571						
		0						
		108,571						
	d	Net rental income or (loss)		108,571			108,571	
	7a	(i) Securities		(ii) Other				
		8,461,198						
		7,658,022		2,725				
		803,176		-2,725				
	d	Net gain or (loss)		800,451			800,451	
	8a	Gross income from fundraising events (not including \$ 25,050 of contributions reported on line 1c) See Part IV, line 18			4,429			4,429
	a	16,662						
	b	Less direct expenses		12,233				
	c	Net income or (loss) from fundraising events . .						
	9a	Gross income from gaming activities See Part IV, line 19						
	a							
	b	Less direct expenses						
	c	Net income or (loss) from gaming activities . .						
	10a	Gross sales of inventory, less returns and allowances						
	a							
b	Less cost of goods sold							
c	Net income or (loss) from sales of inventory . .							
Miscellaneous Revenue		Business Code						
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d							
12	Total revenue. See Instructions			53,888,490	49,944,047	0	2,608,116	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,020,344	424,249	596,095	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	20,029,705	17,772,026	2,254,650	3,029
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	997,203	861,155	135,903	145
9	Other employee benefits.	3,296,033	2,827,171	468,592	270
10	Payroll taxes.	1,451,876	1,194,203	257,444	229
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	45,841		45,841	
c	Accounting.	92,735		92,735	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	27,425		27,425	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	6,621,524	5,531,557	1,079,975	9,992
12	Advertising and promotion.	148,808	148,372	239	197
13	Office expenses.	1,321,852	608,849	628,952	84,051
14	Information technology.	175,195	72,488	102,619	88
15	Royalties.				
16	Occupancy.	4,824,662	4,645,640	178,942	80
17	Travel.				
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	1,448,113	1,448,113		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	5,031,686	4,019,482	1,012,204	
23	Insurance.	661,003	894	660,109	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).				
a	Medical Supplies.	3,703,013	3,703,013		
b	Medicaid Provider Tax.	2,238,937	2,238,937		
c	Miscellaneous.	191,734	126,532	58,573	6,629
d					
e	All other expenses.				
25	Total functional expenses. Add lines 1 through 24e.	53,327,689	45,622,681	7,600,298	104,710
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <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
Assets	1	Cash—non-interest-bearing		3,146,538	1	7,987,049
	2	Savings and temporary cash investments		11,459,987	2	9,151,036
	3	Pledges and grants receivable, net		339,213	3	206,595
	4	Accounts receivable, net		6,376,157	4	5,661,762
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use			8	
	9	Prepaid expenses and deferred charges		637,547	9	670,357
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a92,481,061			
	b	Less accumulated depreciation	10b36,422,039	59,994,717	10c	56,059,022
	11	Investments—publicly traded securities		18,842,696	11	23,573,689
	12	Investments—other securities See Part IV, line 11		908,800	12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		561,961	14	531,275
	15	Other assets See Part IV, line 11		2,384,134	15	2,415,126
	16	Total assets. Add lines 1 through 15 (must equal line 34)		104,651,750	16	106,255,911
Liabilities	17	Accounts payable and accrued expenses		8,681,763	17	8,022,229
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		24,890,000	20	24,595,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		715,599	23	533,055
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		7,715,454	25	7,105,800
	26	Total liabilities. Add lines 17 through 25		42,002,816	26	40,256,084
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		49,826,839	27	53,548,995
	28	Temporarily restricted net assets		9,330,188	28	8,952,860
	29	Permanently restricted net assets		3,491,907	29	3,497,972
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		62,648,934	33	65,999,827
	34	Total liabilities and net assets/fund balances		104,651,750	34	106,255,911

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	53,888,490
2	Total expenses (must equal Part IX, column (A), line 25)	2	53,327,689
3	Revenue less expenses Subtract line 2 from line 1	3	560,801
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	62,648,934
5	Net unrealized gains (losses) on investments	5	716,378
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	2,073,714
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	65,999,827

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization Huggins Hospital	Employer identification number 02-0223332
--	--

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

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

- 1

☐

A church, convention of churches, or association of churches 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 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

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

Part IIISupport Schedule for Organizations Described in Section 509(a)(2)

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization Huggins Hospital	Employer identification number 02-0223332
--	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities 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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

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

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

		(a)	(b)	
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		11,059
j	Total. Add lines 1c through 1i.			11,059
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, 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	The Organization pays dues to various associations, a portion of which are attributable to lobbying expenses.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization Huggins Hospital	Employer identification number 02-0223332
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Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9

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

Part III

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

1a

If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i)

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

(ii)

Assets included in Form 990, Part X

▶ \$ _____

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	10,926,462	9,500,670	9,918,249	9,805,179	9,684,899
b Contributions	6,065	7,819	9,152	5,125	246,777
c Net investment earnings, gains, and losses	760,287	1,570,384	-307,873	376,905	-112,132
d Grants or scholarships					
e Other expenditures for facilities and programs	314,177	152,411	118,858	268,960	
f Administrative expenses					14,365
g End of year balance	11,378,637	10,926,462	9,500,670	9,918,249	9,805,179

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 ▶ 30 740 %

c

Temporarily restricted endowment ▶ 69 260 %

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

3a

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

(i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		No
3a(ii)		No

b

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

3b

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,638,475		1,638,475
b Buildings		54,738,432	13,323,398	41,415,034
c Leasehold improvements				
d Equipment		29,657,020	21,140,073	8,516,947
e Other		6,447,134	1,958,568	4,488,566
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				56,059,022

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

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

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

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

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

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
		2013 Golf Tournament (event type)	(event type)	(total number)	(add col (a) through col (c))
Revenue	1	Gross receipts	41,712		41,712
	2	Less Contributions . .	25,050		25,050
	3	Gross income (line 1 minus line 2)	16,662		16,662
Direct Expenses	4	Cash prizes			
	5	Noncash prizes . .	2,527		2,527
	6	Rent/facility costs . .			
	7	Food and beverages .	5,724		5,724
	8	Entertainment			
	9	Other direct expenses .	3,982		3,982
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine line 3, column (d), and line 10 ▶			
					(12,233)
					4,429

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.

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

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

a

Is the organization licensed to operate gaming activities in each of these states?

Yes

No

b

If "No," explain _____

10a

Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?

Yes

No

b

If "Yes," explain _____

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

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

13 Indicate the percentage of gaming activity operated in



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

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

Name  _____

Address  _____

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


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

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

Name  _____

Address  _____

16 Gaming manager information

Name  _____


Gaming manager compensation  \$ _____

Description of services provided  _____

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Identifier	Return Reference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Huggins Hospital

Employer identification number
02-0223332

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>12500 0000000000 %</u> b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b		No
b	If "Yes," did the organization make it available to the public?	5c		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			2,566,013	1,976,436	589,577	1 110 %
b Medicaid (from Worksheet 3, column a)			4,113,366	4,543,489	-430,123	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b) .						
d Total Financial Assistance and Means-Tested Government Programs .			6,679,379	6,519,925	159,454	1 110 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4) . . .						
f Health professions education (from Worksheet 5) . . .						
g Subsidized health services (from Worksheet 6) . . .						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total Other Benefits . . .						
k Total. Add lines 7d and 7j .			6,679,379	6,519,925	159,454	1 110 %

Part II

Community Building Activities

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

2,635,359

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

0

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

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

5

15,800,855

6

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

6

15,800,855

7

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

7

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.
☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

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	Huggins Hospital PO Box 912 Wolfeboro, NH 03894	X	X			X		X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Huggins Hospital

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<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		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	Yes
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>125 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input type="checkbox"/> Medical indigency			
d <input type="checkbox"/> Insurance status			
e <input type="checkbox"/> Uninsured discount			
f <input type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?		17	No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☒

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input checked="" type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

