

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2007 calendar year, or tax year beginning 10/01/07, and ending 9/30/08

- B** Check if applicable:
- Address change
 - Name change
 - Initial return
 - Termination
 - Amended return
 - Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization
Stephens Memorial Hospital Assoc.

Number and street (or P.O. box if mail is not delivered to street address) Room/suite
181 Main Street

City or town, state or country, and ZIP + 4
Norway ME 04268

D Employer identification number
01-0219904

E Telephone number
207-743-5933

F Accounting method: Cash
 Accrual Other (specify)

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

- H(a)** Is this a group return for affiliates? Yes No
- H(b)** If "Yes," enter number of affiliates Yes No
- H(c)** Are all affiliates included? Yes No
(If "No," attach a list. See instructions.)
- H(d)** Is this a separate return filed by an organization covered by a group ruling? Yes No

G Website: www.wmhcc.org

J Organization type
(check only one) 501(c) (**3**) (insert no.) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

I Group Exemption Number

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 **46,458,397**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

		1a	1b	1c	1d	1e
1 Contributions, gifts, grants, and similar amounts received:						
a	Contributions to donor advised funds					
b	Direct public support (not included on line 1a)		139,840			
c	Indirect public support (not included on line 1a)					
d	Government contributions (grants) (not included on line 1a)					
e	Total (add lines 1a through 1d) (cash \$ 139,840 noncash \$)					139,840
2	Program service revenue including government fees and contracts (from Part VII, line 93)					45,521,836
3	Membership dues and assessments					
4	Interest on savings and temporary cash investments					185,189
5	Dividends and interest from securities					53,237
6a	Gross rents	429,367				
b	Less: rental expenses See Statement 1	709,847				
c	Net rental income or (loss). Subtract line 6b from line 6a					-280,480
7	Other investment income (describe)					
8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other			
b	Less: cost or other basis and sales expenses	8a				
c	Gain or (loss) (attach schedule)	8b				
d	Net gain or (loss). Combine line 8c, columns (A) and (B)	8c				
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>					
a	Gross revenue (not including \$ of contributions reported on line 1b)	9a				
b	Less: direct expenses other than fundraising expenses	9b				
c	Net income or (loss) from special events. Subtract line 9b from line 9a					9c
10a	Gross sales of inventory, less returns and allowances	10a				
b	Less: cost of goods sold	10b				
c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a					10c
11	Other revenue (from Part VII, line 103)					128,928
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11					45,748,550
13	Program services (from line 44, column (B))					39,746,893
14	Management and general (from line 44, column (C))					2,912,199
15	Fundraising (from line 44, column (D))					67,996
16	Payments to affiliates (attach schedule)					
17	Total expenses. Add lines 16 and 44, column (A)					42,727,088
18	Excess or (deficit) for the year. Subtract line 17 from line 12					3,021,462
19	Net assets or fund balances at beginning of year (from line 73, column (A))					27,750,997
20	Other changes in net assets or fund balances (attach explanation) See Statement 2					-3,819,018
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20					26,953,441

Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a			
22b Other grants and allocations (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A See Statement 3	25a	279,122	279,122	
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	25b			
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	25c			
26 Salaries and wages of employees not included on lines 25a, b, and c	26	17,096,863	15,874,501	1,183,715
27 Pension plan contributions not included on lines 25a, b, and c	27	708,527	661,834	46,693
28 Employee benefits not included on lines 25a - 27	28	2,454,723	2,285,780	159,281
29 Payroll taxes	29	1,274,642	1,165,919	105,767
30 Professional fundraising fees	30			
31 Accounting fees	31	47,857	47,857	
32 Legal fees	32			
33 Supplies	33	5,549,310	5,472,145	74,842
34 Telephone	34	67,640	62,014	5,626
35 Postage and shipping	35	39,284	36,017	3,267
36 Occupancy	36	1,234,378	1,131,714	102,664
37 Equipment rental and maintenance	37	134,224	123,061	11,163
38 Printing and publications	38	64,904	58,932	5,346
39 Travel	39	68,621	62,877	5,704
40 Conferences, conventions, and meetings	40	448,961	411,558	37,335
41 Interest	41	58,069	53,239	4,830
42 Depreciation, depletion, etc. (attach schedule)	42	2,151,327	1,972,337	178,990
43 Other expenses not covered above (itemize): a See Statement 4	43a	11,048,636	10,374,965	659,997
b	43b			
c	43c			
d	43d			
e	43e			
f	43f			
g	43g			
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	42,727,088	39,746,893	2,912,199

Joint Costs. Check if you are following SOP 98-2.
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____ ; (ii) the amount allocated to Program services \$ _____ ;
 (iii) the amount allocated to Management and general \$ _____ ; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose?

▶ **Health care provider.**

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses
(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)

a See Statement 5

(Grants and allocations \$) If this amount includes foreign grants, check here ▶

39,746,893

b

(Grants and allocations \$) If this amount includes foreign grants, check here ▶

c

(Grants and allocations \$) If this amount includes foreign grants, check here ▶

d

(Grants and allocations \$) If this amount includes foreign grants, check here ▶

e Other program services (attach schedule)

(Grants and allocations \$) If this amount includes foreign grants, check here ▶

f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶

39,746,893

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
Assets	45	Cash—non-interest-bearing	785	45	1,035
	46	Savings and temporary cash investments	13,691,318	46	11,643,698
	47a	Accounts receivable	10,857,531		
		47a			
	b	Less: allowance for doubtful accounts	8,455,868	47c	2,401,663
		47b			
	48a	Pledges receivable			
		48a			
	b	Less: allowance for doubtful accounts		48c	
		48b			
	49	Grants receivable		49	
	50a	Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		50a	
	b	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (att. schedule)		50b	
	51a	Other notes and loans receivable (attach schedule)			
		51a			
	b	Less: allowance for doubtful accounts		51c	
		51b			
	52	Inventories for sale or use	1,031,795	52	1,009,671
	53	Prepaid expenses and deferred charges	420,648	53	419,549
54a	Investments—publicly-traded securities See Statement 6	1,686,022	54a	1,375,549	
	<input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV				
b	Investments—other securities (attach schedule)		54b		
	<input type="checkbox"/> Cost <input type="checkbox"/> FMV				
55a	Investments—land, buildings, and equipment: basis				
	55a				
b	Less: accumulated depreciation (attach schedule)		55c		
	55b				
56	Investments—other (attach schedule)		56		
57a	Land, buildings, and equipment: basis	37,538,258			
	57a				
b	Less: accumulated depreciation (attach schedule) See Statement 7	21,905,087	57c	15,633,171	
	57b				
58	Other assets, including program-related investments (describe See Statement 8)	5,312,816	58	5,320,194	
59	Total assets (must equal line 74). Add lines 45 through 58	39,801,141	59	37,804,530	
Liabilities	60	Accounts payable and accrued expenses	3,569,503	60	3,729,601
	61	Grants payable		61	
	62	Deferred revenue		62	
	63	Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a	Tax-exempt bond liabilities (attach schedule) See Worksheet	44,887	64a	
	b	Mortgages and other notes payable (attach schedule) See Worksheet	3,877,249	64b	3,728,074
	65	Other liabilities (describe See Statement 9)	4,558,505	65	3,393,414
66	Total liabilities. Add lines 60 through 65	12,050,144	66	10,851,089	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67	Unrestricted	27,091,199	67	26,168,276
	68	Temporarily restricted	217,973	68	233,011
	69	Permanently restricted	441,825	69	552,154
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.				
	70	Capital stock, trust principal, or current funds		70	
	71	Paid-in or capital surplus, or land, building, and equipment fund		71	
	72	Retained earnings, endowment, accumulated income, or other funds		72	
	73	Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	27,750,997	73	26,953,441
	74	Total liabilities and net assets/fund balances. Add lines 66 and 73	39,801,141	74	37,804,530

