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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 2012 Open to Public Inspection
	▶ 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 ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization UPPER CONNECTICUT VALLEY HOSPITAL		D Employer identification number 02-0276210
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) CORLISS LANE	Room/suite	E Telephone number (603) 237-4971
	City or town, state or country, and ZIP + 4 COLEBROOK, NH 03576		G Gross receipts \$ 15,244,521
	F Name and address of principal officer GREG PLACY CORLISS LANE COLEBROOK, NH 03576		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀(Insert no) ☐ 4947(a)(1) or ☐ 527			
J Website: ▶ WWW.UCVH.ORG			

K Form of organization ☐ Corporation ☐ Trust ☒ Association ☐ Other ☐	L Year of formation 1969	M State of legal domicile NH
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Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities TO PROVIDE HEALTH CARE SERVICES		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	11
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	9
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	165
	6 Total number of volunteers (estimate if necessary)	6	20
	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)	54,407	56,697
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	14,031,660	13,921,381
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	344,058	395,132
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	421,752	848,125
		14,851,877	15,221,335
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	85,000	50,000
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	7,918,126	8,215,712
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ☒ 4,830		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	7,271,882	7,855,155
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	15,275,008	16,120,867
	19 Revenue less expenses Subtract line 18 from line 12	-423,131	-899,532
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	17,882,185	19,408,317
	21 Total liabilities (Part X, line 26)	4,758,783	5,700,013
	22 Net assets or fund balances Subtract line 21 from line 20	13,123,402	13,708,304

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	*****				2014-01-31	
	Signature of officer				Date	
	JAMES TIBBETTS TREASURER					
	Type or print name and title					
Paid Preparer Use Only	Print/Type preparer's name JAMES N GODFREY CPA		Preparer's signature		Date 2014-01-31	Check ☐ if self-employed PTIN P00913422
	Firm's name TYLER SIMMS & STSAUVEUR CPAS PC				Firm's EIN 02-0476956	
	Firm's address 19 MORGAN DRIVE LEBANON, NH 03766				Phone no (603) 653-0044	

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

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

2

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

Yes

No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes

No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 12,786,868 including grants of \$ 50,000) (Revenue \$ 14,732,657)

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

4b

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

THE NET CHARITY CARE PROVIDED BY THE HOSPITAL FOR THE YEAR-ENDED SEPTEMBER 30, 2012 WAS \$679,363

4c

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

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses

12,786,868

Form 990 (2012)

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	2	No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 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 Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b	No
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, 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	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		
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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	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
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter:		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	11	
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	9	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	Yes
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	NH
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☒ Another's website ☒ Upon request ☐ Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	THE ORGANIZATION UCVH CORLISS LANE COLEBROOK, NH (603) 237-4971

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation 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) E HARLAN CONNARY SECRETARY	1 00	X		X				0	0	0
(2) BRUCE BEAN DIRECTOR	1 00	X						0	0	0
(3) ODETTE CRAWFORD VICE CHAIRMAN	1 00	X		X				0	0	0
(4) JAMES TIBBETTS TREASURER	1 00	X		X				0	0	0
(5) GREG PLACY CHAIRMAN	1 00	X		X				0	0	0
(6) PALMER LEWIS DIRECTOR	1 00	X						0	0	0
(7) PETER MORAN DIRECTOR	1 00	X						0	0	0
(8) ERIC STOHL DIRECTOR	1 00	X						0	0	0
(9) SALLY WENTZELL DIRECTOR	1 00	X						0	0	0
(10) EDWARD LAVERTY PA-C PHYSICIAN'S ASSISTANT	53 00	X						187,001	0	29,283
(11) CHARLES WHITE CHEIF ADMIN OFFICER	40 00	X		X				133,995	0	19,394
(12) CHARANJIT VEDI PHYSICIAN	29 50					X		335,012	0	0
(13) JOHN EPPOLIOTO PHYSICIAN	47 70					X		276,860	0	11,513
(14) JOSEPH KIEMAN PHYSICIAN	31 10					X		212,700	0	31,714
(15) ROBERT SOUCY PHYSICIAN	52 20					X		205,445	0	24,852
(16) KIMBERLEE DALEY PATIENT EXPERIENCE OFFICER	47 50					X		128,335	0	18,986

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	1,479,348	0	135,742

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 7

		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	No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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	No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ANDROSCOGGIN VALLEY HOSPITAL 59 PAGE HILL ROAD BERLIN NH 03570	REHAB PERSONNEL & SERVICES	576,720
VISTA STAFFING SOLUTIONS FILE 50834 LOS ANGELES CA 50834	PROVIDES LOCUMS PHYSICIANS FOR HOSPITALS	426,508
RN NETWORK PO BOX 9740888 DALLAS TX 75266	LOCUMS RN NURSING STAFF	141,100
VIRTUAL RADIOLOGIC CORP 25983 NETWORK PLACE CHICAGO IL 60673	RADIOLOGICAL SERVICES	111,324

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 ▶4

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				
	d	Related organizations 1d				
	e	Government grants (contributions) 1e	48,113			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	8,584			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f	56,697			
Program Service Revenue	2a	NET PATIENT REVENUE	Business Code			
			621990	13,921,381	13,921,381	
		b				
		c				
		d				
		e				
		f	All other program service revenue			
	g	Total. Add lines 2a-2f	13,921,381			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	39,149			39,149
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents	(i) Real	(ii) Personal		
		b	Less rental expenses			
		c	Rental income or (loss)			
	d	Net rental income or (loss)				
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
			379,169			
		b	Less cost or other basis and sales expenses	23,186		
		c	Gain or (loss)	-23,186		
	d	Net gain or (loss)	355,983			355,983
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18				
		a				
	b	Less direct expenses b				
	c	Net income or (loss) from fundraising events				
	9a	Gross income from gaming activities See Part IV, line 19				
		a				
	b	Less direct expenses b				
	c	Net income or (loss) from gaming activities				
	10a	Gross sales of inventory, less returns and allowances				
		a				
	b	Less cost of goods sold b				
	c	Net income or (loss) from sales of inventory				
	Miscellaneous Revenue		Business Code			
	11a	MEANINGFUL USE REVENUE	900099	400,063	400,063	
	b	OTHER REVENUE	900099	217,710	217,710	
	c	SCHOOL NURSING	900099	176,700	176,700	
	d	All other revenue		53,652	16,803	36,849
	e	Total. Add lines 11a-11d	848,125			
	12	Total revenue. See Instructions	15,221,335	14,732,657	0	431,981

