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Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

☐ Yes ☒ No

1

Briefly describe the organization’s mission

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

2

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

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

3

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

If "Yes," describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 45,314,610 including grants of \$) (Revenue \$ 46,023,344)

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

4b

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

4c

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

4d

Other program services (Describe in Schedule O)























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

4e

Total program service expenses

45,314,610

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants or 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 25a</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

☐

		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	140			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	525			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a				No
b	If "Yes," has it filed a Form 990-T for this year? <i>If "No" to line 3b, provide an explanation in Schedule O.</i>	3b				
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a				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?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	Yes			
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10	Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11	Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a				
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13	Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? <i>If "No," provide an explanation in Schedule O.</i>	14b				

Part VI

Governance, Management, and Disclosure

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

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	15	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	11	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶NH
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶Jeremy Roberge PO Box 912 Wolfeboro, NH 03894 (603) 569-7510

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

Check if Schedule O contains a response or note to any line in this Part VII

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Stephen Wainwright Trustee	1 00	X						0	0	0
(2) Cecile M Chase Secretary	1 00	X		X				0	0	0
(3) Timothy Sullivan Chairman	1 00	X		X				0	0	0
(4) John J Daigneault CPA CVA Treasurer	1 00	X		X				0	0	0
(5) Michael Connelly CPA President	40 00 1 00	X		X				394,708	0	5,100
(6) David Booth Trustee	1 00	X						0	0	0
(7) Judith Cole APRN Trustee	20 00	X						52,996	0	18,784
(8) James Cubeddu PA-C Trustee	40 00	X						98,102	0	9,922
(9) George Walker Trustee	1 00	X						0	0	0
(10) Kathy Barnard Trustee	1 00	X						0	0	0
(11) Leslie MacLeod Vice Chairman	1 00	X		X				0	0	0
(12) Roy C Ballentine CLU ChFC CFP Trustee	1 00	X						0	0	0
(13) Howie Knight Assistant Treasurer	1 00	X		X				0	0	0
(14) Eric Lewis MD Trustee	40 00	X						195,017	0	22,887
(15) William M Marsh MD Trustee	1 00	X						0	0	0
(16) Timothy Pinard MD Past Trustee	40 00	X						188,085	0	30,803
(17) Jeremy Roberge CFO	40 00 1 00			X				191,186	0	18,214

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	2,907,157	0	247,738

2

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>
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>
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>

Section B. Independent Contractors

1

Central NH ER Associates PA 6 Pickett Fence Road Meredith NH 03253	ER Physicians	1,801,852
Comphealth Associates Inc PO Box 972651 Dallas TX 75397	Locums	673,813
Staff Care Inc PO Box 281923 Atlanta GA 30384	Locums	326,763
Francis J Tranfa MD, PO Box 306 Melvin Village NH 03850	Anesthesiologist	225,696
Dan Balser, 24 Brice Lane Brookfield NH 03872	Anesthesiologist	200,000

2

Part VIII

Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A)	(B)	(C)	(D)
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a			
	b	Membership dues	1b			
	c	Fundraising events	1c	31,346		
	d	Related organizations	1d			
	e	Government grants (contributions)	1e			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	783,173		
	g	Noncash contributions included in lines 1a-1f \$		253,402		
	h	Total. Add lines 1a-1f		814,519		
Program Service Revenue	2a	Patient Service Revenue	Business Code			
			621990	96,557,446	96,557,446	
	b	Miscellaneous	621990	1,776,489	741,462	1,035,027
	c	Provision for Bad Debts	621990	-4,949,619	-4,949,619	
	d	Contractual/Char Adj	621990	-47,360,972	-47,360,972	
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f		46,023,344		
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		700,880		700,880
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents	(i) Real	(ii) Personal		
			112,093			
	b	Less rental expenses		0		
	c	Rental income or (loss)		112,093		
	d	Net rental income or (loss)		112,093		112,093
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
			11,674,661			
	b	Less cost or other basis and sales expenses		10,531,390	82,235	
	c	Gain or (loss)		1,143,271	-82,235	
	d	Net gain or (loss)		1,061,036		1,061,036
	8a	Gross income from fundraising events (not including \$ 31,346 of contributions reported on line 1c) See Part IV, line 18				
			a	16,607		
	b	Less direct expenses	b	13,758		
	c	Net income or (loss) from fundraising events		2,849		2,849
	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						
b						
c						
d	All other revenue					
e	Total. Add lines 11a-11d					
12	Total revenue. See Instructions		48,714,721	44,988,317	0	2,911,885

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 or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,563,223	954,015	609,208	
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.	22,371,241	19,440,205	2,840,266	90,770
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	730,176	627,464	99,828	2,884
9	Other employee benefits.	2,493,592	2,123,578	360,095	9,919
10	Payroll taxes.	1,386,748	1,181,839	199,621	5,288
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	114,482	97,939	16,543	
c	Accounting.	67,547	57,786	9,761	
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).	3,622,283	3,084,452	520,986	16,845
12	Advertising and promotion.	179,474	153,540	25,934	
13	Office expenses.	1,477,359	1,251,818	211,441	14,100
14	Information technology.	233,552	199,804	33,748	
15	Royalties.				
16	Occupancy.	5,027,023	4,300,618	726,405	
17	Travel.	20,425	17,474	2,951	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	1,415,609	1,211,053	204,556	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	4,800,677	4,106,979	693,698	
23	Insurance.	1,009,442	863,578	145,864	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	Medical Supplies	3,658,720	3,130,035	528,685	
b	Medicaid Provider Tax	2,734,714	2,339,548	395,166	
c	Miscellaneous	235,811	172,885	29,201	33,725
d					
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e.	53,142,098	45,314,610	7,653,957	173,531
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		7,987,049	1	5,247,425
	2	Savings and temporary cash investments		9,151,036	2	4,781,416
	3	Pledges and grants receivable, net		206,595	3	107,500
	4	Accounts receivable, net		5,604,411	4	5,660,764
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		57,351	5	52,951
	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		439,137	8	483,305
	9	Prepaid expenses and deferred charges		231,220	9	509,128
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a81,480,775			
	b	Less: accumulated depreciation	10b28,857,592	56,059,022	10c	52,623,183
	11	Investments—publicly traded securities		23,573,689	11	33,630,220
	12	Investments—other securities. See Part IV, line 11			12	
	13	Investments—program-related. See Part IV, line 11			13	
	14	Intangible assets		531,275	14	508,809
	15	Other assets. See Part IV, line 11		2,415,126	15	2,186,999
	16	Total assets. Add lines 1 through 15 (must equal line 34)		106,255,911	16	105,791,700
Liabilities	17	Accounts payable and accrued expenses		8,022,229	17	8,260,966
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		24,595,000	20	24,275,000
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		533,055	23	449,120
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		7,105,800	25	11,426,515
	26	Total liabilities. Add lines 17 through 25		40,256,084	26	44,411,601
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		53,548,995	27	49,462,861
	28	Temporarily restricted net assets		8,952,860	28	8,407,226
	29	Permanently restricted net assets		3,497,972	29	3,510,012
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		65,999,827	33	61,380,099
	34	Total liabilities and net assets/fund balances		106,255,911	34	105,791,700

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	48,714,721
2	Total expenses (must equal Part IX, column (A), line 25)	2	53,142,098
3	Revenue less expenses Subtract line 2 from line 1	3	-4,427,377
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	65,999,827
5	Net unrealized gains (losses) on investments	5	709,112
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	-901,463
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	61,380,099

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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)

Department of the
Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization Huggins Hospital	Employer identification number 02-0223332
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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	<input type="checkbox"/>	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	<input type="checkbox"/>	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	<input type="checkbox"/>	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	<input type="checkbox"/>	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	<input type="checkbox"/>	An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III)
10	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	<input type="checkbox"/>	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 <input type="checkbox"/> Type I b <input type="checkbox"/> Type II c <input type="checkbox"/> Type III - Functionally integrated d <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Provide the following information about the supported organization(s)

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

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

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f))	14		
15 Public support percentage for 2012 Schedule A, Part II, line 14	15		
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. 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—2012. 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.** 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

Return Reference	Explanation	
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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. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public
Inspection

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

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

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

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

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

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

Name of the organization Huggins Hospital	Employer identification number 02-0223332
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If "Yes," describe in Part IV	

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

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

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		11,056
j	Total. Add lines 1c through 1i.			11,056
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

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.

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

[illegible]

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Huggins Hospital

Employer identification number
02-0223332

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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

	Held at the End of the Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

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

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

Part III

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

- 3
- Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)
- a

☐

Public exhibition

b

☐

Scholarly research

c

☐

Preservation for future generations

d

☐

Loan or exchange programs

e

☐

Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

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

☐

Yes

☐

No

Part IV

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

- 1a

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

☐

Yes

☐

No
- b

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

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	
- 2a

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

☐

Yes

☐

No
- b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	10,839,793	10,445,409	9,500,670	9,918,249	9,805,179
b Contributions	12,040	6,065	7,819	9,152	5,125
c Net investment earnings, gains, and losses	766,867	702,496	1,570,384	-307,873	376,905
d Grants or scholarships					
e Other expenditures for facilities and programs	351,431	314,177	633,464	118,858	268,960
f Administrative expenses					
g End of year balance	11,267,269	10,839,793	10,445,409	9,500,670	9,918,249

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

Board designated or quasi-endowment

0 %
- b

Permanent endowment

31 150 %
- c

Temporarily restricted endowment

68 850 %
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations

3a(i)

☐

Yes

☐

No
- (ii) related organizations

3a(ii)

☐

Yes

☐

No

b

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

3b

☐

Yes

☐

No

4

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

Part VI

Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,638,475		1,638,475
b Buildings		52,851,306	14,227,749	38,623,557
c Leasehold improvements				
d Equipment		20,337,862	12,688,271	7,649,591
e Other		6,653,132	1,941,572	4,711,560
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				52,623,183

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII

Supplemental Information

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.