Part VI Other Information (continued)

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
	82b		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		N/A
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		N/A
85a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?		N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		N/A
c	Dues, assessments, and similar amounts from members		85c
d	Section 162(e) lobbying and political expenditures		85d
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		85e
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		85f
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		N/A
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12		86a
b	Gross receipts, included on line 12, for public use of club facilities		86b
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders		87a
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		87b
88a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	X	
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI		X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 0 ; section 4912 0 ; section 4955 0		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		0
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
90a	List the states with which a copy of this return is filed ME		
b	Number of employees employed in the pay period that includes March 12, 2007 (See instructions.)	90b	498
91a	The books are in care of Senior VP - Fiscal 181 Main Street Located at Norway, ME	Telephone no. 207-743-5933 ZIP + 4 04268	
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		X

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c Yes No

If "Yes," enter the name of the foreign country ▶

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a Net patient service revenue					45,521,836
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	185,189	
96 Dividends and interest from securities			14	53,237	
97 Net rental income or (loss) from real estate:					
a debt-financed property			33	-280,480	
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b Other revenue					128,928
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))			0	-42,054	45,650,764
105 Total (add line 104, columns (B), (D), and (E))					45,608,710

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93a	Provision of inpatient, outpatient and ancillary services as well as other healthcare related services to the general public regardless of race, color, creed or ability to pay.
103b	

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
See Statement 13	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

106 Did the reporting organization **make** any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No
	X

	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

107 Did the reporting organization **receive** any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.

Yes	No
	X

	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

Yes	No

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

Please Sign Here

Signature of officer: John W Cox Date: 08/07/09

Type or print name and title: John Cox Senior VP - Fiscal

Paid Preparer's Use Only

Preparer's signature: [Signature] Date: 7/30/09 Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: MaineHealth 901 Washington Ave Suite 104 Portland, ME 04103

EIN: [] Phone no.: []

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

Organization Exempt Under Section 501(c)(3)
(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),
or 4947(a)(1) Nonexempt Charitable Trust

OMB No. 1545-0047

2007

Department of the Treasury
Internal Revenue Service

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

Stephens Memorial Hospital Assoc.

Employer identification number

01-0219904

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to empl. benefit plans & deferred comp.	(e) Expense account and other allowances
Russell D. Florenz Norway 181 Main Street ME 04101	Physician 40	225,910	53,389	0
Mark A. Douglas Norway 181 Main Street ME 04101	Physician 40	197,400	38,945	0
Heidi C. Blake Norway 181 Main Street ME 04101	Physician 32	198,299	36,089	0
Lawrence E. Pierce Norway 181 Main Street ME 04101	Director 40	176,606	44,371	0
Tobin M. Piker Norway 181 Main Street ME 04101	Physician 40	172,875	12,010	0
Total number of other employees paid over \$50,000	▶ 114			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Oxford Hills Internal Medicine Norway 193 Main Street ME 04268	Physician svcs	616,228
Spectrum Medical Group, PA Scarborough 300 Professional Drive ME 04074	Anesthesia svcs	387,299
NorDx Scarborough P.O. Box 607 ME 04074	Lab processing	385,010
Comphealth Dallas P.O. Box 972651 TX 75397	Hlthcare staff	375,666
Quest Diagnostics, LLC Chicago 5763 Collection Center Dr. IL 60693	Lab processing	335,932
Total number of others receiving over \$50,000 for professional services	▶ 13	

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Everett Excavation Norway P.O. Box 21 ME 04268	Snow removal	178,656
D.A. Builders Norway 157 Harrison Rd. ME 04268	Blg contractor	69,583
First Protection Services Scarborough 9 Haigis Parkway ME 04074	Security svcs	58,452
Total number of other contractors receiving over \$50,000 for other services	▶ 0	

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

Schedule A (Form 990 or 990-EZ) 2007

Part III Statements About Activities (See page 2 of the instructions.)

		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>9,923</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	X	
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property?		X
b	Lending of money or other extension of credit?		X
c	Furnishing of goods, services, or facilities?		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? See Part V-A, Form 990	X	
e	Transfer of any part of its income or assets?		X
3a	Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.) See Statement 14	X	
b	Did the organization have a section 403(b) annuity plan for its employees?	X	
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement		X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?		X
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g		X
b	Did the organization make any taxable distributions under section 4966?		
c	Did the organization make a distribution to a donor, donor advisor, or related person?		
d	Enter the total number of donor advised funds owned at the end of the tax year ▶ _____		
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ _____		
f	Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶ _____		0
g	Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶ _____		0

Part IV Reason for Non-Private Foundation Status (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ►
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 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 charitable, etc., 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). (Also complete the **Support Schedule** in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
 - Type I
 - Type II
 - Type III-Functionally Integrated
 - Type III-Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total					

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)					
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					

26 Organizations described on lines 10 or 11:

a Enter 2% of amount in column (e), line 24 ▶ 26a

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts ▶ 26b

c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶ 26c

d Add: Amounts from column (e) for lines: 18 _____ 19 _____ ▶ 26d
 22 _____ 26b _____ ▶ 26e

e Public support (line 26c minus line 26d total) ▶ 26e

f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) ▶ 26f %

27 Organizations described on line 12:

a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A

(2006) _____ (2005) _____ (2004) _____ (2003) _____

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: N/A

(2006) _____ (2005) _____ (2004) _____ (2003) _____

c Add: Amounts from column (e) for lines: 15 _____ 16 _____ ▶ 27c
 17 _____ 20 _____ 21 _____ ▶ 27d

d Add: Line 27a total _____ and line 27b total _____ ▶ 27e

e Public support (line 27c total minus line 27d total) ▶ 27e

f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) ▶ 27f

g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) ▶ 27g %

h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) ▶ 27h %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

Part V Private School Questionnaire (See page 9 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		N/A	Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?			
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?			
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
32	Does the organization maintain the following:			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?			
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?			
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?			
d	Copies of all material used by the organization or on its behalf to solicit contributions?			
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
33	Does the organization discriminate by race in any way with respect to:			
a	Students' rights or privileges?			
b	Admissions policies?			
c	Employment of faculty or administrative staff?			
d	Scholarships or other financial assistance?			
e	Educational policies?			
f	Use of facilities?			
g	Athletic programs?			
h	Other extracurricular activities?			
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?			
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation			

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 11 of the instructions.)
 (To be completed **ONLY** by an eligible organization that filed Form 5768) **N/A**

Check **a** if the organization belongs to an affiliated group. Check **b** if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred.)