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.	50,000	50,000		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	59,142		59,142	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	6,535,417	5,583,743	951,674	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	54,177	45,911	8,266	
9	Other employee benefits.	1,176,165	1,001,339	174,826	
10	Payroll taxes.	390,811	331,182	59,629	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	74,125		74,125	
c	Accounting.	56,807		56,807	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).				
12	Advertising and promotion.	24,765	21,471	3,294	
13	Office expenses.	1,244,630	1,188,109	56,521	
14	Information technology.	245,621	170,607	75,014	
15	Royalties.				
16	Occupancy.	637,053	537,449	99,604	
17	Travel.	108,785	65,972	42,813	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	2,823		2,823	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	589,713	589,713		
23	Insurance.	114,184		114,184	
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	PURCHASED SERVICES	2,158,642	1,345,064	813,578	
b	PROVISION FOR BAD DEBT	1,258,768	1,258,768		
c	MEDICAID ENHANCEMENT TA	657,353		657,353	
d	REPAIRS AND MAINTENANCE	220,251	215,012	5,239	
e	All other expenses	461,635	382,528	74,277	4,830
25	Total functional expenses. Add lines 1 through 24e.	16,120,867	12,786,868	3,329,169	4,830
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		652,544	1	331,548
	2	Savings and temporary cash investments		3,077,268	2	3,401,509
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		1,455,924	4	2,012,004
	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		288,789	8	295,772
	9	Prepaid expenses and deferred charges		121,176	9	226,509
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a10,931,650			
	b	Less accumulated depreciation	10b6,758,572	4,099,446	10c	4,173,078
	11	Investments—publicly traded securities		7,021,043	11	7,480,449
	12	Investments—other securities See Part IV, line 11		704,068	12	358,769
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		461,927	15	1,128,679
	16	Total assets. Add lines 1 through 15 (must equal line 34)		17,882,185	16	19,408,317
Liabilities	17	Accounts payable and accrued expenses		1,213,582	17	1,806,337
	18	Grants payable			18	
	19	Deferred revenue		15,476	19	173,973
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		1,561,549	23	1,244,193
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		1,968,176	25	2,475,510
	26	Total liabilities. Add lines 17 through 25		4,758,783	26	5,700,013
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		12,521,395	27	13,185,384
	28	Temporarily restricted net assets		532,822	28	449,850
	29	Permanently restricted net assets		69,185	29	73,070
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		13,123,402	33	13,708,304
	34	Total liabilities and net assets/fund balances		17,882,185	34	19,408,317

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	15,221,335
2	Total expenses (must equal Part IX, column (A), line 25)	2	16,120,867
3	Revenue less expenses Subtract line 2 from line 1	3	-899,532
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	13,123,402
5	Net unrealized gains (losses) on investments	5	225,665
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	1,258,769
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	13,708,304

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number
02-0276210

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches 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 | | | | | | | | | |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

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 UPPER CONNECTICUT VALLEY HOSPITAL	Employer identification number 02-0276210
---	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

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

		(a)	(b)	
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		3,060
j	Total. Add lines 1c through 1i.			3,060
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	UPPER CONNECTICUT VALLEY HOSPITAL IS A MEMBER OF THE NEW HAMPSHIRE HOSPITAL ASSOCIATION. A PORTION OF THE DUES PAID TO THIS ORGANIZATION IS AVAILABLE FOR LOBBYING EXPENDITURES ON BEHALF OF UCVH AND OTHER MEMBER ORGANIZATIONS IN FURTHERANCE OF THEIR EXEMPT PURPOSES. UPPER CONNECTICUT VALLEY HOSPITAL DOES NOT DIRECTLY PERFORM ANY LOBBYING ACTIVITIES.

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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

Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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	161,056	129,746	127,616	112,258	111,704
b Contributions					
c Net investment earnings, gains, and losses	18,320	31,310	2,130	15,358	554
d Grants or scholarships					
e Other expenditures for facilities and programs	9,173				
f Administrative expenses					
g End of year balance	170,203	161,056	129,746	127,616	112,258

2

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

a

Board designated or quasi-endowment

b

Permanent endowment

42 930 %

c

Temporarily restricted endowment

57 070 %

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		9,700		9,700
b Buildings		4,161,476	2,114,886	2,046,590
c Leasehold improvements		231,555	117,830	113,725
d Equipment		6,407,277	4,525,856	1,881,421
e Other		121,642		121,642
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				4,173,078

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	15,440,659
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	225,665
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	225,665
3	Subtract line 2e from line 1	3	15,214,994
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	6,341
c	Add lines 4a and 4b	4c	6,341
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	15,221,335

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

1	Total expenses and losses per audited financial statements	1	14,857,268
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	14,857,268
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	1,263,599
c	Add lines 4a and 4b	4c	1,263,599
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	16,120,867

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 INVESTMENTS ARE TO BE HELD IN PERPETUITY THE INCOME FROM THE INVESTMENTS IS EXPENDABLE TO SUPPORT THE HOSPITAL'S HEALTH CARE SERVICES
PART XI, LINE 4B - OTHER ADJUSTMENTS		FUNDRAISING EXPENSES 4,830 NET ASSETS RELEASED FOR CAP EXPENDITURES 1,511
PART XII, LINE 4B - OTHER ADJUSTMENTS		FUNDRAISING EXPENSES 4,830 PROVISION FOR BAD DEBTS 1,258,768 ROUNDING 1

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
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number
02-0276210

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☒ 150% ☐ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☒ 300% ☐ 350% ☐ 400% ☐ Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b		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)			624,977	270,626	354,351	2 380 %
b Medicaid (from Worksheet 3, column a)			1,877,514	1,499,688	377,826	2 540 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			2,502,491	1,770,314	732,177	4 920 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			4,373,175	2,825,303	1,547,872	10 410 %
f Health professions education (from Worksheet 5)			171,493		171,493	1 150 %
g Subsidized health services (from Worksheet 6)			636,913	285,571	351,342	2 360 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			50,862		50,862	0 340 %
j Total Other Benefits			5,232,443	3,110,874	2,121,569	14 260 %
k Total. Add lines 7d and 7j			7,734,934	4,881,188	2,853,746	19 180 %

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		1,405		1,405	0.010 %
3	Community support		4,686		4,686	0.030 %
4	Environmental improvements					
5	Leadership development and training for community members		9,111		9,111	0.060 %
6	Coalition building		67,016		67,016	0.450 %
7	Community health improvement advocacy		9,260		9,260	0.060 %
8	Workforce development					
9	Other					
10	Total		91,478		91,478	0.610 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

No

2

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

2

624,517

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

19,985

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

8,545,212

6

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

6

8,761,601

7

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

7

-216,389

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

No

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

No

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 1 NORTHERN NEW HAMPSHIRE HEALTH CARE COLLABORATIVE	LLC OF 3 COSS COUNTY HOSPITALS			
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	UPPER CONNECTICUT VALLEY HOSPITAL 181 CORLISS LANE COLEBROOK,NH 03576	X	X			X		X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

UPPER CONNECTICUT VALLEY HOSPITAL

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	☒ A definition of the community served by the hospital facility		
b	☒ Demographics of the community		
c	☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	☒ How data was obtained		
e	☒ The health needs of the community		
f	☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	☒ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	☒ The process for consulting with persons representing the community's interests		
i	☒ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	☐ Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>10</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	No
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	☒ Hospital facility's website		
b	☒ Available upon request from the hospital facility		
c	☐ Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	☐ Execution of the implementation strategy		
c	☐ Participation in the development of a community-wide plan		
d	☐ Participation in the execution of a community-wide plan		
e	☐ Inclusion of a community benefit section in operational plans		
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	☐ Prioritization of health needs in its community		
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	☐ Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	Yes
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>300 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a ☒ Income level			
b ☒ Asset level			
c ☒ Medical indigency			
d ☒ Insurance status			
e ☒ Uninsured discount			
f ☒ Medicaid/Medicare			
g ☒ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☒ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☒ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☐