Return Reference	Explanation
Part V, Line 4	The intended use of the endowment fund is to support health care services including indigent care, health education, adult daycare as well as capital improvements and acquisitions

[illegible]

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

▶ Information about Schedule G (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization Huggins Hospital	Employer identification number 02-0223332
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Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.
Form 990-EZ filers are not required to complete this part.

- 1

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

☐ Mail solicitations
- e

☐ Solicitation of non-government grants
- b

☐ Internet and email solicitations
- f

☐ Solicitation of government grants
- c

☐ Phone solicitations
- g

☐ Special fundraising events
- d

☐ In-person solicitations
- 2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes

☐ No
- b

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

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total ▶						

- 3

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

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

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		2014 Golf Tournament (event type)	(event type)	(total number)	(add col (a) through col (c))
Revenue	1	Gross receipts	47,953		47,953
	2	Less Contributions . .	31,346		31,346
	3	Gross income (line 1 minus line 2)	16,607		16,607
Direct Expenses	4	Cash prizes			
	5	Noncash prizes . .	3,167		3,167
	6	Rent/facility costs . .			
	7	Food and beverages .	6,807		6,807
	8	Entertainment			
	9	Other direct expenses .	3,784		3,784
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Subtract line 10 from line 3, column (d) ▶			

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

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

12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

☐ Yes ☐ No

13

Indicate the percentage of gaming activity operated in

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

14

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

Name ▶

Address ▶

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

☐ Yes ☐ No

b

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

c

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

Name ▶

Address ▶

16

Gaming manager information

Name ▶

Gaming manager compensation ▶ \$

Description of services provided ▶

☐ Director/officer

☐ Employee

☐ Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

☐ Yes ☐ No

b

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

Part IV

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

Return Reference	Explanation
------------------	-------------

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
► Attach to Form 990. ► See separate instructions.
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Huggins Hospital

Employer identification number
02-0223332

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			1,893,263	908,824	984,439	1 850 %
b Medicaid (from Worksheet 3, column a)			3,956,327	3,079,683	876,644	1 650 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			5,849,590	3,988,507	1,861,083	3 500 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			113,918		113,918	0 210 %
f Health professions education (from Worksheet 5)			344,347		344,347	0 650 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			50,519		50,519	0 100 %
j Total. Other Benefits			508,784		508,784	0 960 %
k Total. Add lines 7d and 7j			6,358,374	3,988,507	2,369,867	4 460 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing			195		195	0 %
2Economic development			8,669		8,669	0 020 %
3Community support			20,662		20,662	0 040 %
4Environmental improvements						
5Leadership development and training for community members			4,221		4,221	0 010 %
6Coalition building			29,667		29,667	0 060 %
7Community health improvement advocacy			15,607		15,607	0 030 %
8Workforce development						
9Other						
10Total			79,021		79,021	0 160 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1

Yes

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

2

2,444,988

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

0

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements

Section B. Medicare

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

5

15,721,814

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

6

15,721,814

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

7

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

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

9a

Yes

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

9b

Yes

Part IVManagement Companies and Joint Ventures

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

Name, address, primary website address, and state license number

		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
	See Additional Data Table										

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)1

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

Part V

Facility Information (continued)

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

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 individuals regarding the individuals' bills

d ☒ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy

e ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b <input checked="" type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d <input type="checkbox"/> Other (describe in Part VI)		
21 During the tax year, did the hospital facility charge any FAP-eligible individual 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 individual 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. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

[illegible]

Part V

Facility Information *(continued)*

Section D. 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

Provide the following information

- 1** **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2** **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
Part I, Line 7	The amounts reported on Lines 7a & 7b were computed using a cost-to-charge ratio

Form and Line Reference	Explanation
Part II, Community Building Activities	<p>Community-building activities include cash, in-kind donations, and budgeted expenditures for the development of programs and partnerships intended to address social and economic determinants of health. Sub-categories in this area include Line 2, Economic Development. Huggins Hospital is the New Hampshire Eastern Lakes Region's primary economic driver as being its largest private employer and providing assurance to year-round and seasonal residents, and visitors that critical access health care is available 24/7 every day of the year. The economic health and quality of life of the Region hinges on the financial strength of the Hospital. Huggins Hospital President & CEO Michael Connelly was appointed by the Governor to sit on the State of New Hampshire's Commission on Rural Affairs, a development committee for studying and recommending public policy that specifically affects rural areas and rural people. Mr. Connelly also sits on the Wolfeboro Area Chamber of Commerce and the Town Economic Development Committee. Line 3, Community Support. Huggins Hospital works collaboratively with the community to offer high quality, cost-effective care. The Hospital's relationships for promoting better community health include Catholic Medical Center, Brewster Academy, Governor Wentworth Regional School District, Starting Point, Central NH VNA & Hospice, the Child Advocacy Center, Wolfeboro Camp School, Camp Brookwoods, YMCA Camp Belknap and various nursing homes. We have several employees that are specially trained as part of the Carroll County Emergency Preparedness team for the State of New Hampshire. Being designated as part of that team, our employees must attend specialized training and perform drills that stretch across Carroll County. As part of our Emergency Preparedness team mission, Huggins provides flu clinics for all of our surrounding EMS providers. Line 5, Leadership development and training for community members. Ms. Janet Williamson, chair of Huggins Hospital Emergency Preparedness Committee and the Hospital's EMS Interceptor assists in providing continued education to our local EMS providers which she does several times a year. Line 6, Coalition building. In addition to the regional work described above, Mr. Connelly, Huggins CEO, also sits on the Rural Health Coalition of the New Hampshire Hospital Association's Foundation for Health Communities Rural Health Quality Improvement Network. The Rural Health Coalition was created to meet the challenges of an ever-changing healthcare environment by assuring rural New Hampshire residents access to care from essential community providers through community care networks as well as favorably affecting the health status of all residents served in rural environments of New Hampshire. Line 7, Community Health Improvement Advocacy. Employees at Huggins Hospital are professionals in health care and are passionate about improving the health of the community. Not only do the employees sit on numerous health advocacy committees and boards, they also volunteer at other local health care organizations and support community healthcare initiatives including the Carroll County Coalition for Public Health, a nonprofit organization dedicated to improving public health in Carroll County and which operates the Substance Misuse Prevention, Public Health Emergency Preparedness and School-based Flu Immunization Clinic programs. Huggins volunteer coordinator assists in overseeing the regional Medical Reserve Corps (MRC), which is affiliated with the federal government's Division of Civilian Volunteer Medical Reserve Corps, and is open to both medical and non-medical volunteers. Huggins Hospital offers free health education to the community in the form of physician and professional lectures, news stories, and public service announcements. As mentioned above, emergency medical professionals at Huggins Hospital train local EMS for emergency preparedness and strive to improve the quality of emergency care. Huggins Hospital supports other local non-profits that provide needed support outside the hospital's scope of care including mental health agencies and agencies for domestic violence support. This support includes allowing local support groups and a domestic violence prevention agency to use Huggins Hospital space to conduct support groups and other services. These groups include Meals on Wheels, End 68 Hours of Hunger, Starting Point, and more. Line 8, Workforce development. Huggins promotes workforce development through the recruitment of physicians and other health professionals for government-designated medically underserved areas, recruitment of underrepresented minorities, job creation and training programs, participation in community workforce boards, workforce partnerships, and welfare-to-work initiatives, partnerships to address the health care workforce shortage, school and community-based programs on health care careers. Huggins maintains an active internship program in many clinical</p>

Form and Line Reference	Explanation
Part II, Community Building Activities	cal areas

Form and Line Reference	Explanation
Part III, Line 4	<p>Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable. In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purpose of estimating the appropriate amounts for the allowance for doubtful accounts and the provision for bad debts. Data in each major payor source are regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. Specifically, for receivables relating to services provided to patients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad debts are established at varying levels based on the age of the receivables and payor source. For receivables relating to self-pay patients, a provision for doubtful accounts and corresponding allowance for doubtful accounts is made in the period services are rendered based on experience indicating the inability or unwillingness of patients to pay amounts for which they are financially responsible. Actual write-offs are charged against the allowance for doubtful accounts. The Hospital used a cost-to-charge ratio as its costing methodology for amounts reported in Part III, Section A.</p>

Form and Line Reference	Explanation
Part III, Line 8	The Organization used a cost-to-charge ratio as its costing methodology to determine the amount of Medicare allowable costs

Form and Line Reference	Explanation
Part III, Line 9b	As a not-for-profit, tax-exempt, and charitable organization, Huggins Hospital serves all in medical need regardless of ability to pay. The Organization is governed by a volunteer Board of Trustees committed to balancing community needs with our available resources to meet those needs. As a hospital-employed medical staff, all twelve physician practices accept patients regardless of ability to pay.