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

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

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1

Required descriptions. Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2

Needs assessment. Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3

Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4

Community information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5

Promotion of community health. Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6

Affiliated health care system. If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7

State filing of community benefit report. If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8

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

Identifier	ReturnReference	Explanation
		Part I, Line 7 The amounts reported on Lines 7a & 7b were computed using a cost-to-charge ratio
		Part II Community Building Activities Community-building activities include cash, in-kind donations, and budgeted expenditures by the Trust for the development of programs and partnerships intended to address social and economic determinants of health Sub-categories in this area include Physical Improvements/Housing Community improvement and revitalization projects, housing rehabilitation, public works, contribution to community-based assisted living, senior and low income housing projects, home safety assessment and installation Economic Development Small business development, participation in economic development council, chamber of commerce - Gene Goodwin is a member on the WEDCO Board and its mission is to promote and support businesses and the creation of employment opportunities by providing development assistance and financing - Gene Goodwin is a member on the Hearth Stone Homes of Wolfeboro Board of Directors which is two low income housing developments that assists people for placement within these two developments - Mike Connelly, President and CEO of the Hospital sits on the Wolfeboro Area Chamber of Commerce and the Town Economic Development Committee Support Systems Enhancements Adopt-a-school efforts, childcare for community residents with qualified need, mentoring programs, youth development initiatives, including categories of caring adults, safe places, emergency preparedness, community disease surveillance and reporting infrastructure, cost of stockpiling, medical, surgical, and pharmaceutical supplies, including barriers, respirators, clothing, IV pumps and poles, IV fluids, suction machines, stretchers, wheelchairs, linens, bandages, and dressings, personal protective equipment, costs associated with training, community partnership, and outreach planning - We have several employees that are specially trained as part of the Carroll County Emergency Preparedness team for the State of New Hampshire As being designated as part of that team our employees must attend specialized training and perform drills that stretch across Carroll County In addition our employee Ms Janet Williamson is the Chair of our Emergency Preparedness Committee and the Hospital's EMS Interceptor She is qualified to provide continued education to our local EMS providers which she does several times a year As part of our Emergency Preparedness team we also provide flu clinics for all of our surrounding EMS providers - The Hospital has seen an increase in patients having mental health issues and the Hospital is having to hold patients for several days before beds become available Meetings were established with the State of New Hampshire Hospital, County Jail, and Northern Human Services and local police chiefs to evaluate and assess the process to ensure the agencies are working together to address the lack of mental health services in NH Environmental Improvements Efforts to reduce environmental hazards in the air, water and ground including lead detection and remediation, radon detection and remediation, community waste reduction and sharps disposal programs, health care facility waste and mercury reduction Coalition Building Organizational representation on community coalitions, collaborative partnerships with community groups to improve community health, community coalition meeting costs, visioning, sessions, task force meetings, etc and costs for task-force specific project initiatives - Hospital employees sit on the Carroll County Coalition which provides training and development of teen initiatives to promote healthy life style choices and opportunities for the children in the community to participate in - Each quarter the Hospital publishes articles on various health topics for all of our service areas Our physicians contribute wellness information and other classes and programs that are being offered at Huggins Community Health Improvement Advocacy Local, state, and/or national advocacy for community members and groups relative to policies and funding to improve community and public health including the social and economic determinants of health - Mike Connelly sits on the Rural Health Coalition, which is made up of the 13 NH Critical Access Hospitals which specifically addresses issues and concerns relative to critical access hospitals Workforce Enhancement Recruitment of physicians and other health professionals for government-designated medically underserved areas, recruitment of underrepresented minorities, job creation and training programs, participation in community workforce boards, workforce partnerships, and welfare-to-work initiatives, partnerships to address the health care workforce shortage, school and community-based programs on health care careers - The Hospital is actively recruiting for several providers Due to our Hospital location it is extremely difficult to recruit physicians to a rural area and with many physicians moving towards specialized medicine it is difficult to recruit MD, DO and staff to this area without having specialized care options available to treat critically ill patients, which many graduates are familiar with

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 In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purpose of estimating the appropriate amounts for the allowance for doubtful accounts and the provision for bad debts Data in each major payor source are regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts Specifically, for receivables relating to services provided to patients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad debts are established at varying levels based on the age of the receivables and payor source For receivables relating to self-pay patients, a provision for doubtful accounts and corresponding allowance for doubtful accounts is made in the period services are rendered based on experience indicating the inability or unwillingness of patients to pay amounts for which they are financially responsible Actual write-offs are charged against the allowance for doubtful accounts The Hospital used a cost-to-charge ratio as its costing methodology for amounts reported in Part III, Section A</p>
		<p>Part III, Line 8 The Organization used a cost-to-charge ratio as its costing methodology to determine the amount of Medicare allowable costs</p>

Identifier	ReturnReference	Explanation
		Part III, Line 9b As a not-for-profit, tax-exempt, and charitable organization, Huggins Hospital serves all in medical need regardless of ability to pay The Organization is governed by a volunteer Board of Trustees committed to balancing community needs with our available resources to meet those needs As a hospital-employed medical staff, all twelve physican practices accept patients regardless of ability to pay
Huggins Hospital		Part V, Section B, Line 3 The Hospital conducted focus groups, interviews, and a survey with community members and community health service providers

Identifier	ReturnReference	Explanation
Huggins Hospital		Part V , Section B, Line 4 Huggins Hospital teamed up with the Central NH VNA and Hospice in 2013 to bring together key healthcare and public service stakeholders, collect quantitative and qualitative data, and reach out to the community in order to elicit feedback directly from them and their service providers
Huggins Hospital		Part V , Section B, Line 7 Behavioral Health The issue of behavioral health will not be addressed by Huggins Hospital The Hospital is only a transitional facility for patients with psychiatric and behavioral disorders As a critical access, rural hospital, Huggins Hospital is not able to provide short-term or long-term psychiatric treatment Oral Health Care Huggins Hospital does not have the capacity to provide dental care

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 2 The Affordable Care Act of 2010 requires not-for-profit hospitals to conduct a Community Health Needs Assessment (CHNA) every three years. Huggins Hospital teamed up with the Central NH VNA and Hospice in 2013 to bring together key healthcare and public service stakeholders, collect quantitative and qualitative data, and reach out to the community in order to elicit feedback directly from them and their service providers. The results of that study formed the Community Health Needs Assessment Implementation Plan in which the hospital describes the greatest needs and, where possible, the plans to address those needs or, where applicable, the reasons why the hospital cannot address any needs. The full report is available upon request or on the hospital's website at www.hugginshospital.org</p>
		<p>Part VI, Line 3 Huggins Hospital provides a notice to all patients both in the hospital and its physician practices of the financial assistance programs available to them. There is a staff of two financial councilors who work with the uninsured and underinsured to assist in qualifying for Charity Care or a sliding fee schedule depending on the family income. Financial councilors also assist those uninsured in applying for and receiving assistance through the Medicaid program.</p>

Identifier	ReturnReference	Explanation
		Part VI, Line 4 The population served by Huggins Hospital consists of those towns that have been designated by the New Hampshire Department of Health and Human Services as being located in the Wolfeboro Hospital Service Area The primary service area includes Alton, Brookfield, Effingham, Freedom, Ossipee, Tamworth, Tuftonboro, Wakefield, and Wolfeboro Secondary service areas are parts of Madison, Moultonborough, New Durham, Sanbornville and Sandwich and are also considered a part of the Huggins Hospital service area These towns are located in Carroll County, Belknap County, and Strafford County Our community is rural in nature and is a section of the State that has seasonal population changes Our year round population base of approximately 30,000 citizens expands in the tourist season to about 120,000 residents
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.