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

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

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 PART I, LINES 7A-C, THE HOSPITAL USES A COST-TO-CHARGE RATIO THE COST-TO-CHARGE RATIO WAS DERIVED FROM THE FORM 990 SCHEDULE H WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES PART I, LINES 7E-I, THE HOSPITAL DETERMINES COST BY COMBINING DIRECT EXPENSES IDENTIFIED BY ITS ACCOUNTING SYSTEM WITH AN ESTIMATED OVERHEAD ALLOCATION
		PART I, LINE 7G SPECIALTY CARE PROVIDERS, LET NO WOMAN BE OVERLOOKED

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 1258768
		PART II THE COMMUNITY BUILDING ACTIVITIES UNDERTAKEN BY UCVH CONSIST OF SUPPORTING LOCAL GOVERNMENT AND OTHER HEALTH CARE PROVIDERS, COORDINATION OF DISASTER DRILLS, EMERGENCY PREPAREDNESS AND ALSO SUPPORT OF OTHER LOCAL ORGANIZATIONS WITHIN THE COMMUNITY IN ADDITION, IN AN EFFORT TO PROVIDE THE NECESSARY HEALTH CARE SERVICES FOR THE POPULATION WITHIN A REASONABLE DRIVING DISTANCE, UCVH HAS ENTERED INTO A COLLABORATION WITH THE OTHER TWO COOS COUNTY HOSPITALS TO PROVIDE NECESSARY SPECIALTY SERVICES FOR THE UCVH SERVICE AREA

Identifier	ReturnReference	Explanation
		PART III, LINE 4 PATIENT ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNT IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICE PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE HOSPITAL ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS, INCLUDING BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR ONLY PART OF THE BILL, THE HOSPITAL RECORDS A PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE HOSPITAL HAS ESTIMATED ITS COST OF BAD DEBT USING COST-TO-CHARGE METHODOLOGY IN ACCRODANCE WITH WORKSHEET 2 OF THE FORM 990 SCHEDULE H INSTRUCTIONS
		PART III, LINE 8 AS UCVH OPERATES AT A LOSS FROM MEDICARE, THE SHORTFALL COULD BE TREATED AS COMMUNITY BENEFIT AS THERE ARE NO OTHER FUNDS AVAILABLE TO SUBSIDIZE THE LOSS UCVH USES CCR TO DETERMINE COST, REVENUE RECEIVED IS NET PATIENT REVENUE, DSH FUNDS ARE INCLUDED AS PAYMENTS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B IF KNOWN TO QUALIFY FOR CHARITY OR FINANCIAL ASSISTANCE, THEY ARE GIVEN THE ASSISTANCE NEEDED
		PART VI, LINE 2 IN 2013,UCVH PARTNERED WITH INDIAN STREAM HEALTH CENTER (ISHC), A FEDERALLY QUALIFIED HEALTH CENTER, TO GATHER INFORMATION REGARDING THE HEALTH CARE NEEDS OF THE COMMUNITY THIS WAS DONE USING PAPER & INTERNET SURVEYS, AND FOCUS GROUP INTERVIEWS THIS DATA, AND OTHER PERTINENT INFORMATION, WAS COLLECTED AND REVIEWED BY THE UCVH BOARD OF DIRECTORS WHO PRIORITIZED THE AREAS OF NEED THE COMMUNITY NEEDS THAT FALL WITHIN THE SCOPE OF UCVH WILL BE ADDRESSED BY THE UCVH STRATEGIC PLAN A COMMUNITY HEALTH NEEDS ASSESSMENT HAS BEEN COMPILED FROM THIS RESEARCH AND HAS BEEN APPROVED BY THE UCVH BOARD OF DIRECTORS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 UCVH HAS A FULL TIME PATIENT FINANCIAL COUNSELOR WHO IS RESPONSIBLE FOR WORKING WITH PATIENTS AND ANY WHO MAY BE BILLED FOR THEIR CARE TO DETERMINE THEIR ELIGIBILITY, ON A CASE BY CASE BASIS, FOR ANY GOVERNMENT PROGRAMS, SUCH AS MEDICAID OR THE UCVH FINANCIAL ASSISTANCE PROGRAM ALL STAFF AT UCVH, PARTICULARLY REGISTRATION STAFF WHO WILL BE THE FIRST ONES TO NOTICE IF A PATIENT DOES NOT HAVE INSURANCE, ARE TRAINED TO REFER THE PATIENT TO THE FINANCIAL COUNSELOR IN ADDITION, BROCHURES ARE AVAILABLE, AS IS CONTACT INFORMATION ON THE WEBSITE
		PART VI, LINE 4 UCVH IS THE SMALLEST CRITICAL ACCESS HOSPITAL IN NEW HAMPSHIRE THAT SERVES THE LARGEST GEOGRAPHIC SERVICE AREA (OVER 850 SQUARE MILES) INCLUDING COMMUNITIES IN THE STATES OF NEW HAMPSHIRE, VERMONT, AND MAINE ACCORDING TO THE NEW HAMPSHIRE STATE HEALTH PROFILE, OUR RESIDENTS ARE THE MOST FRAGILE OF ALL CITIZENS IN NEW HAMPSHIRE AS IT RELATES TO HEALTH OUTCOMES AND ECONOMIC CONDITIONS UCVH IS DEPENDENT OF PUBLIC FUNDING AND DISPROPORTIONATE SHARE FUNDING TO SUBSIDIZE THE CARE PROVIDED TO THE PATIENTS WE SERVE

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number

02-0276210

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☐ Yes ☒ No

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

Part II **Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

[illegible]

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

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

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

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

Part IV Supplemental Information.		
Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information		
Identifier	Return Reference	Explanation

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number
02-0276210

Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☒ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b		No
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☐ Compensation committee	☒ Written employment contract		
	☐ Independent compensation consultant	☒ Compensation survey or study		
	☐ Form 990 of other organizations	☒ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	5a		No
b	Any related organization?	5b		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	6a		No
b	Any related organization?	6b		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)EDWARD LAVERTY PA-C PHYSICIAN'S ASSISTANT	(i)	183,948	3,053	0	3,331	25,952	216,284	0
	(ii)	0	0	0	0	0	0	0
(2)CHARLES WHITE CHEIF ADMIN OFFICER	(i)	133,942	53	0	0	19,394	153,389	0
	(ii)	0	0	0	0	0	0	0
(3)CHARANJIT VEDI PHYSICIAN	(i)	334,959	53	0	0	0	335,012	0
	(ii)	0	0	0	0	0	0	0
(4)JOHN EPPOLIOTO PHYSICIAN	(i)	265,807	11,053	0	0	11,513	288,373	0
	(ii)	0	0	0	0	0	0	0
(5)JOSEPH KIEMAN PHYSICIAN	(i)	212,647	53	0	4,091	27,623	244,414	0
	(ii)	0	0	0	0	0	0	0
(6)ROBERT SOUCY PHYSICIAN	(i)	205,392	53	0	4,251	20,601	230,297	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	RENT WAS PAID FOR THE LODGING OF DR VEDI- A PER DIEM PHYSICIAN

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.