Form and Line Reference	Explanation
Part VI, Line 2	The Affordable Care Act of 2010 requires not-for-profit hospitals to conduct a Community Health Needs Assessment (CHNA) every three years. Huggins Hospital teamed up with the Central NH VNA and Hospice in 2013 to bring together key healthcare and public service stakeholders, collect quantitative and qualitative data, and reach out to the community in order to elicit feedback directly from them and their service providers. The results of that study formed the Community Health Needs Assessment Implementation Plan in which the hospital describes the greatest needs and, where possible, the plans to address those needs or, where applicable, the reasons why the hospital cannot address any needs. The full report is available upon request or on the hospital's website at www.hugginshospital.org

Form and Line Reference	Explanation
Part VI, Line 3	Huggins Hospital provides a notice to all patients both in the hospital and its physician practices of the financial assistance programs available to them. There is a staff of two financial councilors who work with the uninsured and underinsured to assist in qualifying for Charity Care or a sliding fee schedule depending on the family income. Financial councilors also assist those uninsured in applying for and receiving assistance through the Medicaid program.

Form and Line Reference	Explanation
Part VI, Line 4	Huggins Hospital is a non-profit, rural, Critical Access Hospital. Our community's year round population is approximately 33,000 citizens which expands in the tourist season to about 90,000 residents. Huggins Hospital is the second largest employer in Wolfeboro. The primary service area for Huggins Hospital includes Alton, Brookfield, Effingham, Freedom, Ossipee, Tamworth, Tuftonboro, Wakefield and Wolfeboro. Secondary service areas include parts of Barnstead, Gilford, Moultonborough and New Durham. These towns are located in Carroll, Belknap and Strafford Counties.

Form and Line Reference	Explanation
Part VI, Line 5	Huggins Hospital has played an important role in the Eastern Lakes Region of New Hampshire for more than 100 years, enabling unwavering support to patients and their families, community members, and employees. Gifts made to the Huggins Hospital Trust annual giving program and special initiatives support programs that are important to the region like the Adult Day Program, Diabetes Prevention, Patient Care Coordinator Program and Paramedic Program. The Hospital's professional medical staff has a reputation for excellence in primary care, inpatient and outpatient surgery, medical imaging and diagnostics, gynecology, orthopedics, pediatrics, physical therapy, cardiac and occupational rehabilitation, and emergency services. Other offerings include urology, cardiology, audiology, gastroenterology services and ear, nose & throat. Huggins Hospital provides emergency care to anyone and everyone in the community, or visiting the community, regardless of their ability to pay.

Form and Line Reference	Explanation
Part VI, Line 7, Reports Filed With States	NH

Additional Data

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

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.	
Form and Line Reference	Explanation
Huggins Hospital	
Huggins Hospital	Part V, Section B, Line 4 Huggins Hospital teamed up with the Central NH VNA and Hospice in 2013 to bring together key healthcare and public service stakeholders, collect quantitative and qualitative data, and reach out to the community in order to elicit feedback directly from them and their service providers
Huggins Hospital	Part V, Section B, Line 7 Behavioral Health The issue of behavioral health will not be addressed by Huggins Hospital The Hospital is only a transitional facility for patients with psychiatric and behavioral disorders As a critical access, rural hospital, Huggins Hospital is not able to provide short-term or long-term psychiatric treatment Oral Health Care Huggins Hospital does not have the capacity to provide dental care

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, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Huggins Hospital

Employer identification number
02-0223332

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain</div></div>	1b	
<div><div>2</div><div>Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</div></div>	2	
<div><div>3</div><div>Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III</div><div><div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>	4a	No
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	4b	No
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>	4c	No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of</div></div>		
<div><div>a</div><div>The organization?</div></div>	5a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>	5b	No
<div><div>6</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of</div></div>		
<div><div>a</div><div>The organization?</div></div>	6a	Yes
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	6b	No
<div><div>7</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III</div></div>	7	Yes
<div><div>8</div><div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III</div></div>	8	No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>	9	

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

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

Return Reference	Explanation
Part I, Line 6	Portions of the bonus payment made to Dr Michael Connelly are based in part on the following factors -Huggins Hospital exceeding its prior year's operating results -Huggins Hospital meeting or exceeding its budget for the year
Part I, Line 7	Bonuses paid to Dennis Badman, Eric Lewis, and John S Boornazian are based on relative value units (RVU's) The bonus paid to Jeremy Roberge was objectively measured and data driven, and was based 50% on group goals and 50% on individual goals

Additional Data

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Michael Connelly CPA President	(i)	312,139	32,500	50,069	5,100	0	399,808	0
	(ii)	0	0	0	0	0	0	0
Eric Lewis MD Trustee	(i)	170,623	24,265	129	4,028	18,859	217,904	0
	(ii)	0	0	0	0	0	0	0
Timothy Pinard MD Past Trustee	(i)	188,040	0	45	4,001	26,802	218,888	0
	(ii)	0	0	0	0	0	0	0
Jeremy Roberge CFO	(i)	165,659	25,500	27	3,911	14,303	209,400	0
	(ii)	0	0	0	0	0	0	0
John S Boornazian Chief Medical Officer	(i)	226,195	14,000	129	7,354	17,282	264,960	0
	(ii)	0	0	0	0	0	0	0
George Costello Physician	(i)	314,943	0	129	5,100	19,800	339,972	0
	(ii)	0	0	0	0	0	0	0
Dennis Badman Physician	(i)	229,156	70,896	198	5,100	19,130	324,480	0
	(ii)	0	0	0	0	0	0	0
William Barton General Surgeon	(i)	306,000	0	129	7,650	0	313,779	0
	(ii)	0	0	0	0	0	0	0
Savitri Rambissoon General Surgeon	(i)	315,364	0	30	5,100	27,987	348,481	0
	(ii)	0	0	0	0	0	0	0
Thomas Barton Physician	(i)	309,696	0	198	5,100	22,425	337,419	0
	(ii)	0	0	0	0	0	0	0

Schedule K (Form 990)	<div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.</div> <div>▶ Attach to Form 990. ▶ See separate instructions.</div> <div>▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.</div>		OMB No 1545-0047
			2013
			Open to Public Inspection

Department of the Treasury Internal Revenue Service	Name of the organization Huggins Hospital	Employer identification number 02-0223332
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Part I

Bond Issues

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

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired		350,000		375,000				
2	Amount of bonds legally defeased								
3	Total proceeds of issue		10,000,000		15,000,000				
4	Gross proceeds in reserve funds				1,209,816				
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds		187,687		188,500				
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds		9,812,313		13,490,234				
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2010		2010					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X				
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered**
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,
or Form 990-EZ, Part V, line 38a or 40b.
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**
▶ **Information about Schedule L (Form 990 or 990-EZ) and its instructions is at**
www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

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

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) Paul E DeMası DO	Former Employee	For the purchase of physician practice		X	161,019	52,951	Yes		Yes		Yes	
Total ▶ \$						52,951						

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Jodi C Balint	Family member of James Cubeddu, Trustee	23,547	Employment		No
(2) Jennifer Pinard	Family member of Timothy Pinard, past trustee	39,559	Employment		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
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SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

►Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

►Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Huggins Hospital

Employer identification number
02-0223332

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	2	253,402	Fair Market Value
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► ()				
26 Other ►()				
27 Other ►()				
28 Other ► ()				

29

Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

30a

During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

30a

Yes

No

b

If "Yes," describe the arrangement in Part II

31

Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

31

Yes

No

32a

Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

32a

Yes

b

If "Yes," describe in Part II

33

If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

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

Cat No 51227J

Schedule M (Form 990) (2013)

Part II

Supplemental Information.

Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Return Reference	Explanation
Part I, Line 32b	Contributions of securities are sold through an investment broker All gifts of securities are sold as soon as administratively possible

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.****▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.**

OMB No 1545-0047

2013**Open to Public
Inspection**Name of the organization
Huggins Hospital**Employer identification number**

02-0223332

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section B, line 11	
Form 990, Part VI, Section B, line 12c	A copy of the conflict of interest policy is given to every officer, board member, and key employee on an annual basis, along with an annual disclosure statement. Each person is asked to complete, date and sign the disclosure statement, listing any known financial interest that the individual, or a member of the individual's family, has in any business entity that transacts business with the Organization. The Chairman of the board then reviews and maintains the disclosure statements for future reference. If a conflict arises, the board member will recuse themselves from participation in the deliberations and decisions relating to that conflict.
Form 990, Part VI, Section B, line 15	The Hospital relies on externally available market data to determine the appropriate salary and any incentive compensation for the President as well as other officers and key employees of the organization. Each year, the President provides the Board with a listing of the five highest paid senior staff. Base salary and incentive compensation provided to the President is determined by three members of the Executive Committee of the Board as part of an annual performance review and their recommendation is shared with the full Board for final approval.
Form 990, Part VI, Section C, line 19	The governing documents, conflict of interest policy, and financial statements are made available to the public upon request for inspection in the President's office.
Form 990, Part XI, line 9	Pension Liability Adjustment -518,713 Change in Value of Interest Rate Swap -382,750

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Huggins Hospital

Employer identification number
02-0223332

Part I

Identification of Disregarded Entities

Complete if the organization answered "Yes" on 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" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) Huggins Senior Housing PO Box 912 Wolfeboro, NH 03894 02-0490445	Elderly Housing	NH	N/A	C	660,477	617,932	100 000 %	Yes	

Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on 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

Yes

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

No

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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Huggins Senior Housing	D	893,430	Fair Market Value

Schedule R (Form 990) 2013

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.