	(a) Affiliated group totals	(b) To be completed for all electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38 Total lobbying expenditures (add lines 36 and 37)	38	
39 Other exempt purpose expenditures	39	
40 Total exempt purpose expenditures (add lines 38 and 39)	40	
41 Lobbying nontaxable amount. Enter the amount from the following table-		
If the amount on line 40 is- The lobbying nontaxable amount is-		
Not over \$500,000		20% of the amount on line 40
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
42 Grassroots nontaxable amount (enter 25% of line 41)	42	
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

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 45 through 50 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

	Yes	No	Amount
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means	X		9,923
i Total lobbying expenditures (Add lines c through h.)			9,923

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

See Statement 15

Mortgages and Other Notes Payable

Forms
990 / 990-PF

2007

For calendar year 2007, or tax year beginning

10/01/07, and ending

9/30/08

Name

Employer Identification Number

Stephens Memorial Hospital Assoc.

01-0219904

Form 990, Part IV, Line 64b - Additional Information

Name of lender	Relationship to disqualified person
(1) Rural Development	
(2) Rural Development	
(3) Rural Development	
(4) Rural Development	
(5) Rural Development	
(6) Rural Development	
(7) MaineHealth	
(8) Stryker Capital	
(9) Gorham Savings Lease Group	
(10) Gorham Savings Lease Group	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1) 1,500,000	7/27/77	7/12/15	Monthly	5.000
(2) 833,500	6/15/87	2/01/27	Monthly	5.750
(3) 165,000	4/08/91	3/01/31	Monthly	6.000
(4) 600,000	6/06/94	5/01/34	Monthly	5.000
(5) 2,000,000	12/16/94	2/01/35	Monthly	5.250
(6) 200,000	11/01/95	11/01/35	Monthly	5.250
(7) 126,000	12/15/00		N/A	0.000
(8) 31,163	2/26/06	1/31/09	Monthly	0.000
(9) 20,648	12/15/07	12/15/12	Monthly	8.254
(10) 8,901	3/15/08	2/15/13	Monthly	5.694

Security provided by borrower	Purpose of loan
(1) 1st mtg on hosp blg, equip & AR	Hospital expansion
(2) 1st. mtg on Ripley medical blg.	Medical office blg renovation
(3) 1st. mtg on ambul serv fac & equip	Ambulance service building
(4) Buildings	Pharmacy expansion/renovation
(5) 1st. mtg on Ripley blg expansion	Medical office building expansion
(6) 1st. mtg on Ripley blg expansion	Medical office building expansion
(7) None	Cover operating expenses
(8) Equipment	Surgical equipment
(9) Equipment	Photocopier equipment
(10) Equipment	Photocopier equipment

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1) None	552,681	489,290
(2) None	624,021	604,537
(3) None	136,349	133,281
(4) None	509,881	499,540
(5) None	1,744,606	1,714,758
(6) None	175,721	172,902
(7) None	120,140	73,260
(8) None	13,850	3,463
(9) None		18,011
(10) None		7,950
Totals	3,877,249	3,716,992

Forms 990 / 990-PF	Mortgages and Other Notes Payable	2007
For calendar year 2007, or tax year beginning 10/01/07 , and ending 9/30/08		

Name Stephens Memorial Hospital Assoc.	Employer Identification Number 01-0219904
--	---

Form 990, Part IV, Line 64b - Additional Information

Name of lender	Relationship to disqualified person
(1) Gorham Savings Leasing Group	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1) 11,288	9/15/08	9/15/12	Monthly	6.943
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1) Equipment	Photocopier equipment
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1) None		11,082
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Totals		11,082

Form 990	Tax-Exempt Bond Liabilities	2007
For calendar year 2007, or tax year beginning 10/01/07 , and ending 9/30/08		

Name Stephens Memorial Hospital Assoc.	Employer Identification Number 01-0219904
--	---

Form 990, Part IV, Line 64a - Additional Information

Name of lender	Purpose of issue
(1) Maine Health and Higher Educational	Build radiography & fluoroscopy room
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Issue date	Original amount of issue	Form 8038 filed: Y/N Date filed	Date retired	Completion date of project	Unexpended bond proceeds
(1) 6/26/01	350,000	N			
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Third party use percent	Maturity date	Repayment terms	Interest rate
(1)		Monthly int and prin	4.840
(2)			
(3)			
(4)			
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			

Security provided by borrower	Amount outstanding at beginning of year	Amount outstanding at end of year
(1) None	44,887	
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Totals	44,887	

01-0219904

Federal Statements

FYE: 9/30/2008

Statement 1 - Form 990, Part I, Line 6b - Rental Expenses

<u>Description</u>	<u>Deduction</u>
Rental of office space	
Interest	135,242
Insurance	7,590
Cleaning & Maintenance	48,496
Supplies	6,630
Repairs	33,559
Taxes	37,063
Utilities	185,133
Depreciation	256,134
Total	<u>709,847</u>

Statement 2 - Form 990, Line 20 - Other Changes in Net Assets or Fund Balances

<u>Description</u>	<u>Amount</u>
Net Unrealized Gains on Investments	\$ -201,400
Equity transfers to affiliates	-3,050,546
Change in interest of net assets of SCHF	<u>-567,072</u>
Total	<u>\$-3,819,018</u>

Federal Statements

Statement 3 - Form 990, Part II, Line 25a - Compensation of Current Officers

<u>Name</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>
Expenses	\$	\$	\$
Katherine Bonney-Compensation		90,877	
Katherine Bonney-EE benefits Benefit Plan Contribution		20,478	
Roberta Metivier-Compensation		126,824	
Roberta Metivier-EE benefits Benefit Plan Contribution		40,943	
Total	<u>\$ 0</u>	<u>\$ 279,122</u>	<u>\$ 0</u>

01-0219904

Federal Statements

FYE: 9/30/2008

Statement 4 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund-Raising
Expenses	\$	\$	\$	\$
Purchased services	3,872,393	3,538,850	321,029	12,514
Dues and subscriptions	137,614	125,105	11,349	1,160
Provider tax	752,369	752,369		
Professional fees	2,996,239	2,747,040	249,199	
Bad debt	2,347,139	2,347,139		
Insurance	389,975	357,540	32,435	
Miscellaneous	552,907	506,922	45,985	
Total	<u>\$11,048,636</u>	<u>\$10,374,965</u>	<u>\$ 659,997</u>	<u>\$ 13,674</u>

Statement 5 - Form 990, Part III, Line a - Statement of Program Service AccomplishmentsDescription

Stephens Memorial Hospital Association provides health care services through its acute care and specialty care facilities to the Western Maine area. In 2008 the Hospital served 2,354 inpatients, aggregating a total of 8,583 patient days. 191 patients (8%) were uninsured, 1,235 (52%) were covered by Medicare and 316 (13%) were covered by Medicaid. The Hospital also had 119,171 visits to outpatient departments. Highlighted Hospital services provided during 2008 included: 18,316 emergency services provided, 3,386 ambulatory surgery procedures, 208 deliveries, 190,872 lab tests performed, 35,827 imaging procedures, 28,558 physical therapy units, and 17,001 respiratory therapy procedures. The Hospital provided \$1,457,693 in charity care in 2008. See Community Benefit Statement attached.