2012

**Open to Public
Inspection**

Name of the organization
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number

02-0276210

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 3	NORTHERN NEW HAMPSHIRE COLLABORATIVE, LLC PROVIDES MANAGEMENT SERVICES TO THE HOSPITAL
	FORM 990, PART VI, SECTION B, LINE 11	THE 990 IS PROVIDED TO THE FINANCE COMMITTEE FOR REVIEW AND APPROVAL BEFORE IT IS FILED
	FORM 990, PART VI, SECTION B, LINE 12C	OFFICERS, DIRECTORS, AND KEY EMPLOYEES ARE REQUIRED TO SIGN A CONFLICT OF INTEREST DOCUMENT
	FORM 990, PART VI, SECTION B, LINE 15	THE HOSPITAL CAO'S COMPENSATION AND BENEFIT PACKAGE IS REVIEWED PERIODICALLY BY COMMUNITY BOARD MEMBERS WHO GOVERN THE NON-PROFIT ORGANIZATION AS UNPAID, INDEPENDENT VOLUNTEERS. THE PERIODIC REVIEW INCLUDES COMPARABILITY DATA, AND THE DELIBERATION AND DECISION-MAKING IS SUBSTANTIATED BY WRITTEN MINUTES
	FORM 990, PART VI, SECTION C, LINE 18	UVCH MAKES ITS 990 AVAILABLE UPON REQUEST AND ON THE GUIDESTAR WEBSITE
	FORM 990, PART VI, SECTION C, LINE 19	AVAILABLE UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	BAD DEBT EXPENSE 1,258,769

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
UPPER CONNECTICUT VALLEY HOSPITAL

Employer identification number
02-0276210

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

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) WEEKS MEDICAL CENTER 173 MIDDLE STREET LANCASTER, NH 03584 02-0222242	HOSPITAL	NH	501C(3)	170(B)(1)(A)III			No
(2) MARY HITCHCOCK MEMORIAL HOSPITAL 1 MEDICAL CENTER DRIVE LEBANON, NH 03756 02-0222140	HOSPITAL	NH	501C(3)	170(B)(1)(A)III			No
(3) DARTMOUTH-HITCHCOCK CLINIC 1 MEDICAL CENTER DRIVE LEBANON, NH 03756 22-2519596	MEDICAL CLINIC	NH	501C(3)	509(A)(2)			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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) NORTHERN NH HEALTHCARE COLLABORATIVE LLC 45-5617105	HEALTHCARE COLLABORATIVE	NH		RELATED				No		Yes		33 330 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

No

1b

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

Yes

1n

No

1o

No

1p

No

1q

No

1r

No

1s

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) NORTHERN NH HEALTHCARE LLC	M	226,078	
(2) NEW ENGLAND ALLIANCE FOR HEALTH	M	147,455	
(3) ANDROSCOGGIN VALLEY HOSPITAL	M	681,759	
(4) WEEKS MEDICAL CENTER	M	52,434	

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: 02-0276210
Name: UPPER CONNECTICUT VALLEY 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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UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Financial Statements and Independent Auditors' Report

As of and for the Years Ended
September 30, 2013 and 2012



UPPER CONNECTICUT VALLEY HOSPITAL
CORPORATE REPORTING GROUP

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

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As of and for the Years Ended September 30, 2013 and 2012

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TYLER, SIMMS & ST. SAUVEUR, P.C.

Certified Public Accountants & Business Consultants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Upper Connecticut Valley Hospital Association, which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of operations and changes in unrestricted net assets, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upper Connecticut Valley Hospital Association as of September 30, 2013 and 2012, and the results of its operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Lebanon, New Hampshire
December 5, 2013

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Statements of Financial Position

As of September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,733,057	\$ 3,729,812
Patient accounts receivable, net	2,012,004	1,455,924
Meaningful use receivable	451,156	-
Other accounts receivable	631,844	411,927
Inventories of supplies	295,772	288,789
Prepaid expenses and other current assets	226,509	121,176
Total current assets	<u>7,350,342</u>	<u>6,007,628</u>
Assets limited as to use		
Investments - internally designated by Board	7,316,298	7,123,104
Investments - temporarily restricted	449,850	528,937
Investments - permanently restricted	73,070	73,070
Total assets limited as to use	<u>7,839,218</u>	<u>7,725,111</u>
Property and equipment	<u>4,173,078</u>	<u>4,099,446</u>
Other assets		
Deposits	<u>45,679</u>	<u>50,000</u>
Total other assets	<u>45,679</u>	<u>50,000</u>
Total assets	<u>\$ 19,408,317</u>	<u>\$ 17,882,185</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 626,644	\$ 426,825
Accrued salaries and related accounts	406,397	395,682
Deferred revenue	173,973	15,476
Due to third-party payors	2,464,484	1,946,914
Other accrued expenses	773,296	391,075
Current portion of long-term debt	271,233	328,397
Current portion of capital lease	11,026	8,786
Total current liabilities	<u>4,727,053</u>	<u>3,513,155</u>
Long-term debt, less current portion shown above	<u>972,960</u>	<u>1,233,152</u>
Capital lease, less current portion shown above	<u>-</u>	<u>12,476</u>
Total liabilities	<u>5,700,013</u>	<u>4,758,783</u>
Commitments and contingencies (See Notes)		
Net assets		
Unrestricted	13,185,384	12,521,395
Temporarily restricted	449,850	528,937
Permanently restricted	73,070	73,070
Total net assets	<u>13,708,304</u>	<u>13,123,402</u>
Total liabilities and net assets	<u>\$ 19,408,317</u>	<u>\$ 17,882,185</u>

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION
Statements of Operations and Changes in Unrestricted Net Assets
For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted revenues and other support		
Patient service revenue (net of contractual allowances and discounts)	\$ 15,180,149	\$ 15,158,363
Provision for bad debts	1,258,768	1,126,703
Net patient service revenue	<u>13,921,381</u>	<u>14,031,660</u>
Meaningful use revenue	400,063	-
Other operating revenues	462,310	418,338
Net assets released from restriction for operations	132,233	123,411
Total unrestricted revenues and other support	<u>14,915,987</u>	<u>14,573,409</u>
Operating expenses		
Salaries and wages	4,440,410	4,434,746
Employee benefits	1,626,618	1,528,428
Professional fees and wages	2,281,028	2,330,926
Supplies and other expense	5,259,323	4,600,167
Medicaid enhancement tax	657,353	593,177
Depreciation	589,713	649,083
Interest	2,823	11,166
Total operating expenses	<u>14,857,268</u>	<u>14,147,693</u>
Income from operations	<u>58,719</u>	<u>425,716</u>
Non-operating gains (losses)		
Investment income, net	589,326	901,088
Town appropriations	19,850	20,400
Unrestricted gifts and bequests	5,472	7,753
Loss on disposal or abandonment of equipment	(23,186)	(28,577)
Other	12,297	29,056
Non-operating gains (losses), net	<u>603,759</u>	<u>929,720</u>
Excess of revenues over expenses	<u>662,478</u>	<u>1,355,436</u>
Other changes in unrestricted net assets		
Net assets released from restrictions for capital expenditures	1,511	570,029
Total changes in unrestricted net assets	<u>1,511</u>	<u>570,029</u>
Increase in unrestricted net assets	663,989	1,925,465
Unrestricted net assets, beginning of year	<u>12,521,395</u>	<u>10,595,930</u>
Unrestricted net assets, end of year	<u>\$ 13,185,384</u>	<u>\$ 12,521,395</u>