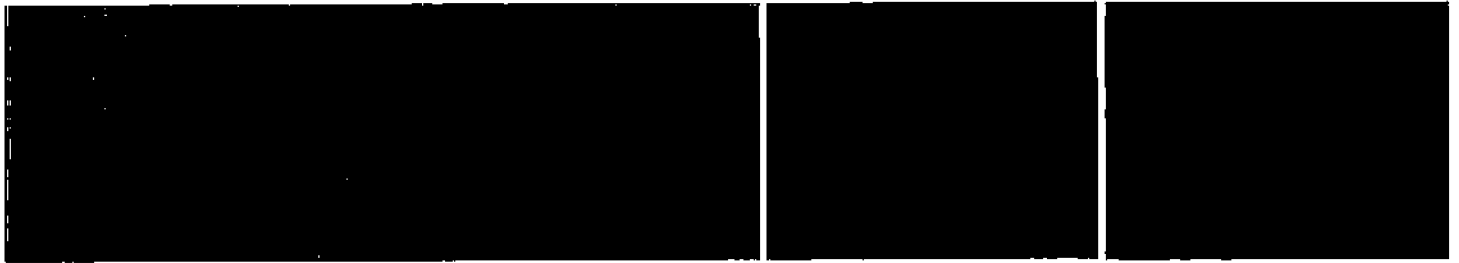
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Part VII

Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
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HUGGINS HOSPITAL AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

and

ADDITIONAL INFORMATION

September 30, 2014 and 2013

With Independent Auditor's Report



HUGGINS HOSPITAL AND SUBSIDIARY

Index to Consolidated Financial Statements and Additional Information

September 30, 2014 and 2013

	<u>Page(s)</u>
Independent Auditor's Report	1 - 2
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 29
Additional Information	
Schedule 1 - Consolidating Balance Sheets	30
Schedule 2 - Consolidating Statements of Operations	31

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Huggins Hospital and Subsidiary

We have audited the accompanying consolidated financial statements of Huggins Hospital and Subsidiary, which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Huggins Hospital and Subsidiary as of September 30, 2014 and 2013, and the results of their operations, changes in their net assets, and their cash flows for the years then ended, in accordance with U S generally accepted accounting principles

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole Schedules 1 and 2 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and are not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U S generally accepted auditing standards In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Berry Dunn McNeil & Parker, LLC

Portland, Maine
February 4, 2015

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidated Balance Sheets

September 30, 2014 and 2013

ASSETS		
	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents	\$ 6,509,950	\$ 10,675,031
Assets limited as to use - current portion	958,576	953,414
Accounts receivable from patients, less allowances for uncollectible accounts and contractuals (2014 - \$6,601,000, 2013 - \$7,149,000)	5,439,201	5,463,643
Pledges receivable	72,500	150,325
Other accounts/notes receivable	310,294	232,224
Other current assets	<u>997,997</u>	<u>958,763</u>
Total current assets	14,288,518	18,433,400
Assets limited as to use, less current portion	17,254,278	11,150,019
Pledges receivable, net	35,000	56,270
Property and equipment, net	52,988,644	56,447,674
Deferred financing costs	508,809	531,275
Long-term investments	19,147,384	18,283,351
Cash surrender value of life insurance	<u>1,293,569</u>	<u>1,293,569</u>
Total assets	<u>\$ 105,516,202</u>	<u>\$106,195,558</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and other current liabilities	\$ 1,753,960	\$ 1,868,457
Accrued salaries and related accounts	2,305,857	2,520,727
Current portion of long-term debt	409,670	403,936
Estimated third-party payor settlements	<u>9,136,265</u>	<u>5,198,300</u>
Total current liabilities	13,605,752	9,991,420
Accrued pension cost	4,223,283	3,928,376
Interest rate swap	2,290,250	1,907,500
Long-term debt, excluding current portion	<u>24,314,450</u>	<u>24,724,119</u>
Total liabilities	<u>44,433,735</u>	<u>40,551,415</u>
Commitments and contingencies (Notes 11 and 13)		
Net assets		
Unrestricted	49,165,229	53,193,311
Temporarily restricted	8,407,226	8,952,860
Permanently restricted	<u>3,510,012</u>	<u>3,497,972</u>
Total net assets	<u>61,082,467</u>	<u>65,644,143</u>
Total liabilities and net assets	<u>\$ 105,516,202</u>	<u>\$106,195,558</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY
Consolidated Statements of Operations
Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenues and gains		
Patient service revenue (net of discounts and contractual allowances)	\$ 49,196,474	\$ 54,159,041
Less provision for bad debts	<u>4,949,619</u>	<u>4,927,293</u>
Net patient service revenue	44,246,855	49,231,748
Other operating revenues	2,426,088	2,849,268
Investment income allotted for operations	489,854	479,124
Net assets released from restrictions for operating purposes	<u>1,072,485</u>	<u>491,420</u>
Total revenues and gains	<u>48,235,282</u>	<u>53,051,560</u>
Expenses		
Salaries and wages	23,181,388	23,805,472
Supplies and other	23,718,423	23,010,769
Depreciation and amortization	4,823,869	5,063,029
Interest	<u>1,415,609</u>	<u>1,448,113</u>
Total expenses	<u>53,139,289</u>	<u>53,327,383</u>
Operating loss	<u>(4,904,007)</u>	<u>(275,823)</u>
Nonoperating gains (losses)		
Contributions	430,025	1,191,549
Development costs	(169,198)	(116,798)
Nonoperating investment income	830,173	360,055
Change in value of interest rate swap	(382,750)	1,389,389
Pension curtailment loss	<u>-</u>	<u>(360,748)</u>
Nonoperating gains, net	<u>708,250</u>	<u>2,463,447</u>
(Deficiency) excess of revenues and gains over expenses	(4,195,757)	2,187,624
Net assets released from restrictions for capital acquisitions	278,193	86,279
Net unrealized gains on investments	408,195	533,675
Pension liability adjustment	<u>(518,713)</u>	<u>1,045,073</u>
(Decrease) increase in unrestricted net assets	<u>\$ (4,028,082)</u>	<u>\$ 3,852,651</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidated Statements of Changes in Net Assets

Years Ended September 30, 2014 and 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balances, October 1, 2012	\$ <u>49,340,660</u>	\$ <u>9,330,188</u>	\$ <u>3,491,907</u>	\$ <u>62,162,755</u>
Excess of revenues and gains over expenses	2,187,624	-	-	2,187,624
Contributions	-	113,663	6,065	119,728
Investment income	-	57,791	-	57,791
Net assets released from restrictions for operations	-	(491,420)	-	(491,420)
Net assets released from restrictions for capital acquisitions	86,279	(86,279)	-	-
Spending policy allotment	-	(314,177)	-	(314,177)
Realized gains on sales of investments	-	160,391	-	160,391
Net unrealized gains on investments	533,675	182,703	-	716,378
Pension liability adjustment	<u>1,045,073</u>	<u>-</u>	<u>-</u>	<u>1,045,073</u>
Net increase (decrease) in net assets	<u>3,852,651</u>	<u>(377,328)</u>	<u>6,065</u>	<u>3,481,388</u>
Balances, September 30, 2013	<u>53,193,311</u>	<u>8,952,860</u>	<u>3,497,972</u>	<u>65,644,143</u>
Deficiency of revenues and gains over expenses	(4,195,757)	-	-	(4,195,757)
Contributions	-	341,108	12,040	353,148
Investment income	-	48,499	-	48,499
Net assets released from restrictions for operations	-	(1,072,485)	-	(1,072,485)
Net assets released from restrictions for capital acquisitions	278,193	(278,193)	-	-
Spending policy allotment	-	(351,431)	-	(351,431)
Realized gains on sales of investments	-	465,951	-	465,951
Net unrealized gains on investments	408,195	300,917	-	709,112
Pension liability adjustment	<u>(518,713)</u>	<u>-</u>	<u>-</u>	<u>(518,713)</u>
Net (decrease) increase in net assets	<u>(4,028,082)</u>	<u>(545,634)</u>	<u>12,040</u>	<u>(4,561,676)</u>
Balances, September 30, 2014	\$ <u>49,165,229</u>	\$ <u>8,407,226</u>	\$ <u>3,510,012</u>	\$ <u>61,082,467</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY
Consolidated Statements of Cash Flows
Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ (4,561,676)	\$ 3,481,388
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	4,823,869	5,063,029
Provision for bad debts	4,949,619	4,927,293
Loss on disposal of property and equipment	82,234	-
Net realized and unrealized gains on investments	(1,852,383)	(1,519,554)
Pension curtailment loss	-	360,748
Pension liability adjustment	518,713	(1,045,073)
Unrealized loss (gain) on interest rate swap	382,750	(1,389,389)
Restricted contributions	(353,148)	(119,728)
Change in charitable remainder trust	-	908,800
Increase in		
Accounts receivable from patients	(4,925,177)	(4,183,358)
Other accounts/notes receivable	(78,070)	(37,415)
Other current assets	(39,234)	(32,759)
Increase (decrease) in		
Accounts payable and other current liabilities	(114,497)	233,330
Accrued salaries and related accounts	(214,870)	(3,510)
Estimated third-party payor settlements	3,937,965	779,735
Accrued pension cost	(223,806)	(225,643)
Net cash provided by operating activities	<u>2,332,289</u>	<u>7,197,894</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,424,607)	(1,115,305)
Purchase of investments	(16,795,732)	(9,361,921)
Proceeds from sale of investments	11,674,661	8,461,198
Net cash used by investing activities	<u>(6,545,678)</u>	<u>(2,016,028)</u>
Cash flows from financing activities		
Payments on long-term debt	(403,935)	(477,544)
Restricted contributions, including collection of pledges	452,243	252,346
Net cash provided (used) by financing activities	<u>48,308</u>	<u>(225,198)</u>
Net (decrease) increase in cash and cash equivalents	<u>(4,165,081)</u>	<u>4,956,668</u>
Cash and cash equivalents, beginning of year	<u>10,675,031</u>	<u>5,718,363</u>
Cash and cash equivalents, end of year	<u>\$ 6,509,950</u>	<u>\$ 10,675,031</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 1,362,561</u>	<u>\$ 1,398,398</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Organization