01-0219904

Federal Statements

FYE: 9/30/2008

Statement 6 - Form 990, Part IV, Line 54a - Publicly Traded Securities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>	<u>Basis of Valuation</u>
US and State Government Bonds and notes	\$ 314,164	\$ 275,494	Market
Corporate Stock	1,169,234	814,493	Market
Marketable equity securities	202,624	285,562	Market
Hedge funds			
Total	<u>\$ 1,686,022</u>	<u>\$ 1,375,549</u>	

Statement 7 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

<u>Description</u>	<u>Beginning of Year</u>	<u>Accum Depr</u>	<u>End of Year</u>	<u>Accum Depr</u>
Land improvements	\$ 1,292,586	\$ 780,134	\$ 1,292,586	\$ 850,823
Buildings and improvements	17,148,568	8,124,539	17,574,296	8,631,444
Equipment	16,941,718	11,854,744	17,465,254	12,422,820
Construction in progress	60,472		58,843	
Land	1,089,653		1,147,279	
Total	<u>\$36,532,997</u>	<u>\$20,759,417</u>	<u>\$37,538,258</u>	<u>\$21,905,087</u>

Statement 8 - Form 990, Part IV, Line 58 - Other Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Due from affiliates	\$ 531,913	\$ 0
CSV-life insurance	11,544	12,381
Workers compensation funding	98,220	51,340
Int-net assets Steph Comm HC Found	4,603,999	4,036,927
Rents receivable	7,688	0
Other receivables	59,452	119,546
AR under reimbursement regulations		1,100,000
Total	<u>\$ 5,312,816</u>	<u>\$ 5,320,194</u>

Federal Statements**Statement 9 - Form 990, Part IV, Line 65 - Other Liabilities**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
Due to affiliates	\$ 707,104	\$ 840,119
Medical malpractice claims accrual	499,554	536,641
AP under reimbursement regulations	3,235,000	1,920,021
Miscellaneous other liabilities	116,847	96,633
Total	<u>\$ 4,558,505</u>	<u>\$ 3,393,414</u>

Federal Statements

Statement 10 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
Roberta Metivier 181 Main Street Norway ME 04268	VP-HR	40	126,824	40,943	0
Katherine Bonney 181 Main Street Norway ME 04268	VP-PI	40	90,877	20,478	0
Eugene Benner 181 Main Street Norway ME 04268	Vice Chair	3	0	0	0
Andrea Burns 181 Main Street Norway ME 04268	Trustee	3	0	0	0
Peter Chapman 181 Main Street Norway ME 04268	Trustee	3	0	0	0
C. Bradley Cummings 181 Main Street Norway ME 04268	Trustee	3	0	0	0
Gregory Hardy, M.D. 181 Main Street Norway ME 04268	Trustee	3	0	0	0
Robert Harmon 181 Main Street Norway ME 04268	Chair	3	0	0	0
Larry Farmer, O.D. 181 Main Street Norway ME 04268	Trustee	3	0	0	0

Federal Statements

Statement 10 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees (continued)

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
David Hoisington, P.A. 181 Main Street Norway ME 04268	Treasurer	3	0	0	0
David Kumaki, M.D. 181 Main Street Norway ME 04268	Trustee	3	0	0	0
Rev. Donald Mayberry 181 Main Street Norway ME 04268	Trustee	3	0	0	0
William L. Medd, M.D. 181 Main Street Norway ME 04268	Trustee	3	0	0	0
Ola Melhus, M.D. 181 Main Street Norway ME 04268	Trustee	3	0	0	0
Wendy Penley 181 Main Street Norway ME 04268	Trustee	3	0	0	0
Rev. Anne Stanley 181 Main Street Norway ME 04268	Trustee	3	0	0	0
Valerie Weston 181 Main Street Norway ME 04268	Secretary	3	0	0	0
Timothy Churchill 181 Main Street Norway ME 04268	Trustee	3	0	0	0

Federal Statements

Statement 10 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees (continued)

<u>Name and Address</u>	<u>Title</u>	<u>Average Hours</u>	<u>Compensation</u>	<u>Benefits</u>	<u>Expenses</u>
Lynn Hamper 181 Main Street Norway ME 04268	Trustee	3	0	0	0
David J. Preble 181 Main Street Norway ME 04268	Trustee	3	0	0	0
Kathleen Herlihy, M.D. 181 Main Street Norway ME 04268	Trustee	3	0	0	0

Federal Statements

Statement 11 - Form 990, Part V-A, Line 75c - Compensation from Related Organizations

Payee Name	Organization EIN	Relationship	Related Organization Name1	Related Organization Name2	Compensation	Benefits	Expenses	Compensation Description
Timothy Churchill	01-0411788	Parent company	Western Maine Health Care Corp.		288,856	67,570		Employee comp
Gregory Hardy	01-0489824	Common parent comp	Western Maine Multi-Medical Spec		298,367	26,260		Employee comp

Federal Statements**Statement 12 - Form 990, Part VI, Line 80b - Name of Related Organization(s)**

<u>Name of related organization(s)</u>	<u>Type</u>
MaineHealth	Exempt
Western Maine Health Care Corp	Exempt
Western Maine Nursing Home, Inc.	Exempt
Stephens Community Healthcare Found	Exempt
Western Maine Multi-Medical Special	Exempt

Federal Statements

Statement 13 - Form 990, Part IX - Information Regarding Taxable Subsidiaries

Bus Name	EIN	Ownership %	Nature of Activity	Addr	Income	EOY Assets
Stephens Memorial PHO	04-3348952	50.0000	Contracting organization	181 Main St., Norway ME 04268	\$ 0	\$ 0
Total					\$ 0	\$ 0

Statement 14 - Schedule A, Part III, Line 3a - Explanation of Grant/Loan QualificationsDescription

Stephens Memorial Volunteer Services Scholarship:

The SVC scholarship is open to employees of all Western Maine Health Care affiliates. Employees must be employed for 6 months. Priority is given to applicants that are enrolled in course work that will further their career at Western Maine Health Care. A committee reviews all applications and determines awards based on the above criteria.

Statement 15 - Schedule A, Part VI-B - Description of Lobbying Activities**Description**

Dues paid to the American Hospital Association of \$30,044 and the Maine Hospital Association of \$14,348. The American Hospital Association and Maine Hospital Association used 25.1% and 16.6% respectively of their dues revenue for lobbying activity.

Stephens Memorial Hospital Association
990
September 30, 2008

EIN# 01-0219904

Part II, Statement of Functional Expenses, Line 42 - Depreciation Expense

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method.

Western Maine Health Care Corporation - Community Benefits Fiscal Year Ended September 30, 2008

I. Why create a Community Benefits report?

Western Maine Health Care Corporation's day-to-day operations as a tax-exempt organization include many system-wide initiatives, both locally in Oxford County and in cooperation with the MaineHealth system - from a vast array of clinical programs and new advances to promote better care, to charitable contributions and endowment funds that directly support other essential community programs. With these programs, Western Maine Health hopes to be the healthcare provider of choice in its region, while filling local gaps and making a positive impact in the communities we serve. This report will summarize Western Maine Health's community benefits efforts over the last year. The final section (VIII) will also provide a financial summary of charity care, bad debt, government-sponsored healthcare, and all subsidized community programs and other support.