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Statements of Changes in Net Assets

For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted net assets		
Excess of revenues over expenses	\$ 662,478	\$ 1,355,436
Net assets released from restrictions for capital expenditures	1,511	570,029
Change in unrestricted net assets	<u>663,989</u>	<u>1,925,465</u>
Temporarily restricted net assets		
Investment income	24,864	22,668
Change in market valuation on investments	11,473	90,878
Net assets released from restrictions used for operations	(132,233)	(123,411)
Net assets released from restrictions used for capital expenditures	(1,511)	(570,029)
Endowment investment income	9,331	9,099
Endowment change in market valuation on investments	8,989	18,326
Reclassification	-	(3,885)
Change in temporarily restricted net assets	<u>(79,087)</u>	<u>(556,354)</u>
Permanently restricted net assets		
Reclassification	-	3,885
Change in permanently restricted net assets	<u>-</u>	<u>3,885</u>
Change in net assets	584,902	1,372,996
Net assets, beginning of year	<u>13,123,402</u>	<u>11,750,406</u>
Net assets, end of year	<u>\$ 13,708,304</u>	<u>\$ 13,123,402</u>

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Statements of Cash Flows

For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 584,902	\$ 1,372,996
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	589,713	649,083
Provision for bad debts	1,258,768	1,126,703
Net change in unrealized gains on investments	(225,665)	(669,424)
Realized gain on investments, net	(238,224)	(174,344)
Loss on disposal or abandonment of equipment	23,186	28,577
(Increase) decrease in the following assets:		
Patient accounts receivable, net	(1,814,848)	(1,065,123)
Meaningful use receivable	(451,156)	-
Other accounts receivable	(219,917)	137,507
Inventories of supplies	(6,983)	(9,296)
Prepaid expenses and other current assets	(101,012)	58,200
Increase (decrease) in the following liabilities:		
Accounts payable	199,819	(257,649)
Accrued salaries and related accounts	10,715	37,522
Deferred revenue	158,497	(9,314)
Due to third-party payors	517,570	721,668
Other accrued expenses	382,221	130,180
Net cash provided by operating activities	<u>667,586</u>	<u>2,077,286</u>
Cash flows from investing activities		
Purchases of property and equipment	(687,531)	(184,414)
Proceeds from sale of property	1,000	-
Proceeds from sale of investments	1,873,249	1,002,611
Purchases of investments	(1,523,467)	(1,158,590)
Net cash used in investing activities	<u>(336,749)</u>	<u>(340,393)</u>
Cash flows from financing activities		
Payments on long-term debt obligation	(317,356)	(276,169)
Payments on capital lease obligation	(10,236)	(10,220)
Net cash used in financing activities	<u>(327,592)</u>	<u>(286,389)</u>
Net increase in cash and cash equivalents	3,245	1,450,504
Cash and cash equivalents, beginning of year	<u>3,729,812</u>	<u>2,279,308</u>
Cash and cash equivalents, end of year	\$ <u>3,733,057</u>	\$ <u>3,729,812</u>

Supplemental Disclosures of Cash Flow Information

Interest paid	\$ <u>2,823</u>	\$ <u>11,166</u>
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Supplemental Disclosures of Non-Cash Transactions

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

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

1. Organization and Summary of Significant Accounting Policies:

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

Summary of Significant Accounting Policies:

a. Basis of Statement Presentation

The accompanying financial statements, which are presented on the accrual basis of accounting, have been prepared consistent with the American Institute of Certified Public Accountants Audit and Accounting Guide, *Health Care Organizations*. In accordance with the provisions of the Audit Guide, net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets

Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

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

Permanently Restricted Net Assets

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

b. Cash and Cash Equivalents

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

c. Receivables

Patient accounts and loans receivable are carried at their estimated collectible amounts. Interest income on applicable loans receivable is recognized using the interest method. Patient credit is generally extended on a short-term basis; thus, trade receivables do not bear interest. Patient accounts receivables are periodically evaluated for collectability based on credit history and current financial condition. Provisions for losses on loans receivable are determined on the basis of loss experience, known and inherent risks, estimated value of collateral and current economic conditions.

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

1. Organization and Summary of Significant Accounting Policies (continued):

d. Inventories

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

e. Assets Whose Use is Limited

Assets set aside by the Board of Trustees for identified purposes, over which the Board retains control and which may, at its discretion, be subsequently used for other purposes, and are classified as noncurrent assets.

f. Property, Plant and Equipment

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

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

g. Investments and Investment Income

Investments in equity securities are reported at readily determinable fair market value. Realized gains or losses on the sale of investment securities are determined by the specific identification method.

Investment income or loss (including unrealized and realized gains and losses on investments, interest and dividends) are included in excess of revenues over expenses classified as nonoperating investment income (loss), unless the income or loss is limited in use by donor restriction.

h. Risk and Uncertainties

Investment securities, including assets limited as to use, are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect the net assets of the Hospital.

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

1. Organization and Summary of Significant Accounting Policies (continued):

i. 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. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. Management believes that adequate provision has been made for adjustments that may result from final determination of amounts earned under these programs.

j. Charity Care

The Hospital provides care to patients who meet certain criteria under its community 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 community care, they are not reported as revenue.

k. Concentration of Credit Risk

Financial instruments that potentially expose the Hospital to concentrations of credit and market risk consist primarily of cash, investments and receivables. Cash is maintained at high-quality financial institutions and credit exposure is not limited to any one institution. The Hospital has not experienced any losses on its cash. The Hospital's investments do not represent significant concentrations of market risk in as much as the Hospital's investment portfolio is adequately diversified among issuers. See Note 18 for concentration of credit risk for receivables.

l. Excess of Revenues Over Expenses

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

m. Donor-Restricted Gifts

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

1. Organization and Summary of Significant Accounting Policies (continued):

n. Income Taxes

The Hospital is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. However, the Hospital is subject to federal income tax on any unrelated business taxable income.

Accounting Standards Codification Subtopic 740-10, *Accounting for Uncertainty in Income Taxes*, addresses the accounting uncertainty of income taxes recognized in an enterprise's financial statements and prescribes a threshold of "more-likely-than-not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Subtopic 740-10 also provides guidance on measurement classification, interest and penalties and disclosure. The Hospital has determined that the provisions of Subtopic 740-10 do not have a material effect on the Hospital's financial statements. The Hospital believes it is no longer subject to examinations for years prior to 2009.

o. Estimates

Management of the Hospital uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

p. Advertising

The Hospital's advertising costs are charged to operations when the advertising first takes place.

q. Reclassification

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 presentation.

r. Deferred Revenue

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

s. Employee Fringe Benefits

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

1. Organization and Summary of Significant Accounting Policies (continued):

t. Electronic Health Records Incentive Program

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving “meaningful use” of certified EHR technology. The Medicare criteria for meaningful use will be staged in three stages from calendar year 2011 through 2016. The Medicaid program provides incentive payments to hospitals as they adopt, and implement, upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to five remaining participating years.

The Hospital recognizes a receivable for unpaid incentive payments at the point when management is reasonably assured it will meet all of the meaningful use objectives and the income is measurable. The total EHR incentive receivable, included in other receivables on the statement of financial position, was \$451,156 for the year ended September 30, 2013.