Name of the organization
Huggins Hospital

Employer identification number
02-0223332

Part I

Questions Regarding Compensation

	Yes	No
<div>1a</div> <div>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</div> <div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div>		
<div>1b</div> <div>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</div>		
<div>2</div> <div>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?</div>		
<div>3</div> <div>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</div> <div><div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div>		
<div>4</div> <div>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</div>		
<div>4a</div> <div>Receive a severance payment or change-of-control payment?</div>	Yes	
<div>4b</div> <div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div>	Yes	
<div>4c</div> <div>Participate in, or receive payment from, an equity-based compensation arrangement?</div>		No
<div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div>		
<div>5</div> <div>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</div>		
<div>5a</div> <div>The organization?</div>		No
<div>5b</div> <div>Any related organization?</div>		No
<div>6</div> <div>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</div>		
<div>6a</div> <div>The organization?</div>		No
<div>6b</div> <div>Any related organization?</div>		No
<div>7</div> <div>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</div>	Yes	
<div>8</div> <div>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</div>		No
<div>9</div> <div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</div>		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)Michael Connelly President	(i) (ii)	266,826 0	0 0	5,796 0	0 0	0 0	272,622 0	0 0
(2)Timothy Pinard MD Trustee	(i) (ii)	196,905 0	0 0	30 0	3,077 0	22,551 0	222,563 0	0 0
(3)Leslie MacLeod Trustee	(i) (ii)	224,746 0	0 0	475 0	0 0	0 0	225,221 0	0 0
(4)George Costello Physician	(i) (ii)	316,807 0	21,594 0	129 0	4,900 0	22,551 0	365,981 0	0 0
(5)Thomas Barton Physician	(i) (ii)	286,525 0	54,274 0	198 0	4,900 0	28,736 0	374,633 0	0 0
(6)Dennis Badman Physician	(i) (ii)	231,468 0	45,946 0	129 0	4,900 0	24,024 0	306,467 0	0 0
(7)William Barton General Surgeon	(i) (ii)	296,400 0	1,582 0	129 0	6,630 0	0 0	304,741 0	0 0
(8)Savitri Rambissoon General Surgeon	(i) (ii)	290,354 0	17,917 0	30 0	0 0	20,536 0	328,837 0	0 0
(9)David W Tower FACHE Former President	(i) (ii)	0 0	10,000 0	104,034 0	0 0	0 0	114,034 0	0 0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Lines 4a-b	Leslie MacLeod participates in a split-dollar life insurance plan related to his prior employment with the Organization several years ago. The applicable amounts are not readily determinable. David Tower received a severance payment from the organization in the amount of \$103,942 during calendar year 2012.
	Part I, Line 7	Bonuses paid to Dennis Badman, Thomas Barton, & George Costello are based on relative value units (RVU's). Bonuses paid to William Barton & Savitri Rambissoon consist of call stipends & for covering extra weeks above their respective contractual obligations.
Supplemental Information	Part III	Form 990, Part VII, Section A, Line 5 Michael Connelly received compensation from Leaders for Today (an unrelated third party) for services rendered to the Organization in calendar year 2012. His compensation was as follows: Compensation \$8,100.

Software ID:

Software Version:

EIN: 02-0223332

Name: Huggins Hospital

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				
Michael Connelly	(i)	266,826	0	5,796	0	0	272,622	0
	(ii)	0	0	0	0	0	0	0
Timothy Pinard MD	(i)	196,905	0	30	3,077	22,551	222,563	0
	(ii)	0	0	0	0	0	0	0
Leslie MacLeod	(i)	224,746	0	475	0	0	225,221	0
	(ii)	0	0	0	0	0	0	0
George Costello	(i)	316,807	21,594	129	4,900	22,551	365,981	0
	(ii)	0	0	0	0	0	0	0
Thomas Barton	(i)	286,525	54,274	198	4,900	28,736	374,633	0
	(ii)	0	0	0	0	0	0	0
Dennis Badman	(i)	231,468	45,946	129	4,900	24,024	306,467	0
	(ii)	0	0	0	0	0	0	0
William Barton	(i)	296,400	1,582	129	6,630	0	304,741	0
	(ii)	0	0	0	0	0	0	0
Savitri Rambissoon	(i)	290,354	17,917	30	0	20,536	328,837	0
	(ii)	0	0	0	0	0	0	0
David W Tower FACHE	(i)	0	10,000	104,034	0	0	114,034	0
	(ii)	0	0	0	0	0	0	0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Huggins Hospital

Employer identification number
02-0223332

Part I

Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Business Finance Authority of the State of New Hampshire	52-1304598	64448KBF2	11-15-2007	10,000,000	Financing of Construction Project		X		X		X
B	Business Finance Authority of the State of New Hampshire	52-1304598	64468KBM7	10-06-2009	15,000,000	Financing of Construction Project		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	225,000		180,000					
2	Amount of bonds legally defeased								
3	Total proceeds of issue	10,000,000		15,000,000					
4	Gross proceeds in reserve funds	1,209,877		1,209,877					
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	187,687		188,500					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	9,812,313		13,490,234					
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2010		2010		YesNoYesNo			
		Yes	No	Yes	No				
14	Were the bonds issued as part of a current refunding issue?		X		X				
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	%		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?		X		X				

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Identifier	Return Reference	Explanation
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Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Name of the organization
Huggins Hospital

Employer identification number
02-0223332

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) Paul E DeMasi DO	Former Employee	For the purchase of physician practice		X	161,019	57,351	Yes		Yes		Yes	
Total ► \$						57,351						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Jodi C Balint	Family member of James Cubeddu, current trustee	139,356	Employment		No
(2) Richard Tower	Family member of David Tower, Former President	73,999	Employment (compensation & benefits)		No
(3) Jennifer Pinard	Family member of Timothy Pinard, current trustee	36,949	Employment		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Huggins Hospital

Employer identification number
02-0223332

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	
	Form 990, Part VI, Section B, line 12c	A copy of the conflict of interest policy is given to every officer, board member, and key employee on an annual basis, along with an annual disclosure statement. Each person is asked to complete, date and sign the disclosure statement, listing any known financial interest that the individual, or a member of the individual's family, has in any business entity that transacts business with the Organization. The Chairman of the board then reviews and maintains the disclosure statements for future reference. If a conflict arises, the board member will recuse themselves from participation in the deliberations and decisions relating to that conflict.
	Form 990, Part VI, Section B, line 15	The Hospital relies on externally available market data to determine the appropriate salary and any incentive compensation for the President as well as other officers and key employees of the organization. Each year, the President provides the Board with a listing of the five highest paid senior staff. Base salary and incentive compensation provided to the President is determined by three members of the Executive Committee of the Board as part of an annual performance review and their recommendation is shared with the full Board for final approval.
	Form 990, Part VI, Section C, line 19	The governing documents, conflict of interest policy, and financial statements are made available to the public upon request for inspection in the President's office.
Other Fees	Form 990, Part IX, line 11g	Other Fees: Program service expenses 5,531,557; Management and general expenses 1,079,975; Fundraising expenses 9,992; Total expenses 6,621,524.
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 9	Pension Liability Adjustment 1,045,073; Change in Value of Interest Rate Swap 1,389,389; Pension Curtailment Loss -360,748.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Huggins Hospital

Employer identification number
02-0223332

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) Huggins Senior Housing PO Box 912 Wolfeboro, NH 03894 02-0490445	Elderly Housing	NH	N/A	C	652,378	778,119	100 000 %	Yes	

Part V

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

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

Yes

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Huggins Senior Housing	D	1,121,557	Fair Market Value

Schedule R (Form 990) 2012

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

[illegible]