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

1. Summary of Significant Accounting Policies

Principles of Consolidation

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

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable from Patients

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

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

allowance for doubtful accounts is made in the period services are rendered based on experience indicating the inability or unwillingness of patients to pay amounts for which they are financially responsible. Actual write-offs are charged against the allowance for doubtful accounts

The allowance for doubtful accounts was approximately \$1,690,000 and \$2,403,000 at September 30, 2014 and 2013, respectively, and relates entirely to self-pay accounts. Self-pay accounts receivable were approximately \$2,739,000 and \$3,071,000 at September 30, 2014 and 2013, respectively. Both decreases were the result of the Hospital writing off old account balances. During 2014 and 2013, self-pay write-offs were approximately \$5,663,000 and \$6,696,000, respectively.

Investments

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

Realized gains or losses on the sale of investments are determined by use of the average cost method. Unrealized gains and losses on investments are excluded from the excess (deficiency) of revenues and gains over expenses, and are reported as an increase or decrease in net assets, except that declines in fair value that are judged to be other than temporary are reported as realized losses. No unrealized losses were deemed to be other than temporary in 2014 and 2013.

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

Donor-Restricted Gifts

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Assets Limited as to Use

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

Interest Rate Swap

The Hospital uses an interest rate swap contract to eliminate the cash flow exposure of interest rate movements on variable-rate debt. The Hospital has adopted Financial Accounting Standards Board Accounting Standards Codification Topic 815, *Derivatives and Hedging*, to account for its interest rate swap contract. The interest rate swap contract has not been designated as a cash flow hedge. Unrealized gains and losses on the fair value of derivative financial instruments not designated as cash flow hedges are required to be included in the performance indicator. As a result, the unrealized gains (losses) in fair value of the interest rate swap for 2014 and 2013 have been included in the excess (deficiency) of revenues and gains over expenses. The Hospital expects to hold the swap until its maturity, at which point unrealized gains or losses will be zero.

Property and Equipment

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

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

Temporarily and Permanently Restricted Net Assets

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Charity Care

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

Excess (Deficiency) of Revenues and Gains Over Expenses

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

Functional Expenses

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

	<u>2014</u>	<u>2013</u>
Acute and clinical care services	\$ 45,460,662	\$ 46,042,862
General and administrative	<u>7,678,627</u>	<u>7,284,521</u>
	<u>\$ 53,139,289</u>	<u>\$ 53,327,383</u>

Fundraising expenses were \$169,198 in 2014 and \$116,798 in 2013 and are reported in nonoperating gains (losses) in the consolidated statements of operations

Net Patient Service Revenue

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

Employee Fringe Benefits

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Income Taxes

The Internal Revenue Service currently recognizes the Hospital as an exempt organization under Internal Revenue Code Section 501(c)(3). HSH is a for-profit corporation and, as such, is subject to federal and state taxes. Taxes were not material in 2014 or 2013.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, the Hospital has considered transactions or events occurring through February 4, 2015, which was the date the financial statements were issued.

Reclassification

Certain amounts in the 2013 financial statements have been reclassified to conform to the current year's presentation.

2. Pledges Receivable

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

Due within one year	\$ 72,500
Due between one and five years	<u>115,000</u>
	187,500
Less allowance for uncollectible pledges	(66,695)
Less discounts to net present value	<u>(13,305)</u>
	107,500
Less current portion	<u>(72,500)</u>
Pledges receivable, excluding current portion	\$ <u>35,000</u>

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

3. Investments

Assets Limited as to Use

The composition of assets limited as to use as of September 30, 2014 and 2013, is set forth in the following table. Investments are stated at fair value.

	<u>2014</u>	<u>2013</u>
Internally designated for capital acquisitions		
Cash and cash equivalents	\$ 260,989	\$ 3,447,641
Mutual funds	7,539,670	3,028,686
Equity securities	3,367,920	1,646,241
Government securities	1,595,798	1,167,140
Corporate notes and bonds	2,555,115	650,434
Pooled investment fund	735,002	-
	<u>16,054,494</u>	<u>9,940,142</u>
Trustee held funds, cash and cash equivalents		
Debt service funds	716,437	953,414
Debt service reserve fund	1,441,923	1,209,877
	<u>2,158,360</u>	<u>2,163,291</u>
Total assets limited as to use	18,212,854	12,103,433
Less long-term assets limited as to use	<u>17,254,278</u>	<u>11,150,019</u>
Assets limited as to use - current portion	\$ <u>958,576</u>	\$ <u>953,414</u>

Other Investments

Other investments stated at fair value as of September 30 include

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 1,310,669	\$ 1,202,163
Mutual funds	6,777,382	7,523,252
Equity securities	4,649,920	4,210,614
Government securities	2,908,203	3,393,353
Corporate notes and bonds	2,428,552	1,879,369
Pooled investment fund	998,058	-
Other investments	74,600	74,600
	<u>\$ 19,147,384</u>	<u>\$ 18,283,351</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

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

	<u>2014</u>	<u>2013</u>
Income		
Investment income	\$ 700,880	\$ 264,601
Net realized gains on sales of securities	<u>1,143,271</u>	<u>803,176</u>
	<u>\$ 1,844,151</u>	<u>\$ 1,067,777</u>
Investment income is reported as follows		
Nonoperating investment income	\$ 830,173	\$ 360,055
Investment income allotted for operations	489,854	479,124
Included in other operating revenues	9,674	10,416
Temporarily restricted investment income	48,499	57,791
Temporarily restricted realized gains	<u>465,951</u>	<u>160,391</u>
	<u>\$ 1,844,151</u>	<u>\$ 1,067,777</u>
Other changes in net assets		
Unrealized gains, net of realized gains and losses		
- unrestricted	\$ 408,195	\$ 533,675
- temporarily restricted	<u>300,917</u>	<u>182,703</u>
	<u>\$ 709,112</u>	<u>\$ 716,378</u>

4. Endowment

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

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Changes in endowment (donor restricted) net assets for the years ended September 30, 2014 and 2013 are as follows

	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, October 1, 2012	\$ 6,953,502	\$ 3,491,907	\$ 10,445,409
Realized gains on investments	519,793	-	519,793
Unrealized gains on investments	<u>182,703</u>	<u>-</u>	<u>182,703</u>
Total investment gain	702,496	-	702,496
Contributions	-	6,065	6,065
Spending policy allotment	<u>(314,177)</u>	<u>-</u>	<u>(314,177)</u>
Endowment net assets, September 30, 2013	<u>7,341,821</u>	<u>3,497,972</u>	<u>10,839,793</u>
Realized gains on investments	465,950	-	465,950
Unrealized gains on investments	<u>300,917</u>	<u>-</u>	<u>300,917</u>
Total investment gain	766,867	-	766,867
Contributions	-	12,040	12,040
Spending policy allotment	<u>(351,431)</u>	<u>-</u>	<u>(351,431)</u>
Endowment assets, September 30, 2014	<u>\$ 7,757,257</u>	<u>\$ 3,510,012</u>	<u>\$ 11,267,269</u>

Strategies Employed for Achieving Investment Objectives

The Hospital's investment strategy is for long-term growth and tolerance for a fair amount of volatility to achieve this growth. The investment time horizon is five years or more. The overall objective is to provide a strategic mix of asset classes that produce the highest expected return while controlling risk. The Hospital's target investment allocations is 50% equities, 10% real assets, 5% alternatives, 30% bonds and 5% cash. Investment advisors are prohibited from purchasing hedge fund and private equity investments, without prior approval of the Hospital.