For the year ended September 30, 2013, the Hospital recorded meaningful use revenue from the Medicaid and Medicare EHR programs of \$400,063. Revenue from the programs is included in other operating revenue. EHR incentive income recognized is based on management’s estimate and amounts are subject to change, with such changes impacting operations in the period changes occur. The final amount for any payment year under both programs is determined based upon an audit by the fiscal intermediary and may be subject to repayment upon a determination of noncompliance.

u. Recent Accounting Pronouncements

In October 2012, the FASB issued Accounting Standards Update 2012-05 Statement of Cash Flows Topic 230. The update requires that not-for-profit entities (NFP) classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any NFP-imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the NFP. The amendments in the ASU are effective prospectively for fiscal years beginning after June 15, 2013. Retrospective application to all periods presented upon the date of adoption is permitted. Early adoption from the beginning of the fiscal year of adoption is permitted.

In February 2013, the FASB issued clarification ASU No. 2013-03, Financial Instruments (Topic 825): Clarifying the Scope and Applicability of a Particular Disclosure for Nonpublic Entities. The amendment clarifies the scope and applicability of a disclosure exemption that resulted from the issuance of Account Standards Update No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure in U.S. GAAP and IFRS. The amendment clarifies that the requirement to disclose the level of the fair value hierarchy within which fair value measurements are categorized in their entirety (Level 1, 2 or 3) does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position, but for which fair value is disclosed.

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

2. Net Patient Service Revenue and Patient Accounts Receivable:

Net Patient Service Revenue

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

	<u>2013</u>	<u>2012</u>
Gross patient service revenue	\$ 24,899,100	\$ 23,597,383
Plus: Medicaid disproportionate share hospital payments	1,318,938	1,145,951
Less: charity care	679,363	701,937
Less: contractual allowances	<u>10,358,526</u>	<u>8,883,034</u>
Patient service revenue, net	15,180,149	15,158,363
Less: provision for bad debt	<u>1,258,768</u>	<u>1,126,703</u>
Net patient service revenue	\$ <u>13,921,381</u>	\$ <u>14,031,660</u>

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

The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's cost reports have been audited or desk reviewed by the Medicare fiscal intermediary through September 30, 2008.

Medicaid – Inpatient services rendered to New Hampshire Medicaid program beneficiaries are reimbursed on a prospectively determined per case basis. Outpatient services are reimbursed under a prospectively determined rate per charge for laboratory and certain diagnostic services and a cost reimbursement methodology for all other outpatient services. These outpatient services are reimbursed at an interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's cost reports have been audited or desk reviewed by the fiscal intermediary through September 30, 2008.

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

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

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

Patient Accounts Receivable

Patient accounts receivables are stated net of estimated contractual allowances and allowance for doubtful accounts as follows at September 30.

	<u>2013</u>	<u>2012</u>
Patient accounts receivable	\$ 4,888,680	\$ 3,823,658
LESS: Allowance for uncollectible accounts	1,217,198	1,112,444
Reserve for contractual allowances	<u>1,659,478</u>	<u>1,255,290</u>
Patient accounts receivable, net	\$ <u>2,012,004</u>	\$ <u>1,455,924</u>

Patient accounts receivable are reduced by an allowance for doubtful account. In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with service provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients, including both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for only part of the bill, the Hospital records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

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

	<u>2013</u>	<u>2012</u>
Allowance for doubtful accounts as percentage of patient accounts receivables, net of contractual	<u>38%</u>	<u>43%</u>
Accounts receivables written off during the year	\$ <u>1,154,014</u>	\$ <u>1,029,759</u>

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

3. Charity Care:

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies and equivalent service statistics. The estimated expense incurred to provide charity care totaling \$679,363 and \$701,937 for the years ended September 30, 2013 and 2012 was \$379,896 and \$420,685, respectively.

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

	<u>2013</u>	<u>2012</u>
Percentage of charity cost to total hospital operating expenses	<u>2.56%</u>	<u>2.97%</u>

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

	<u>2013</u>		<u>2012</u>	
	<u>Charity</u>	<u>% of Total</u>	<u>Charity</u>	<u>% of Total</u>
Inpatient admissions	43	11%	30	9%
Outpatient visits	907	5%	826	5%

Community Care

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

Third-Party Payor Losses

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

	<u>2013</u>	<u>2012</u>
Inpatient and outpatient services:		
Medicare	\$ 6,128,995	\$ 4,851,787
Medicaid	<u>2,281,224</u>	<u>1,845,164</u>
	\$ <u>8,410,219</u>	\$ <u>6,696,951</u>

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

4. Inventories of Supplies:

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

	<u>2013</u>	<u>2012</u>
Dietary	\$ 14,220	\$ 13,053
Medical	121,427	108,538
Pharmacy	143,629	150,914
Other	<u>16,496</u>	<u>16,284</u>
	\$ <u>295,772</u>	\$ <u>288,789</u>

5. Property, Plant and Equipment:

Property, plant and equipment, at cost, are summarized as follows:

	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 241,255	\$ 241,255
Buildings	4,161,476	4,168,991
Fixed equipment	2,333,373	2,209,940
Moveable equipment	4,073,904	3,770,946
Construction in progress	<u>121,642</u>	<u>11,950</u>
	10,931,650	10,403,082
LESS: Accumulated depreciation and amortization	<u>6,758,572</u>	<u>6,303,636</u>
	\$ <u>4,173,078</u>	\$ <u>4,099,446</u>

Construction in progress consists of a generator project that has a current cost of \$121,642 that was completed in November 2013 for a total cost of \$296,000.

6. Investments and Investment Income:

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

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

	<u>2013</u>	<u>2012</u>
Board designated funds	\$ 7,316,298	\$ 7,123,104
Temporarily restricted funds	449,850	528,937
Permanently restricted funds	<u>73,070</u>	<u>73,070</u>
	\$ <u>7,839,218</u>	\$ <u>7,725,111</u>

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

6. Investments and Investment Income (continued):

Investments consisted of the following as of September 30:

	<u>2013</u>		<u>2012</u>	
	<u>COST</u>	<u>MARKET</u>	<u>COST</u>	<u>MARKET</u>
Investments whose use is limited -				
Pooled investments				
Highly liquid short-term investments	\$ 357,429	\$ 357,429	\$ 552,757	\$ 552,757
Bonds	3,084,959	3,180,549	3,023,217	3,242,481
Stocks	<u>3,285,518</u>	<u>4,299,899</u>	<u>3,113,272</u>	<u>3,778,562</u>
	<u>6,727,906</u>	<u>7,837,877</u>	<u>6,689,246</u>	<u>7,573,800</u>
Cash and cash equivalents	<u>1,341</u>	<u>1,341</u>	<u>151,311</u>	<u>151,311</u>
Total investments	\$ <u>6,729,247</u>	\$ <u>7,839,218</u>	\$ <u>6,840,557</u>	\$ <u>7,725,111</u>

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

	<u>2013</u>		<u>2012</u>	
	<u>General Funds</u>	<u>Donor-Restricted Funds</u>	<u>General Funds</u>	<u>Donor-Restricted Funds</u>
Gross unrealized gains	\$ 1,035,149	\$ 74,820	\$ 800,522	\$ 84,031
Gross unrealized losses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net unrealized gains (losses)	\$ <u>1,035,149</u>	\$ <u>74,820</u>	\$ <u>800,552</u>	\$ <u>84,031</u>

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

	<u>2013</u>		<u>2012</u>	
	<u>General Funds</u>	<u>Donor-Restricted Funds</u>	<u>General Funds</u>	<u>Donor-Restricted Funds</u>
Realized gains	\$ 247,504	\$ 17,546	\$ 687,862	\$ 61,966
Realized losses	<u>(25,050)</u>	<u>(1,776)</u>	<u>(76,002)</u>	<u>(6,846)</u>
Net realized gains (losses)	\$ <u>222,454</u>	\$ <u>15,770</u>	\$ <u>611,860</u>	\$ <u>55,120</u>

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

7. Fair Value Measurements:

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

Cash and cash equivalents

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

Internally designated investments and assets limited as to use

Fair values are based on quoted market prices.