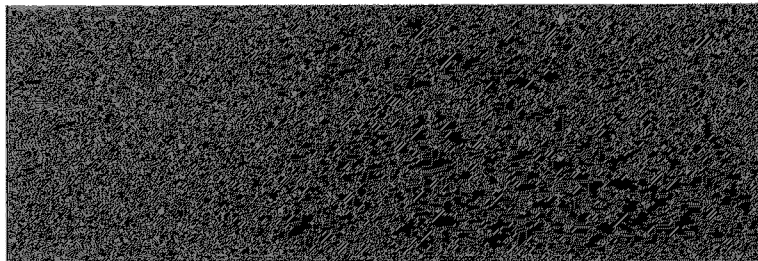
Software ID:
Software Version:
EIN: 02-0223332
Name: Huggins Hospital

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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HUGGINS HOSPITAL AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

and

ADDITIONAL INFORMATION

September 30, 2013 and 2012

With Independent Auditor's Report



HUGGINS HOSPITAL AND SUBSIDIARY

Index to Consolidated Financial Statements and Additional Information

September 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Huggins Hospital and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Huggins Hospital and Subsidiary, which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 Huggins Hospital and Subsidiary 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 consolidated financial statements as a whole. Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit 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
January 15, 2014

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidated Balance Sheets

September 30, 2013 and 2012

ASSETS		
	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 10,675,031	\$ 5,718,363
Assets limited as to use - current portion	953,414	428,485
Accounts receivable from patients, less allowances for uncollectible accounts and contractuals (2013 - \$7,149,000, 2012 - \$8,946,000)	5,463,643	6,207,578
Pledges receivable	198,845	176,766
Other accounts/notes receivable	232,224	194,809
Other current assets	<u>675,677</u>	<u>642,918</u>
Total current assets	18,198,834	13,368,919
Assets limited as to use, less current portion	11,150,019	10,092,342
Pledges receivable, net	7,750	162,447
Property and equipment, net	56,447,674	60,364,712
Deferred financing costs	531,275	561,961
Long-term investments	18,283,351	18,354,480
Cash surrender value of life insurance	<u>1,293,569</u>	<u>1,293,569</u>
Total assets	<u>\$ 105,912,472</u>	<u>\$ 104,198,430</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and other current liabilities	\$ 1,590,827	\$ 1,357,497
Accrued salaries and related accounts	2,515,271	2,518,781
Current portion of long-term debt	403,936	455,926
Estimated third-party payor settlements	<u>5,198,300</u>	<u>4,418,565</u>
Total current liabilities	9,708,334	8,750,769
Accrued pension cost	3,928,376	4,838,344
Interest rate swap	1,907,500	3,296,889
Long-term debt	<u>24,724,119</u>	<u>25,149,673</u>
Total liabilities	<u>40,268,329</u>	<u>42,035,675</u>
Commitments and contingencies (Notes 9, 11, and 13)		
Net assets		
Unrestricted	53,193,311	49,340,660
Temporarily restricted	8,952,860	9,330,188
Permanently restricted	<u>3,497,972</u>	<u>3,491,907</u>
Total net assets	<u>65,644,143</u>	<u>62,162,755</u>
Total liabilities and net assets	<u>\$ 105,912,472</u>	<u>\$ 104,198,430</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY
Consolidated Statements of Operations
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted revenues and gains		
Patient service revenue (net of discounts and contractual allowances)	\$ 54,159,041	\$ 55,992,138
Less provision for bad debts	<u>4,927,293</u>	<u>6,270,069</u>
Net patient service revenue	49,231,748	49,722,069
Other operating revenues	2,849,268	2,159,108
Investment income allotted for operations	479,124	481,416
Net assets released from restrictions for operating purposes	<u>58,637</u>	<u>126,293</u>
Total revenues and gains	<u>52,618,777</u>	<u>52,488,886</u>
Expenses		
Salaries and wages	22,815,310	24,153,499
Supplies and other	24,028,356	23,643,581
Depreciation and amortization	5,063,029	4,929,188
Interest	<u>1,448,113</u>	<u>1,498,096</u>
Total expenses	<u>53,354,808</u>	<u>54,224,364</u>
Operating loss	<u>(736,031)</u>	<u>(1,735,478)</u>
Nonoperating gains (losses)		
Contributions	1,191,549	266,193
Development costs	(116,798)	(49,581)
Nonoperating investment income	387,480	223,166
Change in value of interest rate swap	1,389,389	(134,031)
Pension curtailment loss	<u>(360,748)</u>	<u>-</u>
Nonoperating gains, net	<u>2,490,872</u>	<u>305,747</u>
Excess (deficiency) of revenues and gains over expenses	1,754,841	(1,429,731)
Net assets released from restrictions for capital acquisitions	519,062	500,083
Net unrealized gains (losses) on investments	533,675	(4,677)
Pension liability adjustment	<u>1,045,073</u>	<u>(331,334)</u>
Increase (decrease) in unrestricted net assets	<u>\$ 3,852,651</u>	<u>\$ (1,265,659)</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidated Statements of Changes in Net Assets

Years Ended September 30, 2013 and 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balances, October 1, 2011	\$ <u>50,606,319</u>	\$ <u>6,903,187</u>	\$ <u>3,484,088</u>	\$ <u>60,993,594</u>
Deficiency of revenues and gains over expenses	(1,429,731)	-	-	(1,429,731)
Contributions	-	726,604	7,819	734,423
Beneficial interest in charitable remainder trust	-	908,800	-	908,800
Investment income	-	44,509	-	44,509
Net assets released from restrictions for operations	-	(126,293)	-	(126,293)
Net assets released from restrictions for capital acquisitions	500,083	(500,083)	-	-
Spending policy allotment	-	(152,411)	-	(152,411)
Realized gains on sales of investments	-	962,559	-	962,559
Net unrealized (losses) gains on investments	(4,677)	563,316	-	558,639
Pension liability adjustment	(331,334)	-	-	(331,334)
Net increase (decrease) in net assets	<u>(1,265,659)</u>	<u>2,427,001</u>	<u>7,819</u>	<u>1,169,161</u>
Balances, September 30, 2012	<u>49,340,660</u>	<u>9,330,188</u>	<u>3,491,907</u>	<u>62,162,755</u>
Excess of revenues and gains over expenses	1,754,841	-	-	1,754,841
Contributions	-	113,663	6,065	119,728
Investment income	-	57,791	-	57,791
Net assets released from restrictions for operations	-	(58,637)	-	(58,637)
Net assets released from restrictions for capital acquisitions	519,062	(519,062)	-	-
Spending policy allotment	-	(314,177)	-	(314,177)
Realized gains on sales of investments	-	160,391	-	160,391
Net unrealized gains on investments	533,675	182,703	-	716,378
Pension liability adjustment	<u>1,045,073</u>	-	-	<u>1,045,073</u>
Net increase (decrease) in net assets	<u>3,852,651</u>	<u>(377,328)</u>	<u>6,065</u>	<u>3,481,388</u>
Balances, September 30, 2013	<u>\$ 53,193,311</u>	<u>\$ 8,952,860</u>	<u>\$ 3,497,972</u>	<u>\$ 65,644,143</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY
Consolidated Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 3,481,388	\$ 1,169,161
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	5,063,029	4,929,188
Provision for bad debts	4,927,293	6,270,069
Net realized and unrealized gains on investments	(1,519,554)	(1,722,898)
Pension curtailment loss	360,748	-
Pension liability adjustment	(1,045,073)	331,334
Unrealized (gain) loss on interest rate swap	(1,389,389)	134,031
Restricted contributions	(119,728)	(734,423)
Change in charitable remainder trust	908,800	(908,800)
(Increase) decrease in		
Accounts receivable from patients	(4,183,358)	(6,127,697)
Other accounts/notes receivable	(37,415)	500,393
Other current assets	(32,759)	(42,412)
Increase (decrease) in		
Accounts payable and other current liabilities	233,330	(345,168)
Accrued salaries and related accounts	(3,510)	(374,769)
Estimated third-party payor settlements	779,735	4,776,486
Accrued pension cost	(225,643)	(413,047)
Net cash provided by operating activities	<u>7,197,894</u>	<u>7,441,448</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,115,305)	(1,152,714)
Purchase of investments	(9,361,921)	(30,390,390)
Proceeds from sale of investments	8,461,198	25,185,763
Net cash used by investing activities	<u>(2,016,028)</u>	<u>(6,357,341)</u>
Cash flows from financing activities		
Payments on long-term debt	(477,544)	(262,971)
Restricted contributions, including pledges	252,346	1,124,006
Net cash (used) provided by financing activities	<u>(225,198)</u>	<u>861,035</u>
Net increase in cash and cash equivalents	4,956,668	1,945,142
Cash and cash equivalents, beginning of year	<u>5,718,363</u>	<u>3,773,221</u>
Cash and cash equivalents, end of year	<u>\$ 10,675,031</u>	<u>\$ 5,718,363</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 1,398,398</u>	<u>\$ 1,528,886</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Organization