II. Organizational Description and Information

Primarily serving southern Oxford County, Western Maine Health's mission is to ensure a high quality, accessible, affordable and appropriate integrated health care system to improve the health and well being of the community it serves. Western Maine Health is part of the MaineHealth system, an integrated health system whose mission is to make the communities of Southern and Central Maine the healthiest in America. Western Maine Health's member organizations provide a broad array of health and medical services including hospital, physicians, laboratory, long-term care, and residential care. Working with MaineHealth's corporate staff, Western Maine Health participates in efforts to improve the quality, coordination, and efficiency of care delivered, as well as developing health status improvement, community education, and other health access projects. Western Maine Health member organizations include Stephens Memorial Hospital, Market Square Health Care Center, Western Maine Multi-Medical Specialists and Stephens Community Healthcare Foundation.

III. Community Needs Assessment

Western Maine Health's Board of Trustees is made up of a diverse set of community members. Through its Strategic Planning process and development of the annual Business Plan, the Board evaluates the needs of the community and determines how Western Maine Health can best meet those needs. Western Maine Health also participates in various initiatives and continuous research to keep those assessments up-to-date. Some of these programs include:

- Clinical Strategic Planning
- Financial Strategic Planning
- Facility Planning
- Manpower Planning
- Physician Recruitment Strategic Planning
- Emergency Preparedness Planning

In addition to those internal assessment groups, Western Maine Health also recognizes and acts on many of the recommendations provided by external state groups such as the Maine Center for Disease Control and Prevention and the “State Health Plan” created by the Advisory Committee of Health Systems Development.

IV. Subsidized Community Programs and Other Support – Fiscal Year Ended September 30, 2008

As you will see below, Western Maine Health has decided to label the expense for such programs as the “Net Community Benefit Investment” – which equals “total expenses” minus any “grant income” minus any “program income”. The NCBI **does not include** the cost of charity care or bad debt, or the government-sponsored healthcare shortfall, associated with the services described in this Section IV.

***Western Maine Health Care Corporation’s Aggregate
“Net Community Benefit Investment” = \$3,003,810***

Subsidized Health Services

Physician Services – In order to ensure access to primary care and certain specialty physician services, Western Maine Health owns and operates, through its subsidiary Western Maine Multi-Medical Specialists, physician practices providing Cardiology, Family Medicine, General Surgery, Pediatric, and Obstetric and Gynecology services. WMMMS also has partnered with physician groups to provide Oncology services to the community. Due to the demographics of the population in Oxford County, most of these services would not be available if they were not provided by a system such as ours. Most local private physicians have closed to, or significantly limited access for, new Medicaid patients. Our practices continue to accept patients regardless of their insurance coverage or lack thereof. In the aggregate, 30% of patients served by Western Maine Multi-Medical Specialists were covered by the State of Maine Medicaid program. At September 30, 2008, physicians employed by Western Maine Multi-Medical Specialists included three Family Practitioners, three General Surgeons, three Pediatricians and three Obstetrician/ Gynecologists. Effective January 1, 2009, Western Maine Health acquired

a local Family Medicine practice and employed its providers and other staff in order to preserve and expand the primary care physician complement in the community.

Long-Term Care Services – Western Maine Health owns and operates Market Square Health Care Center, a 98-bed long-term care facility comprised of 76 nursing home/skilled nursing facility beds and 22 residential care beds. Market Square accepts patients and residents whose clinical needs exceed the capabilities of other area nursing facilities. While we may serve these patients at a financial loss, it is an important part of our mission to provide health care services that keep our local patients in the community. Market Square accepts all residents who meet clinical criteria, regardless of the source of expected payment for services.

School-Based Health Clinics – Western Maine Health operates health clinics located in Oxford Hills Comprehensive High School and Oxford Hills Middle School. Grant funding and income from services provided cover less than one-half of the cost to staff and operate the two clinics. During the 2007-2008 school year, over 900 students were enrolled in the clinics (385 of whom received services).

PACE Paramedic Service – PACE, a department of Stephens Memorial Hospital, operates a paramedic licensed ambulance service with Paramedic level Advanced Life Support (ALS) care available twenty-four hours a day. PACE provides direct and indirect benefits to the towns who have selected PACE as its primary ambulance service and to other towns who primarily use other community-based ambulance services. PACE neither requests nor receives subsidies from the towns served. PACE also provides ALS backup support at no charge for other area community rescue services that do not have full-time paramedic coverage. During 2008, PACE provided paramedic coverage for other ambulance services on over 300 calls.

Mammogram Coupon Program – Western Maine Health supplies coupons to local physicians, who provide the coupons to low-income patients. These patients receive mammogram exams at Stephens Memorial Hospital at no charge.

Outpatient Psychiatry Service – Mental health is one of the greatest unmet patient needs in the community. Western Maine Health offers an outpatient psychiatry consultation service. This service is provided through an arrangement with Spring Harbor Hospital, a non-profit psychiatric hospital and a member of the MaineHealth system.

Community Health Services

Health Information Library – The Stephens Memorial Hospital Health Information Library provides patients, health care providers, and community members with easy access to quality health information and educational resources. In 2008, the Library offered reference material to approximately 1,000 people in the form of videos, books, trained staff assistance, periodicals, and other resources.

Community-building Activities

In addition to the subsidized health services and community health services described above, Western Maine Health sponsors or participates in a variety of other community activities and programs. These community-building activities include:

- Our Vial of Life Program allows individuals in the community to record and safely store their current health information at home, in case that information needs to be retrieved in an emergency situation
- Safe Sitter courses, a medically-accurate instructional program designed for young adolescents 11 to 13 years of age
- Community-wide emergency preparedness planning
- Regional health planning and pandemic planning
- We provide a clinical site for local Certified Nurses Aide programs
- Annual Conference - Alcoholism and Drug Addiction: Disease, Treatment and Recovery
- Free community blood pressure screenings and clinics
- Blood drives
- Sibling classes for children expecting new family members
- Nutrition open houses for the general public
- We provide meeting space at no charge for local non-profit support groups including Alcoholics Anonymous, smoking cessation, Gear Parent Network Support Group, and support groups for those affected by depression/bipolar conditions, diabetes, grief, and Parkinson's Disease

Participation in MaineHealth Initiatives

In addition to the aforementioned programs, as part of the MaineHealth system, Western Maine Health provides its proportional share of support for the annual budget of the following programs, through both "member dues" and "fund balance transfers". While all member organizations may not participate directly in the following initiatives, all members provide some level of financial support to help sustain and grow these MaineHealth programs. **The community benefits quantified in this statement do not include any amounts related to these MaineHealth programs and initiatives.**

Clinical Integration

AH! Asthma Health – The AH! Program improves the care and outcomes for Maine people with asthma. The program not only develops and coordinates asthma treatment education for Physicians, but also sends asthma educators into schools and community organizations to provide further information. In addition, the Program lends support and expertise to the local asthma "HelpLine" for Somali and Latino community members in collaboration with the City of Portland, Health and Human Services.