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Spending Policy

Effective October 1, 2009, each year a calculation will be made to determine the maximum amount of money that can be withdrawn from the long-term portfolio to be used for each donor restricted and Board-designated purpose. The annual amount available for spending will not exceed 5% of the fair market value calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for the expenditure is made. The amount distributed under the spending policy was \$489,854 and \$479,124 for the years ended September 30, 2014 and 2013, respectively. Investment income, within the spending policy guidelines, is reported in unrestricted revenues and gains in the accompanying financial statements.

5. Fair Value Measurements

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

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

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

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

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

	Fair Value Measurements at September 30, 2014			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Assets limited as to use				
Cash and cash equivalents	\$ 2,419,349	\$ 2,419,349	\$ -	\$ -
Fixed income				
U S Government bonds	1,595,798	1,595,798	-	-
Corporate notes and bonds	2,555,115	-	2,555,115	-
Total fixed income	4,150,913	1,595,798	2,555,115	-
Equity securities				
Consumer	559,731	559,731	-	-
Energy and utilities	933,278	933,278	-	-
Financials	455,737	455,737	-	-
Healthcare	439,600	439,600	-	-
Information technology	565,670	565,670	-	-
Other	413,904	413,904	-	-
Total equity securities	3,367,920	3,367,920	-	-
Mutual funds				
Emerging markets	1,138,434	1,138,434	-	-
Large cap	1,914,596	1,914,596	-	-
Mid cap	913,447	913,447	-	-
Small cap	714,322	714,322	-	-
Equity funds	494,864	494,864	-	-
International	1,461,935	1,461,935	-	-
High yield	598,105	598,105	-	-
Other	303,967	303,967	-	-
Total mutual funds	7,539,670	7,539,670	-	-
Pooled investment fund	735,002	-	735,002	-
Total assets limited as to use	18,212,854	14,922,737	3,290,117	-
Investments				
Cash and cash equivalents	1,310,669	1,310,669	-	-
Fixed income				
Government securities	2,908,203	2,908,203	-	-
Corporate notes and bonds	2,428,552	-	2,428,552	-
Total fixed income	5,336,755	2,908,203	2,428,552	-
Equity securities				
Consumer	935,970	935,970	-	-
Energy and utilities	588,716	588,716	-	-
Financials	758,442	758,442	-	-
Healthcare	736,602	736,602	-	-
Information technology	950,132	950,132	-	-
Other	680,058	680,058	-	-
Total equity securities	4,649,920	4,649,920	-	-

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Fair Value Measurements at September 30, 2014				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Emerging markets	\$ 1,294,842	\$ 1,294,842	\$ -	\$ -
Large cap	860,299	860,299	-	-
Mid cap	1,085,501	1,085,501	-	-
Small cap	787,281	787,281	-	-
Equity funds	579,778	579,778	-	-
International	1,772,615	1,772,615	-	-
High yield	247,568	247,568	-	-
Other	149,498	149,498	-	-
Total mutual funds	<u>6,777,382</u>	<u>6,777,382</u>	<u>-</u>	<u>-</u>
Pooled investment fund	998,058	-	998,058	-
Other investments	74,600	-	-	74,600
Total investments	<u>19,147,384</u>	<u>15,646,174</u>	<u>3,426,610</u>	<u>74,600</u>
Total assets	<u>\$ 37,360,238</u>	<u>\$ 30,568,911</u>	<u>\$ 6,716,727</u>	<u>\$ 74,600</u>
Liabilities				
Interest rate swap	\$ 2,290,250	\$ -	\$ 2,290,250	\$ -
Total liabilities	<u>\$ 2,290,250</u>	<u>\$ -</u>	<u>\$ 2,290,250</u>	<u>\$ -</u>
Investments - held by defined benefit pension plan (Note 13)				
Stable value guaranteed investment contract	\$ 1,530,401	\$ -	\$ -	1,530,401
Mutual funds				
Mutual funds - growth	2,982,555	2,982,555	-	-
Mutual funds - blend	2,163,354	2,163,354	-	-
Mutual funds - bond	1,116,827	1,116,827	-	-
Mutual funds - emerging markets	872,352	872,352	-	-
Mutual funds - real estate	494,044	494,044	-	-
Mutual funds - commodities	441,588	441,588	-	-
Mutual funds - index	397,326	397,326	-	-
Total	<u>\$ 9,998,447</u>	<u>\$ 8,468,046</u>	<u>\$ -</u>	<u>\$ 1,530,401</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

	Fair Value Measurements at September 30, 2013			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Assets limited as to use				
Cash and cash equivalents	\$ 5,610,932	\$ 5,610,932	\$ -	\$ -
Fixed income				
U S Government bonds	1,167,140	1,167,140	-	-
Corporate notes and bonds	650,434	-	650,434	-
Total fixed income	1,817,574	1,167,140	650,434	-
Equity securities				
Consumer	241,887	241,887	-	-
Energy and utilities	158,992	158,992	-	-
Financials	188,534	188,534	-	-
Healthcare	141,738	141,738	-	-
Information technology	200,806	200,806	-	-
Other	714,284	714,284	-	-
Total equity securities	1,646,241	1,646,241	-	-
Mutual funds				
Emerging markets	576,108	576,108	-	-
Large cap	683,666	683,666	-	-
Mid cap	395,148	395,148	-	-
Small cap	285,998	285,998	-	-
Equity funds	402,800	402,800	-	-
International	321,299	321,299	-	-
High yield	66,480	66,480	-	-
Other	297,187	297,187	-	-
Total mutual funds	3,028,686	3,028,686	-	-
Total assets limited as to use	12,103,433	11,452,999	650,434	-
Investments				
Cash and cash equivalents	1,202,163	1,202,163	-	-
Fixed income				
Government securities	3,393,353	3,393,353	-	-
Corporate notes and bonds	1,879,369	-	1,879,369	-
Total fixed income	5,272,722	3,393,353	1,879,369	-
Equity securities				
Consumer	912,886	912,886	-	-
Energy and utilities	594,938	594,938	-	-
Financials	716,029	716,029	-	-
Healthcare	538,339	538,339	-	-
Information technology	775,687	775,687	-	-
Other	672,735	672,735	-	-
Total equity securities	4,210,614	4,210,614	-	-
Mutual funds				
Emerging markets	1,719,692	1,719,692	-	-
Large cap	731,962	731,962	-	-
Mid cap	1,078,081	1,078,081	-	-
Small cap	807,530	807,530	-	-
Equity funds	1,105,796	1,105,796	-	-
International	889,313	889,313	-	-
High yield	318,547	318,547	-	-
Other	872,331	872,331	-	-
Total mutual funds	7,523,252	7,523,252	-	-
Other investments	74,600	-	-	74,600
Total investments	18,283,351	16,329,382	1,879,369	74,600
Total assets	\$ 30,386,784	\$ 27,782,381	\$ 2,529,803	\$ 74,600

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Fair Value Measurements at September 30, 2013				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities				
Interest rate swap	\$ 1,907,500	\$ -	\$ 1,907,500	\$ -
Total liabilities	\$ 1,907,500	\$ -	\$ 1,907,500	\$ -
Investments - held by defined benefit pension plan (Note 13)				
Cash and cash equivalents	\$ 212,294	\$ 212,294	\$ -	\$ -
U S Treasury obligations and government securities	471,117	471,117	-	-
Mutual funds - fixed	2,392,636	2,392,636	-	-
Mutual funds - equities	5,890,245	5,890,245	-	-
Mutual funds - balanced	664,261	664,261	-	-
Total	\$ 9,630,553	\$ 9,630,553	\$ -	\$ -

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

The fair value of Level 3 assets are measured at management's estimate of net realizable value or the value of the underlying assets. The stable value guaranteed investment contract is measured at fair value by discounting the related cash flows based on the guaranteed yield to maturity of the contract.

Change in fair value of pension assets classified as Level 3 are comprised of the following at September 30:

Balance, October 1, 2013	\$ -
Purchases	1,565,581
Sales and distributions	(35,180)
Balance, September 30, 2014	\$ 1,530,401

The Hospital's financial instruments consist of cash and cash equivalents, marketable securities, trade accounts receivable and payable, life insurance policies, an interest rate swap, estimated third-party payor settlements, pension liabilities, and long-term debt. The fair value of fixed rate long-term debt at September 30, 2014 and 2013, as of the most recent trade, was \$15,585,277 and \$15,776,300, respectively. The carrying values of all other financial instruments approximate their fair values.

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

6. Charity Care

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

	<u>2014</u>	<u>2013</u>
Charges forgone, based on established rates	\$ <u>2,040,899</u>	\$ <u>3,189,463</u>
Estimated costs and expenses incurred to provide charity care	\$ <u>1,120,000</u>	\$ <u>1,881,000</u>
Equivalent percentage of charity care charges to all Hospital patient charges	<u>2.11</u> %	<u>3.53</u> %

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

7. Property and Equipment

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

	<u>2014</u>	<u>2013</u>
Land	\$ 1,828,321	\$ 1,828,321
Land improvements	6,150,219	6,598,761
Buildings	52,851,306	54,738,432
Building services equipment	8,480,203	12,148,628
Major moveable equipment	12,081,108	17,834,228
Construction in progress	<u>654,540</u>	<u>-</u>
	82,045,697	93,148,370
Less accumulated depreciation	<u>29,057,053</u>	<u>36,700,696</u>
	<u>\$ 52,988,644</u>	<u>\$ 56,447,674</u>

The Hospital has entered into an agreement for the construction of a new facility in Alton. The project is estimated to cost approximately \$1,700,000 and will be funded through cash from operations. The expected completion date of the project is July 2015.