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

1. Summary of Significant Accounting Policies

Principles of Consolidation

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

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable from Patients

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

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

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

The allowance for doubtful accounts was approximately \$2,403,000 and \$4,172,000 at September 30, 2013 and 2012, respectively, and relates entirely to self-pay accounts. Self-pay accounts receivable were approximately \$3,011,000 and \$5,350,000 at September 30, 2013 and 2012, respectively. Both decreases were the result of the Hospital writing off old account balances. During 2013 and 2012, self-pay write-offs were approximately \$6,374,000 and \$5,048,000, respectively.

Investments

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

Realized gains or losses on the sale of investments are determined by use of the average cost method. Unrealized gains and losses on investments are excluded from the excess (deficiency) of revenues and gains over expenses, and are reported as an increase or decrease in net assets, except that declines in fair value that are judged to be other than temporary are reported as realized losses. No unrealized losses were deemed to be other than temporary in 2013 and 2012. The Hospital had no investments that were below cost at September 30, 2013 and 2012.

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

Donor-Restricted Gifts

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

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

Assets Limited as to Use

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

Interest Rate Swap

The Hospital uses an interest rate swap contract to eliminate the cash flow exposure of interest rate movements on variable-rate debt. The Hospital has adopted Financial Accounting Standards Board (FASB) ASC 815, *Derivatives and Hedging*, to account for its interest rate swap contract. The interest rate swap contract has not been designated as a cash flow hedge. Unrealized gains and losses on the fair value of derivative financial instruments not designated as cash flow hedges are required to be included in the performance indicator. As a result, the unrealized gains (losses) in fair value of the interest rate swap for 2013 and 2012 have been included in the excess (deficiency) of revenues and gains over expenses. The Hospital expects to hold the swap until its maturity, at which point unrealized gains or losses will be zero.

Property and Equipment

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

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

Temporarily and Permanently Restricted Net Assets

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

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

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Charity Care

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

Excess (Deficiency) of Revenues and Gains Over Expenses

Changes in unrestricted net assets which are excluded from the excess (deficiency) of revenues and gains over expenses, consistent with industry practice, include unrealized gains and losses on investments, pension liability adjustments and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets).

Functional Expenses

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

	<u>2013</u>	<u>2012</u>
Acute and clinical care services	\$ 45,758,729	\$ 46,908,969
General and administrative	<u>7,596,079</u>	<u>7,315,395</u>
	<u>\$ 53,354,808</u>	<u>\$ 54,224,364</u>

Fundraising expenses were \$116,798 in 2013 and \$49,581 in 2012 and are reported in nonoperating gains (losses) in the consolidated statements of operations.

Net Patient Service Revenue

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

Employee Fringe Benefits

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

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

Income Taxes

The Internal Revenue Service currently recognizes the Hospital as an exempt organization under Internal Revenue Code Section 501(c)(3). HSH is a for-profit corporation and, as such, is subject to federal and state taxes. Taxes were not material in 2013 or 2012.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, the Hospital has considered transactions or events occurring through January 15, 2014, which was the date the financial statements were issued.

Reclassification

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

2. Pledges Receivable

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

Due within one year	\$ 198,845
Due between one and five years	<u>87,750</u>
	286,595
Less allowance for uncollectible pledges	(63,201)
Less discounts to net present value	<u>(16,799)</u>
	206,595
Less current portion	<u>(198,845)</u>
Pledges receivable, excluding current portion	\$ <u>7,750</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

3. Investments

Assets Limited as to Use

The composition of assets limited as to use as of September 30, 2013 and 2012, is set forth in the following table. Investments are stated at fair value.

	<u>2013</u>	<u>2012</u>
Internally designated for capital acquisitions		
Cash and cash equivalents	\$ 3,447,641	\$ 4,644,270
Mutual funds	3,028,686	1,753,863
Equity securities	1,646,241	458,664
Government securities	1,167,140	1,390,804
Corporate notes and bonds	<u>650,434</u>	<u>634,803</u>
	<u>9,940,142</u>	<u>8,882,404</u>
Trustee held funds, cash and cash equivalents		
Debt service funds	953,414	428,485
Debt service reserve fund	<u>1,209,877</u>	<u>1,209,938</u>
	<u>2,163,291</u>	<u>1,638,423</u>
Total assets limited as to use	12,103,433	10,520,827
Less long-term assets limited as to use	<u>11,150,019</u>	<u>10,092,342</u>
Assets limited as to use - current portion	<u>\$ 953,414</u>	<u>\$ 428,485</u>

Other Investments

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

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 1,202,163	\$ 2,841,118
Mutual funds	7,523,252	3,733,037
Equity securities	4,210,614	5,811,643
Government securities	3,393,353	3,368,238
Corporate notes and bonds	1,879,369	1,584,319
Other investments	74,600	107,325
Charitable remainder trust	<u>-</u>	<u>908,800</u>
	<u>\$ 18,283,351</u>	<u>\$ 18,354,480</u>

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
Income		
Investment income	\$ 292,026	\$ 549,886
Net realized gains on sales of securities	<u>803,176</u>	<u>1,164,259</u>
	<u>\$ 1,095,202</u>	<u>\$ 1,714,145</u>
Investment income is reported as follows:		
Nonoperating investment income	\$ 387,480	\$ 223,166
Investment income allotted for operations	479,124	481,416
Included in other operating income	10,416	2,495
Temporarily restricted investment income	57,791	44,509
Temporarily restricted realized gains	<u>160,391</u>	<u>962,559</u>
	<u>\$ 1,095,202</u>	<u>\$ 1,714,145</u>
Other changes in net assets		
Unrealized gains (losses), net of realized gains and losses		
- unrestricted	\$ 533,675	\$ (4,677)
- temporarily restricted	<u>182,703</u>	<u>563,316</u>
	<u>\$ 716,378</u>	<u>\$ 558,639</u>

4. Endowment

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

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Changes in endowment (donor restricted) net assets for the years ended September 30, 2013 and 2012, are as follows:

	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment assets, October 1, 2011	\$ 6,016,582	\$ 3,484,088	\$ 9,500,670
Investment income, net of fees	44,509	-	44,509
Realized gains on investments	962,559	-	962,559
Unrealized gains on investments	<u>563,316</u>	<u>-</u>	<u>563,316</u>
Total investment gain	1,570,384	-	1,570,384
Contributions	-	7,819	7,819
Spending policy allotment	<u>(152,411)</u>	<u>-</u>	<u>(152,411)</u>
Endowment net assets, September 30, 2012	\$ <u>7,434,555</u>	\$ <u>3,491,907</u>	\$ <u>10,926,462</u>
Investment income, net of fees	57,791	-	57,791
Realized gains on investments	519,793	-	519,793
Unrealized gains on investments	<u>182,703</u>	<u>-</u>	<u>182,703</u>
Total investment gain	760,287	-	760,287
Contributions	-	6,065	6,065
Spending policy allotment	<u>(314,177)</u>	<u>-</u>	<u>(314,177)</u>
Endowment assets, September 30, 2013	\$ <u>7,880,665</u>	\$ <u>3,497,972</u>	\$ <u>11,378,637</u>

Strategies Employed for Achieving Investment Objectives

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

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

Spending Policy

Effective October 1, 2009, each year a calculation will be made to determine the maximum amount of money that can be withdrawn from the long-term portfolio to be used for each donor restricted and Board-designated purpose. The annual amount available for spending will not exceed 5% of the fair market value calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for the expenditure is made. The amount distributed under the spending policy was \$479,124 and \$481,416 for the years ending September 30, 2013 and 2012, respectively. Investment income, within the spending policy guidelines, is reported in unrestricted revenue and gains in the accompanying financial statements.