TARGET Diabetes – The TARGET Diabetes Program improves care and outcomes for Maine people with diabetes. The program provides learning opportunities and support for primary care practices, helps Physicians utilize an electronic registry to track outcome measures for patients, and creates/distributes patient health education booklets for the community.

Healing Hearts – Healing Hearts improves heart failure care and outcomes for Maine people with the condition. The program coordinates the distribution of pamphlets, scales, and any other resources intended to help people manage heart failure. Healing Hearts also established an electronic registry for Physicians to track patient progress, and hospitals using this program consistently score above national averages on quality measures for patients with heart failure.

Cardiovascular Health Program – The Cardiovascular Health program improves the care and outcomes for Maine patients with cardiovascular disease (CVD). Along with an electronic registry for Physicians, the program produced a public awareness campaign for public access television in Greater Portland. The Cardiovascular Health program also supports the efforts of hospitals in offering preventative screenings to thousands of people with CVD through risk screening and reduction programs.

Acute Myocardial Infarction (AMI) – The AMI program improves outcomes of individuals that experience a certain type of heart attack (STEMI) by redesigning systems to ensure high quality, timely, and coordinated care. Through the AMI program’s “Rapid Response” packets, health systems met goals for decreasing the transport time to treat patients. Program staff also informs hospitals of cardiology literature and clinical practice guidelines.

Caring for ME – Caring for ME helps people with depression and those who care for and about them. The program trains primary care providers on the diagnosis and treatment of patients, and many physicians use an electronic registry to track outcome measures. In 2006, the program was chosen as one of only 20 healthcare organizations nationwide to participate in a year-long project focused on increasing patient and family involvement in chronic disease self-management.

Mental Health Integration – MaineHealth, in partnership with Spring Harbor and MMC Mental Health Network, developed a pilot program to improve primary care/mental health integration. The program conducts a collaborative “Learning Community” exploring the effectiveness, efficiency and cost/benefit of integration with 6 pairs of primary care/mental health partners.

Stroke Care – The MaineHealth Stroke Care Initiative seeks to improve the care and outcomes of patients who suffer from ischemic stroke, hemorrhagic stroke, and TIA. The program offers a set of provider education (e.g. pathways, guidelines) materials and patient education materials. Staff are working to develop systems to coordinate services and efficiently transfer patients across the system, while increasing access to neurology services for hospitals in need.

Prevention – The Prevention program seeks to improve adherence to adult and pediatric clinical preventative health guidelines. The program has created a preventative health module in the Clinical Improvement Registry (CIR); has developed patient oriented adult and pediatric preventative health guidelines and tracking tools so as to monitor preventative measures by population; and also has developed tools to support patient self management and provider education.

Osteoporosis – The Osteoporosis program seeks to improve the health and outcomes of patients who suffer from osteoporosis. This includes identifying patients who have had a fragility fracture and connecting them to their primary care providers for appropriate follow through. The program includes education materials to help providers in the prevention and treatment of osteoporosis and patient education materials that promote patient self management and fall prevention.

Palliative Care – The Palliative Care program seeks to improve the care of patients who have limited life expectancy and require comprehensive biomedical, psychosocial, and spiritual support as they enter the terminal stage of illness or condition. The program also supports family members coping with the complex consequences of illness, disability, and aging as death nears, while addressing the bereavement needs of family following the death of the patient.

Oncology – The Oncology program is looking to improve access to high quality cancer services throughout the MaineHealth region; to improve capacity to deliver patient centered care and coordination of cancer care services; and to develop additional infrastructure needed to support defined levels of cancer care.

Infection Prevention and Control Consortium – This program coordinates infection prevention and control initiatives in MaineHealth hospitals. The program focuses on quality improvement and measures the impact of its efforts at both the hospital and system level.

Health Status Programs

Healthy Weight Initiative – This initiative targets both children and adults in the community. The key parts of the initiative include clinical, community, and environmental/policy interventions. MaineHealth's financial and in-kind support for this initiative recognizes the importance of preventing obesity as a major driver of health care costs, a major risk factor for chronic diseases, and a well-documented community epidemic. In FY08, MaineHealth also made a significant financial contribution to the Maine Youth Overweight Collaborative.

Community Education Programs

MaineHealth Learning Resource Centers – With three Maine locations, the LRCs provide patients, health care providers, and community members with easy access to

quality health information and a wealth of educational reference material. In addition, the LRCs offer the public over 100 unique classes taught by professionals (e.g. healthy cooking, yoga, chronic disease self-management, cancer prevention, and mental health awareness).

Parkinson’s Information and Referral Center – The Center is a primary resource for people with Parkinson’s disease, as well as their families and healthcare providers. Assistance includes “patron requests” for information, direct physician referrals, educational outreach to health care facilities, coordinating support groups, and specialized classes for newly-diagnosed individuals.

Access to Care Programs

CarePartners – The program arranges the provision of donated healthcare services for low income uninsured Mainers in Cumberland, Kennebec, and Lincoln Counties. CarePartners also provides administrative support to help serve the target population, including comprehensive eligibility assessment, care management, and access to low cost or free pharmaceuticals.

MedAccess – The program provides access to approximately one million dollars of free medications. CarePartners provides this community resource to uninsured and underinsured community members through the Patient Assistance Programs (PAPs). In addition to this service, MedAccess offers application assistance for other prescription access programs (Medicare Part D, etc) either in-person or through a toll-free number.

System Development

Healthviews Television Network - Healthviews is a community health education television partnership with Greater Portland’s local community access channel. The program airs 12 monthly half-hour segments that provide the latest information on important health and medical issues to help community members become more informed consumers.

Partnership for Healthy Aging

PHA leads the implementation of evidence-based prevention programs for older adults (Living Well, A Matter of Balance, EnhanceWellness, EnhanceFitness, Healthy IDEAS) throughout Maine. The efforts of Elder Care Services focus upon improving transitions, prevention, and quality across the care continuum. Initiatives include Care Transitions coaching, Community Links, and Falls Prevention Tools for providers and patients.

VitalNetwork

The enhanced-ICU (E-ICU) initiative allows audio/video patient monitoring to coincide with real time display of information trend and condition changes. The system is staffed by expert ICU Physicians and Nurses in a central station, allowing enhanced remote

monitoring of patients in multiple locations. Similar systems have been proven to reduce ICU mortality by 25%. MaineHealth was the first healthcare system in New England to implement the e-ICU program.

V. Billing and Collection Practices

Western Maine Health charges all patients the same price for the same services, regardless of payor source. Except for certain elective surgical procedures, individuals are not required to pay or make arrangements to pay prior to the services being provided. The timing of the billing cycle depends on where the patient is treated. On average, once an outstanding bill has been identified as self pay, the first bill is sent to a patient typically within (a) seven business for Hospital services, (b) two to three days for services provided in a physician's office and (c) seven days after the end of the month for long-term care services. After that initial billing date, the patient has a minimum of seventy-two (72) days to pay for those services. Before collection action is taken by Western Maine Health, a minimum of three (3) notices must be sent to patients informing them of their lack of proper payments and continued attempts to communicate with them about a solution. In the absence of either full payment or a patient's attempts to communicate in order to resolve the situation, Western Maine Health does use a responsible and professional collection agency if necessary. A bill will become classified as "bad debt" if a patient has not paid the full amount within one hundred and twenty (120) days (180 days for long-term care). Western Maine Health entities may pursue legal action for collecting an outstanding bill only with prior approval of the Finance Committee of the Board of Trustees. Western Maine Health's Finance Committee has not voted to pursue such legal action in the past six years for hospital claims, and no claims for physician practice services have been subject to legal action. Market Square Health Care Center has, from time to time, taken legal action to collect amounts due from patients or residents who are not covered under the MaineCare program and have the sufficient resources to pay for the services they received.