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

8. Net Patient Service Revenue

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

Medicare

Effective June 1, 2005, the Hospital was granted Critical Access Hospital (CAH) status. With CAH designation, the Hospital is reimbursed at 101% of allowable costs for its inpatient and outpatient services provided to Medicare patients. The Hospital is reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2010.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retroactive adjustment. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the fiscal intermediary through September 30, 2010.

Medicaid disproportionate share hospital (DSH) payments provide financial assistance to hospitals that serve a large number of low-income patients. The federal government distributes federal DSH funds to each state based on a statutory formula. The states, in turn, distribute their portion of the DSH funding among qualifying hospitals. The states are to use their federal DSH allotments to help cover costs of hospitals that provide care to low-income patients when those costs are not covered by other payors. The State of New Hampshire's distribution of DSH monies to the hospitals is subject to audit by the Centers for Medicare and Medicaid Services. Amounts recorded by the Hospital are therefore subject to change. The disproportionate share payments amounted to \$3,602,400 and \$4,728,500 for 2014 and 2013, respectively, and are recorded as an increase in net patient service revenue.

Revenues from the Medicare and Medicaid programs accounted for approximately 51% and 7%, respectively, of the Hospital's patient revenue for the year ended September 30, 2014, and approximately 50% and 7%, respectively, for the year ended September 30, 2013. 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 2014 and 2013 net patient service revenue increased approximately \$228,000 and \$968,000, respectively, due to prior-year retroactive adjustments in excess of amounts previously estimated.

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Anthem Blue Cross

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

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

	<u>2014</u>	<u>2013</u>
Patient services		
Inpatient	\$ 14,455,180	\$ 15,182,267
Outpatient	<u>82,102,266</u>	<u>75,061,124</u>
	96,557,446	90,243,391
Less Medicare allowances	24,027,155	20,374,748
Less other payor allowances	21,292,918	12,520,139
Less free care and charity allowances	<u>2,040,899</u>	<u>3,189,463</u>
Patient service revenue (net of discounts and contractual allowances)	49,196,474	54,159,041
Less provision for bad debts	<u>4,949,619</u>	<u>4,927,293</u>
Net patient service revenue	<u>\$ 44,246,855</u>	<u>\$ 49,231,748</u>

Revenue related to self-pay patients was approximately \$6,180,000 and \$6,730,000 for the years ended September 30, 2014 and 2013, respectively.

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

9. Long-Term Debt

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

	<u>2014</u>	<u>2013</u>
6 82% note payable to TD Bank, N A with monthly payments of \$3,698, including interest, through 2027, collateralized by real estate	\$ 365,560	\$ 393,467
Business Finance Authority of the State of New Hampshire (BFA) (Huggins Hospital Issue) Series 2009 6 875% fixed rate demand bonds payable in annual installments ranging from \$210,000 in 2015 to \$1,165,000 in 2039; collateralized by gross revenues and substantially all assets of the Hospital	14,625,000	14,820,000
BFA (Huggins Hospital Issue) Series 2007 variable rate demand bonds payable in annual installments ranging from \$130,000 in 2015 to \$2,855,000 in 2043, collateralized by a letter of credit which is collateralized by substantially all Hospital assets.	9,650,000	9,775,000
10 54% capital lease with vendor, monthly payments of \$8,974, including interest, paid in 2014, collateralized by leased equipment	-	17,833
6 2% capital lease with vendor, monthly payments of \$4,215, including interest, through 2016, collateralized by leased equipment	<u>83,560</u>	<u>121,755</u>
	24,724,120	25,128,055
Less current portion	<u>409,670</u>	<u>403,936</u>
Long-term debt, excluding current portion	<u>\$ 24,314,450</u>	<u>\$ 24,724,119</u>

Principal repayments for the next five years are as follows

2015	\$ 409,670
2016	411,970
2017	401,448
2018	422,980
2019	449,622
Thereafter	<u>22,628,430</u>
	<u>\$ 24,724,120</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

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

In November 2007, the Hospital issued \$10,000,000 of variable rate demand bonds (Series 2007) to finance the construction project. The proceeds were held by a custodian until used for their intended purpose. The interest rate is determined daily by a remarketing agent based on the current market value of the bonds up to a maximum rate of 10%. The interest rate on the bonds at September 30, 2014 was .05%. The bonds can be converted to a fixed rate with 45 days' notice provided to the trustee, the tender agent, and the remarketing agent in conjunction with an opinion of bond counsel.

Interest Rate Swap

In connection with the issuance of the 2007 bonds, the Hospital entered into an interest rate swap agreement. The swap agreement's notional amount was \$9,650,000 and \$9,775,000 at September 30, 2014 and 2013, respectively. The swap terminates on October 1, 2042. The Hospital pays a fixed rate of 3.6175% and receives a variable rate of 68% of USD-LIBOR-BBA. The Hospital records the interest rate swap at fair value, and has recorded a liability of \$2,290,250 and \$1,907,500 as of September 30, 2014 and 2013, respectively.

Letter of Credit

As part of the bond covenants, the Hospital is required to maintain a letter of credit. The fee for the letter of credit can vary from .50% to .65% depending on certain financial ratios for the preceding year. Fees related to the letter of credit approximated \$53,077 and \$49,700 for 2014 and 2013, respectively. The letter of credit is in the amount of \$10,104,110 with TD Bank, N.A. and expires on September 30, 2017. At September 30, 2014, the Hospital was not in compliance with all of the financial covenants related to the letter of credit and a one-time waiver was obtained from the issuing bank.

10. Related Parties

The Hospital owns the land on which SHRC is built and leases it to SHRC. The rental fee was \$965 a month in 2014 and 2013. SHRC paid HSH management fees of \$62,435 and \$64,939 for the years ended 2014 and 2013, respectively.

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

11. Commitments and Contingencies

The Hospital carries malpractice insurance coverage under a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured. The Hospital intends to renew its coverage on a claims-made basis and has no reason to believe that it may be prevented from renewing such coverage. The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business. U.S. generally accepted accounting principles requires the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Hospital has evaluated its exposure to losses arising from potential claims and determined that no such accrual is necessary for the year ended September 30, 2014.

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

Operating Leases. The Hospital leases various equipment and facilities under operating leases expiring at various dates through September 2016. Total rental expense in 2014 and 2013 for all operating leases was approximately \$482,000 and \$459,000, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2014, that have initial or remaining lease terms in excess of one year:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2015	\$ 311,000
2016	165,000
2017	155,000
2018	98,000
2019	<u>52,000</u>
	<u>\$ 781,000</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

12. Temporarily and Permanently Restricted Net Assets

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

	<u>2014</u>	<u>2013</u>
Health care services		
Capital acquisitions	\$ 38,898	\$ 38,215
Bond principal	481,836	801,837
Health education	19,685	31,154
Indigent care	2,050	533,238
Building pledges	107,500	206,595
Net appreciation of permanently restricted net assets	<u>7,757,257</u>	<u>7,341,821</u>
	<u>\$ 8,407,226</u>	<u>\$ 8,952,860</u>

Permanently restricted net assets are restricted to

	<u>2014</u>	<u>2013</u>
Investments to be held in perpetuity, the income from which is reported as operating when released and is expendable to support.		
Health care services	\$ 3,098,718	\$ 3,086,678
Indigent care	<u>411,294</u>	<u>411,294</u>
	<u>\$ 3,510,012</u>	<u>\$ 3,497,972</u>

13. Pension Plan

Beginning July 2005, the Hospital sponsored a contributory defined contribution plan available to substantially all employees. The Hospital's policy under the defined contribution plan is to fund its portion of amounts due under the plan on a current basis and to recognize expense as incurred. Expense related to this plan for the years ended September 30, 2014 and 2013 approximated \$490,500 and \$577,600, respectively.

In June 2011, the Board of Trustees voted to curtail benefits under the defined benefit plan effective October 1, 2011. All benefits for active employees became fully vested at that time. There are no immediate plans to settle the benefit obligation.

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

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

	<u>2014</u>	<u>2013</u>
Change in projected benefit obligation		
Benefit obligation, beginning of year	\$ 13,558,929	\$ 14,441,221
Assumption changes	984,147	-
Interest cost	617,153	619,185
Benefits paid	(757,716)	(1,292,418)
Actuarial gain	<u>(180,783)</u>	<u>(209,059)</u>
Benefit obligation, end of year	<u>\$ 14,221,730</u>	<u>\$ 13,558,929</u>
Accumulated benefit obligation	<u>\$ 14,221,730</u>	<u>\$ 13,558,929</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 9,630,553	\$ 9,602,877
Actual return on plan assets	730,610	774,792
Employer contributions	395,000	545,302
Benefits paid	<u>(757,716)</u>	<u>(1,292,418)</u>
Fair value of plan assets, end of year	<u>\$ 9,998,447</u>	<u>\$ 9,630,553</u>
Funded status - accrued liability	<u>\$ (4,223,283)</u>	<u>\$ (3,928,376)</u>
Amounts recognized in other changes in unrestricted net assets		
Actuarial loss	<u>\$ 4,303,372</u>	<u>\$ 3,784,659</u>
Total	<u>\$ 4,303,372</u>	<u>\$ 3,784,659</u>

The incremental decrease in the amount recognized in other changes in unrestricted net assets was \$518,713 for the year ended September 30, 2014, and has been reflected outside the operating indicator in the statements of operations. As a result of severance agreements, the Hospital incurred a curtailment loss of \$360,748 in 2013, which is included in nonoperating gains (losses) in the statements of operations.