5. Fair Value Measurements

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

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

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

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

HUGGINS HOSPITAL AND SUBSIDIARY

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				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Assets limited as to use				
Cash and cash equivalents	\$ 5,610,932	\$ 5,610,932	\$ -	\$ -
Fixed income				
U S Government bonds	1,167,140	1,167,140	-	-
Corporate notes and bonds	650,434	-	650,434	-
Total fixed income	1,817,574	1,167,140	650,434	-
Equity securities				
Consumer	241,887	241,887	-	-
Energy and utilities	158,992	158,992	-	-
Financials	188,534	188,534	-	-
Healthcare	141,738	141,738	-	-
Information technology	200,806	200,806	-	-
International				
Other	714,284	714,284	-	-
Total equity securities	1,646,241	1,646,241	-	-
Mutual funds				
Emerging markets	576,108	576,108	-	-
Large cap	683,666	683,666	-	-
Mid cap	395,148	395,148	-	-
Small cap	285,998	285,998	-	-
Equity funds	402,800	402,800	-	-
International	321,299	321,299	-	-
High yield	66,480	66,480	-	-
Other	297,187	297,187	-	-
Total mutual funds	3,028,686	3,028,686	-	-
Assets limited as to use	12,103,433	11,452,999	650,434	-
Investments				
Cash and cash equivalents	1,202,163	1,202,163	-	-
Fixed income				
Government securities	3,393,353	3,393,353	-	-
Corporate bonds	1,879,369	-	1,879,369	-
Total fixed income	5,272,722	3,393,353	1,879,369	-
Equity securities				
Consumer	912,886	912,886	-	-
Energy and utilities	594,938	594,938	-	-
Financials	716,029	716,029	-	-
Healthcare	538,339	538,339	-	-
Information technology	775,687	775,687	-	-
Other	672,735	672,735	-	-
Total equity securities	4,210,614	4,210,614	-	-

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Fair Value Measurements at September 30, 2013				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Emerging markets	\$ 1,719,692	\$ 1,719,692	\$ -	\$ -
Large cap	731,962	731,962	-	-
Mid cap	1,078,081	1,078,081	-	-
Small cap	807,530	807,530	-	-
Equity funds	1,105,796	1,105,796	-	-
International	889,313	889,313	-	-
High yield	318,547	318,547	-	-
Other	872,331	872,331	-	-
Total mutual funds	<u>7,523,252</u>	<u>7,523,252</u>	-	-
Other investments	74,600	-	-	74,600
Total investments	<u>\$ 18,283,351</u>	<u>\$ 16,329,382</u>	<u>\$ 1,879,369</u>	<u>\$ 74,600</u>
Total assets	<u>\$ 30,386,784</u>	<u>\$ 27,782,381</u>	<u>\$ 2,529,803</u>	<u>\$ 74,600</u>
Liabilities				
Interest rate swap	\$ 1,907,500	\$ -	\$ 1,907,500	\$ -
Total liabilities	<u>\$ 1,907,500</u>	<u>\$ -</u>	<u>\$ 1,907,500</u>	<u>\$ -</u>
Investments - held by defined benefit pension plan (Note 13):				
Cash and cash equivalents	\$ 212,294	\$ 212,294	\$ -	\$ -
U S Treasury obligations and government securities	471,117	471,117	-	-
Mutual funds - fixed	2,392,636	2,392,636	-	-
Mutual funds - equities	5,890,245	5,890,245	-	-
Mutual funds - balanced	664,261	664,261	-	-
Total	<u>\$ 9,630,553</u>	<u>\$ 9,630,553</u>	<u>\$ -</u>	<u>\$ -</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

<u>Fair Value Measurements at September 30, 2012</u>				
	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities:				
Interest rate swap	\$ 3,296,889	\$ -	\$ 3,296,889	\$ -
Total liabilities	<u>\$ 3,296,889</u>	<u>\$ -</u>	<u>\$ 3,296,889</u>	<u>\$ -</u>
Investments - held by defined benefit pension plan (Note 13)				
Cash and cash equivalents	\$ 239,796	\$ 239,796	\$ -	\$ -
Fixed income	666,348	-	666,348	-
Other equities	<u>8,696,733</u>	<u>8,696,733</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 9,602,877</u>	<u>\$ 8,936,529</u>	<u>\$ 666,348</u>	<u>\$ -</u>

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

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

The Organization's financial instruments consist of cash and cash equivalents, marketable securities, trade accounts receivable and payable, life insurance policies, interest rate swaps, estimated third-party payor settlements, and long-term debt. The fair value of fixed rate long-term debt as of the most recent trade was \$15,776,300. The carrying values of all other financial instruments approximate their fair values.

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

6. Charity Care

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

	<u>2013</u>	<u>2012</u>
Charges forgone, based on established rates	\$ <u>3,189,463</u>	\$ <u>3,852,397</u>
Estimated costs and expenses incurred to provide charity care	\$ <u>1,881,000</u>	\$ <u>2,271,000</u>
Equivalent percentage of charity care charges to all Hospital patient charges	<u>3.53</u> %	<u>4 20</u> %

Cost of providing charity care services have been estimated based on the relationship of charges for these services to total expenses.

7. Property and Equipment

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

	<u>2013</u>	<u>2012</u>
Land	\$ 1,828,321	\$ 1,828,321
Land improvements	6,527,887	6,447,948
Buildings	54,738,432	54,738,432
Building services equipment	12,148,628	11,786,595
Major moveable equipment	17,834,228	17,231,768
Construction in progress	<u>70,874</u>	<u>-</u>
	93,148,370	92,033,064
Less accumulated depreciation	<u>36,700,696</u>	<u>31,668,352</u>
	<u>\$ 56,447,674</u>	<u>\$ 60,364,712</u>

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements

September 30, 2013 and 2012

8. Net Patient Service Revenue

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

Medicare

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

Medicaid

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

Medicaid disproportionate share hospital (DSH) payments provide financial assistance to hospitals that serve a large number of low-income patients. The federal government distributes federal DSH funds to each state based on a statutory formula. The states, in turn, distribute their portion of the DSH funding among qualifying hospitals. The states are to use their federal DSH allotments to help cover costs of hospitals that provide care to low-income patients when those costs are not covered by other payors. The State of New Hampshire's plan for the distribution of DSH monies to the Hospital has not yet been approved by the Centers for Medicare and Medicaid Services. Amounts recorded by the Hospital are therefore subject to change. The disproportionate share payments amounted to \$5,144,700 and \$4,031,000 for 2013 and 2012, respectively, and are recorded as an increase in net patient service revenue.

Revenues from the Medicare and Medicaid programs accounted for approximately 50% and 7%, respectively, of the Hospital's patient revenue for the year ended September 30, 2013, and approximately 50% and 6%, respectively, for the year ended September 30, 2012. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2013 and 2012 net patient service revenue increased approximately \$968,000 and \$409,000, respectively, due to prior-year retroactive adjustments in excess of amounts previously estimated.