Patient accounts receivable

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

Accounts payable and accrued expenses

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

Due to third-party payors

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

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

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

- Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I include listed equities held in the name of the Hospital, and exclude listed equities and other securities held indirectly through commingled funds.
- Level II – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Judgment about inputs into the determination of fair value shall be developed based on the best information available in the circumstances.

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

7. Fair Value Measurements (continued):

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

The following table presents the financial instruments carried at fair value as of September 30, 2013 and 2012 by FASB ASC Topics 820 and 825 valuation hierarchy defined above.

	<u>Assets at Fair Value as of September 30, 2013</u>			
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 358,769	\$ -	\$ -	\$ 358,769
Fixed Income				
Taxable Municipal Bonds	317,069	-	-	317,069
Government Agency Bonds	481,481	-	-	481,481
U.S. Corporate Bonds	1,286,410	-	-	1,286,410
Taxable Fixed Income Funds	985,230	-	-	985,230
Foreign Corporate Bonds	110,361	-	-	110,361
Equities				
U.S. Energy	256,665	-	-	256,665
U.S. Health Care	390,137	-	-	390,137
U.S. Technology	449,097	-	-	449,097
U.S. Utilities	61,248	-	-	61,248
U.S. Consumer	390,433	-	-	390,433
U.S. Financial	461,675	-	-	461,675
U.S. Industrial	402,812	-	-	402,812
U.S. Materials	81,786	-	-	81,786
U.S. Staples	248,148	-	-	248,148
U.S. Telecom	65,525	-	-	65,525
Mutual Funds				
U.S. Mid Cap	499,284	-	-	499,284
U.S. Small Cap	393,701	-	-	393,701
International	376,181	-	-	376,181
Private Equity	<u>223,206</u>	<u>-</u>	<u>-</u>	<u>223,206</u>
Total assets at fair value	\$ <u>7,839,218</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,839,218</u>

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

7. Fair Value Measurements (continued):

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

The Hospital's financial instruments consist of cash and cash equivalents, marketable securities, trade accounts receivable and payable, estimated third-party payor settlements and long-term debt. The fair values of all financial instruments approximate their carrying values at September 30, 2013.

8. Endowment:

Return Objectives and Risk Parameters

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

8. Endowment (continued):

Strategies Employed for Achieving Objectives

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

Endowment Net Asset Composition by Type of Fund as of September 30, 2013

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 97,133	\$ 73,070	\$ 170,203
Total funds	<u>\$ 97,133</u>	<u>\$ 73,070</u>	<u>\$ 170,203</u>
Endowment net assets, beginning of year	\$ 87,986	\$ 73,070	\$ 161,056
Investment return:			
Investment gain	9,331	-	9,331
Net appreciation (realized and unrealized)	<u>8,989</u>	<u>-</u>	<u>8,989</u>
Total investment return	<u>18,320</u>	<u>-</u>	<u>18,320</u>
Appropriation of endowment assets for expenditure	<u>(9,173)</u>	<u>-</u>	<u>(9,173)</u>
Endowment net assets, end of year	<u>\$ 97,133</u>	<u>\$ 73,070</u>	<u>\$ 170,203</u>

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

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

9. Long-Term Debt:

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

	<u>2013</u>	<u>2012</u>
Promissory note to Mary Hitchcock Memorial Hospital, due in monthly installments of varying principal payments plus variable interest determined by the lesser of 5.8% or SIFMA, beginning November 1, 2010 through November 2018. This note is secured by a first mortgage on real estate, a priority security interest in gross receipts and a priority security interest in cash and securities of \$1 million.	\$ 1,188,946	\$ 1,398,555
Promissory note to Baxter Healthcare Corporation, due in monthly installments of \$4,604, non-interest bearing, beginning November 1, 2011 through November 2014, secured by certain equipment.	55,247	110,494
Promissory note to T-Systems, due in monthly installments of \$5,833, non-interest bearing, beginning August 1, 2012 and paid off in July 2013, secured by certain equipment.	-	<u>52,500</u>
	<u>1,244,193</u>	<u>1,561,549</u>
LESS: Current portion	<u>271,233</u>	<u>328,397</u>
	\$ <u>972,960</u>	\$ <u>1,233,152</u>

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

In connection with the Mary Hitchcock Memorial Hospital debt agreement, the Hospital has agreed to comply with specific covenants. As of September 30, 2013, the Hospital was in compliance with all covenants.

Aggregate maturities of long-term debt as of September 30, 2013 are as follows.

2014 (included in current liabilities)	\$ 271,233
2015	222,555
2016	229,324
2017	236,299
2018	243,487
Thereafter	<u>41,295</u>
	\$ <u>1,244,193</u>

10. Capital Lease Obligation:

During the year ended September 30, 2010, the Hospital acquired several pieces of equipment under a capital lease. The equipment is recorded on the Hospital's books at September 30, 2013 and 2012 as capital lease equipment at a cost of \$47,000. The equipment is being amortized on a straight-line basis over five years using the half-year convention. Accumulated amortization on the leased equipment was \$32,900 and \$23,500 at September 30, 2013 and 2012, respectively.

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

10. Capital Lease Obligation (continued):

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

2014	\$ <u>11,485</u>
Total minimum lease payments	11,485
LESS: Amount representing interest	<u>459</u>
	11,026
Current maturity capital lease	<u>11,026</u>
Long-term capital lease obligation	\$ <u>-</u>

11. Pension Plan:

The Hospital has a defined contribution pension plan that covers substantially all full-time employees. The Hospital contributes to the plan upon the employee's completion of two years of uninterrupted services. The contribution is based upon several variables including compensation and length of employment. The pension expense for the years ended September 30, 2013 and 2012 was \$54,177 and \$37,343, respectively.

12. Commitments and Contingencies:

New England Alliance for Health

The Hospital has been a member of New England Alliance for Health (NEAH) since NEAH's inception on January 1, 2009. As a member, the Hospital receives core services including quality improvement/loss prevention, financial planning and benchmarking, materials management and pharmacy services, professional staff education and development, information services and program administration. The Hospital paid NEAH approximately \$147,000 and \$146,000 for services and insurance during the years ended September 30, 2013 and 2012, respectively.