The actuarial gain (loss) for the Plan that is expected to be amortized from unrestricted net assets into net periodic pension benefit cost over the next fiscal year is \$335,413.

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

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

	<u>2014</u>	<u>2013</u>
Interest cost on projected benefit obligation	\$ 617,153	\$ 619,185
Expected return on Plan assets	(710,771)	(712,355)
Asset loss	-	(62,437)
Net amortization and deferral	<u>264,812</u>	<u>475,266</u>
Net periodic pension benefit cost	<u>\$ 171,194</u>	<u>\$ 319,659</u>

Assumptions

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

	<u>2014</u>	<u>2013</u>
Discount rate	4.10 %	4 67 %

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

	<u>2014</u>	<u>2013</u>
Discount rate	4.67 %	4 67 %
Expected long-term return on plan assets	7.50 %	7 50 %

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

Plan Assets

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

HUGGINS HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Cash Flows

The Hospital funds the Hospital's pension plan and no contributions are made by employees. The Hospital funds the plan annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the Hospital's actuary. However, the Hospital may also fund the plan in excess of the minimum required amount. The Hospital expects to make a contribution to the plan of \$438,900 in fiscal year 2015.

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

Projected Benefit Payments

Projected benefit payments for the next ten years are as follows:

<u>Year Ending</u>	<u>Expected Benefit Payments</u>
2015	\$ 421,452
2016	481,030
2017	517,586
2018	595,248
2019	697,322
2020-2024	4,246,797

14. Concentrations of Credit Risk

The Hospital has cash balances in financial institutions that exceed federal depository insurance limits. However, management believes that credit risk related to these investments is minimal. The Hospital has not experienced any losses in such accounts.

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

	<u>2014</u>	<u>2013</u>
Medicare	43 %	47 %
Medicaid	12	7
Anthem Blue Cross	12	11
Other third-party payors	22	21
Patients	<u>11</u>	<u>14</u>
	<u>100 %</u>	<u>100 %</u>

ADDITIONAL INFORMATION

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidating Balance Sheets

September 30, 2014

ASSETS

	Huggins Hospital	Huggins Senior Housing	Total	Eliminations	Consolidated
Current assets					
Cash and cash equivalents	\$ 6,298,823	\$ 211,127	\$ 6,509,950	\$ -	\$ 6,509,950
Assets limited as to use - current portion	958,576	-	958,576	-	958,576
Accounts receivable from patients, net	5,439,201	-	5,439,201	-	5,439,201
Pledges receivable	72,500	-	72,500	-	72,500
Other accounts/notes receivable	274,514	35,780	310,294	-	310,294
Other current assets	<u>992,433</u>	<u>5,564</u>	<u>997,997</u>	-	<u>997,997</u>
Total current assets	14,036,047	252,471	14,288,518	-	14,288,518
Assets limited as to use, less current portion	17,254,278	-	17,254,278	-	17,254,278
Pledges receivable, net	35,000	-	35,000	-	35,000
Property and equipment, net	52,623,183	365,461	52,988,644	-	52,988,644
Deferred financing costs	508,809	-	508,809	-	508,809
Long-term investments	19,147,384	-	19,147,384	-	19,147,384
Cash surrender value of life insurance	1,293,569	-	1,293,569	-	1,293,569
Due from subsidiary	<u>893,430</u>	<u>-</u>	<u>893,430</u>	<u>(893,430)</u>	<u>-</u>
Total assets	<u>\$ 105,791,700</u>	<u>\$ 617,932</u>	<u>\$ 106,409,632</u>	<u>\$ (893,430)</u>	<u>\$ 105,516,202</u>

LIABILITIES AND NET ASSETS (DEFICIT)

Current liabilities					
Accounts payable and other current liabilities	\$ 1,739,998	\$ 13,962	\$ 1,753,960	\$ -	\$ 1,753,960
Accrued salaries and related accounts	2,297,685	8,172	2,305,857	-	2,305,857
Current portion of long-term debt	409,670	-	409,670	-	409,670
Due to parent	-	893,430	893,430	(893,430)	-
Estimated third-party payor settlements	<u>9,136,265</u>	<u>-</u>	<u>9,136,265</u>	<u>-</u>	<u>9,136,265</u>
Total current liabilities	13,583,618	915,564	14,499,182	(893,430)	13,605,752
Accrued pension cost	4,223,283	-	4,223,283	-	4,223,283
Interest rate swap	2,290,250	-	2,290,250	-	2,290,250
Long-term debt, excluding current portion	<u>24,314,450</u>	<u>-</u>	<u>24,314,450</u>	<u>-</u>	<u>24,314,450</u>
Total liabilities	<u>44,411,601</u>	<u>915,564</u>	<u>45,327,165</u>	<u>(893,430)</u>	<u>44,433,735</u>
Net assets (deficit)					
Unrestricted	49,462,861	(297,632)	49,165,229	-	49,165,229
Temporarily restricted	8,407,226	-	8,407,226	-	8,407,226
Permanently restricted	<u>3,510,012</u>	<u>-</u>	<u>3,510,012</u>	<u>-</u>	<u>3,510,012</u>
Total net assets (deficit)	<u>61,380,099</u>	<u>(297,632)</u>	<u>61,082,467</u>	<u>-</u>	<u>61,082,467</u>
Total liabilities and net assets (deficit)	<u>\$ 105,791,700</u>	<u>\$ 617,932</u>	<u>\$ 106,409,632</u>	<u>\$ (893,430)</u>	<u>\$ 105,516,202</u>

HUGGINS HOSPITAL AND SUBSIDIARY

Consolidating Statements of Operations

Year Ended September 30, 2014

	Huggins Hospital	Huggins Senior Housing	Total	Eliminations	Consolidated
Unrestricted revenues and gains					
Patient service revenue (net of discounts and contractual allowances)	\$ 49,196,474	\$ -	\$ 49,196,474	\$ -	\$ 49,196,474
Less provision for bad debts	<u>4,949,619</u>	<u>-</u>	<u>4,949,619</u>	<u>-</u>	<u>4,949,619</u>
Net patient service revenue	44,246,855	-	44,246,855	-	44,246,855
Other operating revenues	2,215,405	210,683	2,426,088	-	2,426,088
Investment income allotted for operations	489,854	-	489,854	-	489,854
Net assets released from restrictions for operating purposes	<u>1,072,485</u>	<u>-</u>	<u>1,072,485</u>	<u>-</u>	<u>1,072,485</u>
Total revenues and gains	<u>48,024,599</u>	<u>210,683</u>	<u>48,235,282</u>	<u>-</u>	<u>48,235,282</u>
Expenses					
Salaries and wages	23,181,388	-	23,181,388	-	23,181,388
Supplies and other	23,588,984	129,439	23,718,423	-	23,718,423
Depreciation and amortization	4,800,677	23,192	4,823,869	-	4,823,869
Interest	<u>1,415,609</u>	<u>-</u>	<u>1,415,609</u>	<u>-</u>	<u>1,415,609</u>
Total expenses	<u>52,986,658</u>	<u>152,631</u>	<u>53,139,289</u>	<u>-</u>	<u>53,139,289</u>
Operating (loss) income	<u>(4,962,059)</u>	<u>58,052</u>	<u>(4,904,007)</u>	<u>-</u>	<u>(4,904,007)</u>
Nonoperating gains (losses)					
Contributions	430,025	-	430,025	-	430,025
Development costs	(169,198)	-	(169,198)	-	(169,198)
Nonoperating investment income	830,173	-	830,173	-	830,173
Change in value of interest rate swap	(382,750)	-	(382,750)	-	(382,750)
Pension curtailment loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating gains, net	<u>708,250</u>	<u>-</u>	<u>708,250</u>	<u>-</u>	<u>708,250</u>
(Deficiency) excess of revenues and gains over expenses	<u>(4,253,809)</u>	<u>58,052</u>	<u>(4,195,757)</u>	<u>-</u>	<u>(4,195,757)</u>
Net assets released from restrictions for capital acquisitions	278,193	-	278,193	-	278,193
Net unrealized gains on investments	408,195	-	408,195	-	408,195
Pension liability adjustment	<u>(518,713)</u>	<u>-</u>	<u>(518,713)</u>	<u>-</u>	<u>(518,713)</u>
(Decrease) increase in unrestricted net assets	<u>\$ (4,086,134)</u>	<u>\$ 58,052</u>	<u>\$ (4,028,082)</u>	<u>\$ -</u>	<u>\$ (4,028,082)</u>