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

Anthem Blue Cross

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

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

	<u>2013</u>	<u>2012</u>
Patient services		
Inpatient	\$ 15,182,267	\$ 15,041,957
Outpatient	<u>75,061,124</u>	<u>76,714,129</u>
	90,243,391	91,756,086
Less Medicare allowances	17,941,971	19,290,560
Less other payor allowances	14,952,916	12,620,991
Less free care and charity allowances	<u>3,189,463</u>	<u>3,852,397</u>
Patient service revenue (net of discounts and contractual allowances)	54,159,041	55,992,138
Less provision for bad debts	<u>4,927,293</u>	<u>6,270,069</u>
Net patient service revenue	<u>\$ 49,231,748</u>	<u>\$ 49,722,069</u>

Revenue related to self-pay patients was approximately \$6,730,000 and \$7,887,000 for the years ended September 30, 2013 and 2012, respectively.

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

9. Long-Term Debt

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

	<u>2013</u>	<u>2012</u>
6.82% note payable to TD Banknorth with monthly payments of \$3,698, including interest, through 2027; collateralized by real estate.	\$ 393,467	\$ 409,742
Business Finance Authority of the State of New Hampshire (BFA) (Huggins Hospital Issue) Series 2009 6.875% fixed rate demand bonds payable in annual installments ranging from \$195,000 in 2014 to \$1,165,000 in 2039, secured by gross revenues and substantially all assets of the Hospital.	14,820,000	15,000,000
BFA (Huggins Hospital Issue) Series 2007 variable rate demand bonds payable in annual installments ranging from \$125,000 in 2014 to \$2,855,000 in 2043; secured by a letter of credit which is collateralized by substantially all Hospital assets.	9,775,000	9,890,000
10.54% capital lease with vendor, monthly payments of \$8,974, including interest, through 2013; collateralized by leased equipment.	17,833	137,713
6 2% capital lease with vendor, monthly payments of \$4,215, including interest, through 2016, collateralized by leased equipment.	<u>121,755</u>	<u>168,144</u>
	25,128,055	25,605,599
Less current portion	<u>403,936</u>	<u>455,926</u>
Long-term debt, excluding current portion	<u>\$ 24,724,119</u>	<u>\$ 25,149,673</u>

Principal repayments for the next five years are as follows:

2013	\$ 403,936
2014	405,392
2015	411,970
2016	401,448
2017	422,980
Thereafter	<u>23,082,329</u>
	<u>\$ 25,128,055</u>

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

In November 2007, the Hospital issued \$10,000,000 of variable rate demand bonds (Series 2007) to finance the construction project. The proceeds were held by a custodian until used for their intended purpose. The interest rate is determined daily by a remarketing agent based on the current market value of the bonds up to a maximum rate of 10%. The interest rate on the bonds at September 30, 2013 was .08%. The bonds can be converted to a fixed rate with 45 days' notice provided to the trustee, the tender agent, and the remarketing agent in conjunction with an opinion of bond counsel.

Interest Rate Swap

In connection with the issuance of the 2007 bonds, the Hospital entered into an interest rate swap agreement. The swap agreement's notional amount was \$9,775,000 and \$9,890,000 at September 30, 2013 and 2012, respectively. The swap terminates on October 1, 2042. The Hospital pays a fixed rate of 3.6175% and receives a variable rate of 68% USD-LIBOR-BBA. The Hospital records the interest rate swap at fair value, and has recorded a liability of \$1,907,500 and \$3,296,889 as of September 30, 2013 and 2012, respectively.

Letter of Credit

As part of the bond covenants, the Hospital is required to maintain a letter of credit. The fee for the letter of credit can vary from .50% to .65% depending on certain financial ratios for the preceding year. Fees related to the line of credit approximated \$49,700 and \$65,100 for 2013 and 2012, respectively. The letter of credit is in the amount of \$10,104,110 with TD Bank and expires on September 30, 2017. At September 30, 2013, the Hospital was in compliance with all of the financial covenants related to the letter of credit.

10. Related Parties

The Hospital owns the land on which Sugar Hill Retirement Community (SHRC) is built and leases it to SHRC. The rental fee was \$965 and \$957 a month for 2013 and 2012, respectively. SHRC paid Huggins Senior Housing management fees of \$64,939 and \$66,293 for the years ended 2013 and 2012, respectively.

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements

September 30, 2013 and 2012

11. Commitments and Contingencies

The Hospital carries malpractice insurance coverage under a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured. The Hospital intends to renew its coverable on a claims-made basis and has no reason to believe that it may be prevented from renewing such coverage. The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business. U.S. generally accepted accounting principles requires the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Hospital has evaluated its exposure to losses arising from potential claims and determined that no such accrual is necessary for the year ended September 30, 2013.

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

Operating Leases. The Hospital leases various equipment and facilities under operating leases expiring at various dates through September 2016. Total rental expense in 2013 and 2012 for all operating leases was approximately \$459,000 and \$450,000, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2013, that have initial or remaining lease terms in excess of one year.

<u>Year Ending September 30,</u>	<u>Amount</u>
2014	\$ 288,000
2015	240,000
2016	128,000

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

12. Temporarily and Permanently Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
Health care services		
Capital acquisitions	\$ 38,215	\$ 65,310
Bond principal	801,837	1,444,075
Adult daycare	-	1,424
Health education	31,154	44,254
Indigent care	533,238	477,245
Building pledges	206,595	338,768
Net appreciation of permanently restricted net assets	<u>7,341,821</u>	<u>6,959,112</u>
	<u>\$ 8,952,860</u>	<u>\$ 9,330,188</u>

Permanently restricted net assets are restricted to:

	<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 when released)	\$ 3,086,678	\$ 3,080,613
Indigent care	<u>411,294</u>	<u>411,294</u>
	<u>\$ 3,497,972</u>	<u>\$ 3,491,907</u>

13. Pension Plan

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

Beginning July 2005, the Hospital sponsored a contributory defined contribution plan available to substantially all employees. The Hospital's policy under the defined contribution plan is to fund its portion of amounts due under the plan on a current basis and to recognize expense as incurred. Expense related to this plan for the years ended September 30, 2013 and 2012 approximated \$577,600 and \$812,500, respectively.

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
Change in projected benefit obligation.		
Benefit obligation, beginning of year	\$ 14,441,221	\$ 13,416,605
Interest cost	619,185	670,647
Benefits paid	(1,292,418)	(1,045,144)
Actuarial (loss) gain	<u>(209,059)</u>	<u>1,399,113</u>
Benefit obligation, end of year	<u>\$ 13,558,929</u>	<u>\$ 14,441,221</u>
Accumulated benefit obligation	<u>\$ 13,558,929</u>	<u>\$ 14,441,221</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 9,602,877	\$ 8,496,548
Actual return on plan asset	774,792	1,349,510
Employer contributions	545,302	801,963
Benefits paid	<u>(1,292,418)</u>	<u>(1,045,144)</u>
Fair value of plan assets, end of year	<u>\$ 9,630,553</u>	<u>\$ 9,602,877</u>
Funded status - accrued liability	<u>\$ (3,928,376)</u>	<u>\$ (4,838,344)</u>
Amounts recognized in other changes in unrestricted net assets:		
Actuarial loss	<u>\$ 3,784,659</u>	<u>\$ 4,829,732</u>
Total	<u>\$ 3,784,659</u>	<u>\$ 4,829,732</u>

The incremental increase in the amount recognized in other changes in unrestricted net assets was \$1,045,073 for the year ended September 30, 2013, and has been reflected outside the operating indicator in the statement of operations. As a result of severance agreements, the Hospital incurred a curtailment loss of \$360,748 in 2013, which is included in nonoperating gains (losses) on the statement of operations.

The actuarial gain (loss) for the Plan that is expected to be amortized from unrestricted net assets into net periodic pension benefit cost over the next fiscal year is \$266,312.