Effective October 1, 2008, the Hospital insures its comprehensive general liability and professional liability exposures on a claims-made basis, including prior acts coverage, with a commercial carrier. The coverage is provided by primary and excess insurance policies subject to shared policy limits with other selected NEAH entities (nine other healthcare entities located in Massachusetts, New Hampshire and Vermont). The policies are renewable on an annual basis and have been renewed through September 30, 2014. All known significant asserted and unasserted claims alleging malpractice have been communicated to the insurer who is responsible for resolving the claim and the related costs of litigation. An event is insured at the time it is reported to the insurer even if a claim is not yet asserted. Generally Accepted Accounting Principles require the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Hospital has accrued \$200,000 for a malpractice claim at September 30, 2013, as well recorded a \$200,000 receivable for the insurance recovery associated with the malpractice claim. The possibility exists, which is a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the Hospital.

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

12. Commitments and Contingencies (continued):

Operating Leases

The Hospital leases various equipment and facilities under operating leases expiring at various dates through 2017. Total rental expense was \$240,618 and \$276,877 for the years ended September 30, 2013 and 2012, 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:

2014	\$ 183,672
2015	109,924
2016	33,216
2017	<u>23,301</u>
Total future minimum lease payments	\$ <u>350,113</u>

Outsourcing and Statement Processing Agreement

The Hospital has a year-to-year agreement that automatically extends for statement processing. The Hospital also has a two year agreement with the same company for business office outsourcing support services and statement processing effective until June 30, 2015. The agreements can be terminated by either party with 60 days' written notice to the other party of its intent to terminate as of such expiration date. Under the business office outsourcing support services agreement, the Hospital agrees to pay a percentage of total cash collections under this agreement. Under the statement processing agreement, the Hospital agrees to pay an amount per statement/collection letter processed and patient friendly billing statement. The Hospital expensed \$342,659 and \$432,263 under these agreements for the years ended September 30, 2013 and 2012, respectively.

Contractual Services

The Hospital was receiving limited management services from Weeks Medical Center (WMC), a neighboring hospital, located in Lancaster, New Hampshire. These services consisted of limited financial management oversight two days per week. The Hospital paid for these services based on the allocated salary and benefits of the personnel performing these services, which were \$14,963 and \$60,855 for the years ended September 30, 2013 and 2012, respectively. These services are now being provided through Northern New Hampshire Healthcare Collaborative.

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

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

12. Commitments and Contingencies (continued):

Collaboration

As of July 1, 2012, the Hospital has formed an LLC, Northern New Hampshire Healthcare Collaborative (NNHHCC), with WMC and AVH, to provide a vehicle for shared saving arrangements within Coos County. NNHHCC currently provides management services for the Hospital which consist of the Chief Administrative Officer (CAO) and Chief Financial Officer (CFO). The CAO and CFO positions are paid through NNHHCC effective January 1, 2013.

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

13. Deferred Revenue:

The Hospital has been awarded various grants to provide health programs for low-income, uninsured and underinsured individuals in the Upper Connecticut River Valley, and to prepare the Hospital for a bioterrorism event. The Hospital also received grants from the State of New Hampshire for home health services for certain individuals within the contract guidelines. Monies received and contracts awarded, but not yet earned, have been recorded as deferred revenue. At September 30, 2013 and 2012, \$16,841 and \$15,476, respectively, is included in deferred revenue related to these grants.

14. Related Parties:

Related Party Transactions

The Hospital purchases the following services through Mary Hitchcock Memorial Hospital (MHMH). In 2009, the Hospital joined New England Alliance for Health (NEAH), an LLC owned and managed by MHMH, and pays dues for services to improve the quality of care and contain health care costs. WMC, AVH and MHMH for the years ended September 30, 2013 and 2012 which include:

	<u>2013</u>	<u>2012</u>
Weeks Medical Center		
Financial and health care services	\$ 52,433	\$ 72,713
Androscoggin Valley Hospital		
Health care and laundry services	681,758	605,611
Mary Hitchcock Memorial Hospital		
Health care services	7,648	583

As of September 30, 2013 and 2012, related party liabilities of \$36,107 and \$33,657, respectively, are included in accounts payable and accrued expenses from AVH, MHMH and WMC. As of September 30, 2013 and 2012, \$15,929 and \$30,977, respectively, of related party receivables from WMC and AVH is included in other accounts receivable.

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

15. Temporarily Restricted Net Assets:

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

	<u>2013</u>	<u>2012</u>
Indigent care	\$ 351,326	\$ 438,049
Endowment accumulated earnings	97,133	87,986
Other	<u>1,391</u>	<u>2,902</u>
	\$ <u>449,850</u>	\$ <u>528,937</u>

16. Permanently Restricted Net Assets:

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

	<u>2013</u>	<u>2012</u>
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as nonoperating income)	\$ <u>73,070</u>	\$ <u>73,070</u>

17. Functional Expenses:

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

	<u>2013</u>	<u>2012</u>
Health care services	\$ 11,816,403	\$ 11,304,179
General and administrative	<u>3,040,865</u>	<u>2,843,514</u>
	\$ <u>14,857,268</u>	\$ <u>14,147,693</u>

18. Concentration of Credit Risk:

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

	<u>2013</u>	<u>2012</u>
Medicare	37%	39%
Medicaid	16%	12%
Blue Cross	4%	9%
Health maintenance organizations	16%	13%
Patient and other third-party payors	<u>27%</u>	<u>27%</u>
	<u>100%</u>	<u>100%</u>

UPPER CONNECTICUT VALLEY HOSPITAL ASSOCIATION

Notes to Financial Statements

As of and for the Years Ended September 30, 2013 and 2012

19. Estimated Third-Party Settlements:

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

Revenue from the Medicare and Medicaid program accounted for approximately 71 and 67 percent of the Hospital's gross patient revenue for the years ended September 30, 2013 and 2012, respectively. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2012 net patient service revenue increased approximately \$437,000 due to adjustments to allowances previously estimated that are no longer necessary as a result of final settlements and adjustments based upon filed cost reports.

20. DSH Payments and Medicaid Enhancement Tax:

Medicaid disproportionate share hospital (DSH) payments provide financial assistance to hospitals that serve a large number of low-income patients. The federal government distributes federal DSH funds to each state based on a statutory formula. The states, in turn, distribute their portion of the DSH funding among qualifying hospitals. The states are to use their federal DSH allotments to help cover costs of hospitals that provide care to low-income patients when those costs are not covered by other payers. DSH payments are reported as a component of net patient service revenue. DSH payments totaled \$1,318,938 and \$1,145,951 for the years ended September 30, 2013 and 2012, respectively.

Effective June 20, 1991, the State of New Hampshire imposed a tax on the net patient service revenue of every hospital in the state. The Hospital identifies the Medicaid enhancement tax as a separate expense line item. Medicaid enhancement tax totaled \$657,353 and \$593,177 for the years ended September 30, 2013 and 2012, respectively.

21. Subsequent Events:

The Hospital has reviewed events occurring after September 30, 2013 through December 5, 2013 the date the board of trustees accepted the final draft of the financial statements and made them available to be issued. The Hospital does not believe that any events requiring recognition or disclosure have occurred between the period of September 30, 2013 and the report date, December 5, 2013. The Hospital has not reviewed events occurring after the report date for their potential impact on the information contained in these financial statements.