VI. Charity Care Policies

Western Maine Health's policy of charity care and financial assistance is easily understood, prominently posted, and publicly available. For patients whose family income is at or below 175% of the Federal Poverty Level, charity care is 100% of their billed amounts. Patients whose family income ranges from 176% to 225% of the Federal Poverty Level qualify for a 10% charity care discount. A process exists for offering charity care or financial assistance to patients who are unable to pay after they have already been billed. In addition to monitoring collection practices, copies of the charity care policy are made available to patients at all entry points (registration, ED, etc.) and with bill/collection notices. The organization uses simple application procedures for charity care or financial assistance that do not intimidate or confuse applicants. Western Maine Health's employees who work in admissions, billing, accounts receivable, or patient financial services are fully informed and educated about all financial assistance

policies. These staff members identify unpaid bills where persons are unable to pay, and separates these potential “charity care” bills from other bad debt accounts.

VII. Good Governance and Executive Compensation Policies

Good Governance

Western MaineHealth Care has a Board of Trustees of 17 community members, a majority of whom are not practicing physicians, officers, department heads, or other employees with a financial connection or otherwise affiliated with the organization itself. The Board meets eleven times a year (on average), and has a written “conflict of interest” policy in place. The Board understands the specific mission of the organization, and approves strategic planning initiatives aimed at carrying out this mission. Trustees understand their fiscal and other specific responsibilities while serving on the Board, and further education/information is provided to Board members if requested. Trustees of Western Maine Health do not receive loans on behalf of the organization. The organization ensures that a substantial part of its activities does not involve attempts to influence legislation, and that it will not take an official position or provide direct support for or against a political candidate. Moreover, in addition to the CEO, CFO, or both officially signing-off on Western Maine Health’s and its subsidiaries’ yearly 990 and audited financial statements, the Board of Trustees must also have final approval of the yearly audited financial statements. The Board has also adopted and maintains a corporate compliance program that includes a Code of Conduct for all staff education and training, monitoring for compliance, and a Helpline for staff to call, all intended to produce continual compliance with organizational policies and the law.

Executive Compensation

Western Maine Health, through its parent company MaineHealth, has a formal written compensation policy in place. In consultation with Towers Perrin, the MaineHealth Board Compensation Committee establishes appropriate compensation parameters for each member organization’s CEO and certain members of their Senior Management team. Working within those parameters, the Western Maine Health Board determines the level of compensation for its CEO. The findings of the Compensation Committee are made transparent to, and voted on by, the full Governing Board. This “total executive compensation” is filed publicly by the organization, and includes “total cash compensation” and “total value of all benefits and perquisites associated with position.” The Board takes necessary action to prevent the CEO from voting or directly participating in the final Committee determination of his own compensation. The organization’s executive compensation procedure relies upon appropriate data for comparability (e.g. compensation levels paid by both taxable and tax-exempt similarly situated organizations and independent compensation surveys by nationally recognized independent firms). Finally, the organization refrains from allowing executive

compensation to ever be based solely on Western Maine Health revenues or other similar profit-sharing strategies.

VIII. Aggregate Financial Data – Fiscal Year Ended September 30, 2008

Western Maine Health Community Benefit Summary ***

1. Charity care (at cost)	\$ 721,471
2. Bad debt (at cost)	\$ 1,170,972
3. Government-sponsored health care (shortfall) - Unpaid cost of Medicare, MaineCare, and other hospital-specific indigent care programs	\$ 7,805,528
4. Net Community Benefit Investment Programs (net expense), e.g. - Clinical Integration - Community Education Programs - Health Status Programs - Other Miscellaneous Programs	\$ 3,003,810

<i>Total Value of Quantifiable Benefits Provided to the Community</i>	<u>\$12,701,781</u>
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*** Form created based on AHA guidelines

Form **990-T**

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

OMB No. 1545-0687

2007

Department of the Treasury
Internal Revenue Service (77)

For calendar year 2007 or other tax year beginning **10/01/07**, and
ending **9/30/08** ▶ See separate instructions.

Open to Public Inspection
for 501(c)(3) Organizations Only

<p>A Check box if address changed</p> <p>B Exempt under section</p> <p><input checked="" type="checkbox"/> 501(c) (3)</p> <p><input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e)</p> <p><input type="checkbox"/> 408A <input type="checkbox"/> 530(a)</p> <p><input type="checkbox"/> 529(a)</p> <p>C Book value of all assets at end of year 37,804,530</p>	<p>Print or Type</p>	<p>Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) Stephens Memorial Hospital Assoc.</p> <p>Number, street, and room or suite no. If a P.O. box, see page 9 of instructions. 181 Main Street</p> <p>City or town, state, and ZIP code Norway ME 04268</p>	<p>D Employer identification number (Employees' trust, see instructions for Block D on page 9.) 01-0219904</p> <p>E Unrelated business activity codes (See instructions for Block E on page 9.)</p>
<p>F Group exemption number (See instructions for Block F on page 9.) ▶</p>		<p>G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust</p>	

H Describe the organization's primary unrelated business activity.

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No

If "Yes," enter the name and identifying number of the parent corporation.

▶ **Western Maine Health Care Corporation 01-0411788**

J The books are in care of ▶ **Senior VP - Fiscal** Telephone number ▶ **207-743-5933**

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales			
b Less returns and allowances c Balance ▶	1c		
2 Cost of goods sold (Schedule A, line 7)	2		
3 Gross profit. Subtract line 2 from line 1c	3		
4a Capital gain net income (attach Schedule D)	4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b		
c Capital loss deduction for trusts	4c		
5 Income (loss) from partnerships and S corporations (attach statement)	5		
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, & rents from controlled organizations (Schedule F)	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10 Exploited exempt activity income (Schedule I)	10		
11 Advertising income (Schedule J)	11		
12 Other income (See page 11 of the instructions; attach schedule.)	12		
13 Total. Combine lines 3 through 12	13	0	0

Part II Deductions Not Taken Elsewhere (See page 12 of the instructions for limitations on deductions.)
(Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K)		14	
15 Salaries and wages		15	
16 Repairs and maintenance		16	
17 Bad debts		17	
18 Interest (attach schedule)		18	
19 Taxes and licenses		19	
20 Charitable contributions (See page 14 of the instructions for limitation rules.)		20	
21 Depreciation (attach Form 4562)	21		
22 Less depreciation claimed on Schedule A and elsewhere on return	22a	22b	0
23 Depletion		23	
24 Contributions to deferred compensation plans		24	
25 Employee benefit programs		25	
26 Excess exempt expenses (Schedule I)		26	
27 Excess readership costs (Schedule J)		27	
28 Other deductions (attach schedule)		28	
29 Total deductions. Add lines 14 through 28		29	
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13		30	
31 Net operating loss deduction (limited to the amount on line 30)		31	
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30		32	
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions.)		33	1,000
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32		34	0