HUGGINS HOSPITAL AND SUBSIDIARY
Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
Interest cost on projected benefit obligation	\$ 619,185	\$ 670,647
Expected return on Plan assets	(712,355)	(635,922)
Asset loss	(62,437)	(713,588)
Net amortization and deferral	<u>475,266</u>	<u>1,067,779</u>
Net periodic pension benefit cost	<u>\$ 319,659</u>	<u>\$ 388,916</u>

Assumptions

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

	<u>2013</u>	<u>2012</u>
Discount rate	4.67 %	4 25 %

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

	<u>2013</u>	<u>2012</u>
Discount rate	4.67 %	5.00 %
Expected long-term return on plan assets	7.50 %	7.50 %

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

Plan Assets

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Cash Flows

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

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

Projected Benefit Payments

<u>Year Ending</u>	<u>Expected Benefit Payments</u>
2014	\$ 333,624
2015	426,273
2016	485,534
2017	524,648
2018	599,249
2019-2023	4,146,179

14. Concentrations of Credit Risk

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

	<u>2013</u>	<u>2012</u>
Medicare	47 %	29 %
Medicaid	7	7
Anthem Blue Cross	11	7
Other third-party payors	21	17
Patients	<u>14</u>	<u>40</u>
	<u>100 %</u>	<u>100 %</u>

ADDITIONAL INFORMATION

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidating Balance Sheets

September 30, 2013

ASSETS

	Huggins Hospital	Huggins Senior Housing	Total	Eliminations	Consolidated
Current assets					
Cash and cash equivalents	\$ 10,324,990	\$ 350,041	\$ 10,675,031	\$ -	\$ 10,675,031
Assets limited as to use - current portion	953,414	-	953,414	-	953,414
Accounts receivable from patients, net	5,463,643	-	5,463,643	-	5,463,643
Pledges receivable	198,845	-	198,845	-	198,845
Other accounts/notes receivable	198,119	34,105	232,224	-	232,224
Other current assets	<u>670,357</u>	<u>5,320</u>	<u>675,677</u>	-	<u>675,677</u>
Total current assets	17,809,368	389,466	18,198,834	-	18,198,834
Assets limited as to use, less current portion	11,150,019	-	11,150,019	-	11,150,019
Pledges receivable, net	7,750	-	7,750	-	7,750
Property and equipment, net	56,059,022	388,652	56,447,674	-	56,447,674
Deferred financing costs	531,275	-	531,275	-	531,275
Long-term investments	18,283,351	-	18,283,351	-	18,283,351
Cash surrender value of life insurance	1,293,569	-	1,293,569	-	1,293,569
Due from subsidiary	<u>1,121,557</u>	<u>-</u>	<u>1,121,557</u>	<u>(1,121,557)</u>	<u>-</u>
Total assets	<u>\$ 106,255,911</u>	<u>\$ 778,118</u>	<u>\$ 107,034,029</u>	<u>\$ (1,121,557)</u>	<u>\$ 105,912,472</u>

LIABILITIES AND NET ASSETS (DEFICIT)

Current liabilities					
Accounts payable and other current liabilities	\$ 1,578,582	\$ 12,245	\$ 1,590,827	\$ -	\$ 1,590,827
Accrued salaries and related accounts	2,515,271	-	2,515,271	-	2,515,271
Current portion of long-term debt	403,936	-	403,936	-	403,936
Due to parent	-	1,121,557	1,121,557	(1,121,557)	-
Estimated third-party payor settlements	<u>5,198,300</u>	<u>-</u>	<u>5,198,300</u>	<u>-</u>	<u>5,198,300</u>
Total current liabilities	9,696,089	1,133,802	10,829,891	(1,121,557)	9,708,334
Accrued pension cost	3,928,376	-	3,928,376	-	3,928,376
Interest rate swap	1,907,500	-	1,907,500	-	1,907,500
Long-term debt	<u>24,724,119</u>	<u>-</u>	<u>24,724,119</u>	<u>-</u>	<u>24,724,119</u>
Total liabilities	<u>40,256,084</u>	<u>1,133,802</u>	<u>41,389,886</u>	<u>(1,121,557)</u>	<u>40,268,329</u>
Net assets (deficit)					
Unrestricted	53,548,995	(355,684)	53,193,311	-	53,193,311
Temporarily restricted	8,952,860	-	8,952,860	-	8,952,860
Permanently restricted	<u>3,497,972</u>	<u>-</u>	<u>3,497,972</u>	<u>-</u>	<u>3,497,972</u>
Total net assets (deficit)	<u>65,999,827</u>	<u>(355,684)</u>	<u>65,644,143</u>	<u>-</u>	<u>65,644,143</u>
Total liabilities and net assets (deficit)	<u>\$ 106,255,911</u>	<u>\$ 778,118</u>	<u>\$ 107,034,029</u>	<u>\$ (1,121,557)</u>	<u>\$ 105,912,472</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidating Statements of Operations

Year Ended September 30, 2013

	Huggins Hospital	Huggins Senior Housing	Total	Eliminations	Consolidated
Unrestricted revenues and gains					
Patient service revenue (net of discounts and contractual allowances)	\$ 54,159,041	\$ -	\$ 54,159,041	\$ -	\$ 54,159,041
Less provision for bad debts	<u>4,927,293</u>	<u>-</u>	<u>4,927,293</u>	<u>-</u>	<u>4,927,293</u>
Net patient service revenue	49,231,748	-	49,231,748	-	49,231,748
Other operating revenues	2,587,089	262,179	2,849,268	-	2,849,268
Investment income allotted for operations	479,124	-	479,124	-	479,124
Net assets released from restrictions for operating purposes	<u>58,637</u>	<u>-</u>	<u>58,637</u>	<u>-</u>	<u>58,637</u>
Total revenues and gains	<u>52,356,598</u>	<u>262,179</u>	<u>52,618,777</u>	<u>-</u>	<u>52,618,777</u>
Expenses					
Salaries and wages	22,815,310	-	22,815,310	-	22,815,310
Supplies and other	23,928,015	100,341	24,028,356	-	24,028,356
Depreciation and amortization	5,031,686	31,343	5,063,029	-	5,063,029
Interest	<u>1,448,113</u>	<u>-</u>	<u>1,448,113</u>	<u>-</u>	<u>1,448,113</u>
Total expenses	<u>53,223,124</u>	<u>131,684</u>	<u>53,354,808</u>	<u>-</u>	<u>53,354,808</u>
Operating (loss) income	<u>(866,526)</u>	<u>130,495</u>	<u>(736,031)</u>	<u>-</u>	<u>(736,031)</u>
Nonoperating gains (losses)					
Contributions	1,191,549	-	1,191,549	-	1,191,549
Development costs	(116,798)	-	(116,798)	-	(116,798)
Nonoperating investment income	387,480	-	387,480	-	387,480
Change in value of interest rate swap	1,389,389	-	1,389,389	-	1,389,389
Pension curtailment loss	<u>(360,748)</u>	<u>-</u>	<u>(360,748)</u>	<u>-</u>	<u>(360,748)</u>
Nonoperating gains, net	<u>2,490,872</u>	<u>-</u>	<u>2,490,872</u>	<u>-</u>	<u>2,490,872</u>
Excess of revenues and gains over expenses	1,624,346	130,495	1,754,841	-	1,754,841
Net assets released from restrictions for capital acquisitions	519,062	-	519,062	-	519,062
Net unrealized gains on investments	533,675	-	533,675	-	533,675
Pension liability adjustment	<u>1,045,073</u>	<u>-</u>	<u>1,045,073</u>	<u>-</u>	<u>1,045,073</u>
Increase in unrestricted net assets	<u>\$ 3,722,156</u>	<u>\$ 130,495</u>	<u>\$ 3,852,651</u>	<u>\$ -</u>	<u>\$ 3,852,651</u>