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation on page 15.
 Controlled group members (sections 1561 and 1563) check here See instructions and:

a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):
 (1) \$ _____ (2) \$ _____ (3) \$ _____

b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____
 (2) Additional 3% tax (not more than \$100,000) \$ _____

c Income tax on the amount on line 34 **35c**

36 Trusts Taxable at Trust Rates. See instructions for tax computation on page 16. Income tax on the amount on line 34 from: Tax rate schedule or Schedule D (Form 1041) **36**

37 Proxy tax. See page 16 of the instructions **37**

38 Alternative minimum tax **38**

39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies **39**

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) **40a**

b Other credits (see page 17 of the instructions) **40b**

c General business credit. Check here and indicate which forms are attached:
 Form 3800 Form(s) (specify) ▶ **40c**

d Credit for prior year minimum tax (attach Form 8801 or 8827) **40d**

e Total credits. Add lines 40a through 40d **40e**

41 Subtract line 40e from line 39 **41**

42 Other taxes. Check if from: Form 4255 Form 8611 Form 8697 Form 8866 Other **42**

43 Total tax. Add lines 41 and 42 **43** 0

44a Payments: A 2006 overpayment credited to 2007 **44a**

b 2007 estimated tax payments **44b**

c Tax deposited with Form 8868 **44c**

d Foreign organizations: Tax paid or withheld at source (see instructions) **44d**

e Backup withholding (see instructions) **44e**

f Other credits and payments: Form 2439 **44f**
 Form 4136 Other Total ▶

45 Total payments. Add lines 44a through 44f **45**

46 Estimated tax penalty (see page 4 of the instructions). Check if Form 2220 is attached **46**

47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed **47**

48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid **48**

49 Enter the amount of line 48 you want: Credited to 2008 estimated tax Refunded **49**

Part V Statements Regarding Certain Activities and Other Information (see instructions on page 18)

1 At any time during the 2007 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1. If YES, enter the name of the foreign country here **Yes** **No**

2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see page 5 of the instructions for other forms the organization may have to file. **Yes** **No**

3 Enter the amount of tax-exempt interest received or accrued during the tax year \$

Schedule A—Cost of Goods Sold. Enter method of inventory valuation ▶

1 Inventory at beginning of year	1		6 Inventory at end of year	6	
2 Purchases	2		7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3 Cost of labor	3				
4a Additional sec. 263A costs (attach sch.)	4a		8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?		Yes No
b Other costs (attach schedule)	4b				
5 Total. Add lines 1 through 4b	5				

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

Sign Here

Signature of officer: John W Cox Date: 08/01/09 Title: SENIOR VICE PRESIDENT - FISCAL

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

Paid Preparer's Use Only

Preparer's signature: _____ Date: 7/30/09 Check if self-employed: Preparer's SSN or PTIN: _____

Firm's name (or yours if self-employed), address, and ZIP code: MaineHealth
901 Washington Ave Suite 104
Portland, ME 04103 EIN: _____ Phone #: _____

Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)

(see instructions on page 20)

1 Description of property

(1) N/A
(2)
(3)
(4)

2 Rent received or accrued		3 Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	
(1)		
(2)		
(3)		
(4)		
Total		Total deductions. Enter here and on page 1, Part I, line 6, column (B) ▶

Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶

Schedule E—Unrelated Debt-Financed Income (see instructions on page 20)

1 Description of debt-financed property	2 Gross income from or allocable to debt-financed property	3 Deductions directly connected with or allocable to debt-financed property		
		(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)	
(1) N/A				
(2)				
(3)				
(4)				
4 Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5 Average adjusted basis of or allocable to debt-financed property (attach schedule)	6 Column 4 divided by column 5	7 Gross income reportable (column 2 x column 6)	8 Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals ▶			Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).

Total dividends-received deductions included in column 8 ▶

Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions on page 21)

1 Name of Controlled Organization	2 Employer Identification Number	Exempt Controlled Organizations			
		3 Net unrelated income (loss) (see instructions)	4 Total of specified payments made	5 Part of column 4 that is included in the controlling organization's gross inc.	6 Deductions directly connected with income in column 5
(1) N/A					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7 Taxable Income	8 Net unrelated income (loss) (see instructions)	9 Total of specified payments made	10 Part of column 9 that is included in the controlling organization's gross income	11 Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
Totals ▶			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).

Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization

(see instructions on page 22)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (col. 3 plus col.4)
(1) N/A				
(2)				
(3)				
(4)				
Totals	Enter here and on page 1, Part I, line 9, column (A).			Enter here and on page 1, Part I, line 9, column (B).

Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income

(see instructions on page 22)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1) N/A						
(2)						
(3)						
(4)						
Totals	Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).				Enter here and on page 1, Part II, line 26.

Schedule J—Advertising Income (see instructions on page 22)

Part I Income From Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4).
(1) N/A						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

(1) N/A						
(2)						
(3)						
(4)						
(5) Totals from Part I	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.
Totals, Part II (lines 1-5)						

Schedule K—Compensation of Officers, Directors, and Trustees (see instructions on page 23)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
N/A		%	
		%	
		%	
		%	
Total. Enter here and on page 1, Part II, line 14			

2007

**MAINE CORPORATE INCOME TAX RETURN
FORM 1120ME**



23

For calendar year
2007 or tax year

10-01-07 to 09-30-08
MM DD YY MM DD YY

07001V0

Check if you filed
federal Form 990-T

Stephens Memorial Hospital Assoc.

Name of Corporation
181 Main Street

Federal Business code
01-0219904

State of
ME

Address
Norway

Federal Employer ID Number
ME 04268

Incorporation
01-0411788

City, Town, or Post Office
John

State ZIP Code

Parent Company Employer ID No.

Cox

207-743-5933

Contact Person's First Name

Contact Person's Last Name

Telephone Number

CHECK APPLICABLE BOXES: (1) Initial return (2) Final return (3) Change of name/address (4) Combined return (Attach Form CR)
(5) Member of an affiliated group filing a separate return. **To amend your return, you must file 2007 Form 1120X-ME**

A. FEDERAL CONSOLIDATED INCOME (federal Form 1120, line 30)	A	.00
1. FEDERAL TAXABLE INCOME (federal Form 1120, line 30 or Form 1120A, line 26. If filing a combined report, from Maine Form CR, page 1, line 20). If negative, enter a minus sign to the left of the number	1	.00
2. SUBTRACTIONS:		
a. NONTAXABLE INTEREST	2a	.00
b. FOREIGN DIVIDEND GROSS-UP	2b	.00
c. WORK OPPORTUNITY CREDIT AND EMPOWERMENT ZONE CREDIT DEDUCTION (attach federal Form 5884 and/or Form 8844, as appropriate)	2c	.00
d. INCOME NOT TAXABLE UNDER THE CONSTITUTION OF MAINE OR THE U.S.	2d	.00
e. DIVIDENDS FROM CERTAIN AFFILIATED CORPORATIONS (limitations - see instructions)	2e	.00
f. NET OPERATING LOSS DEDUCTION CARRYOVER (limitations - see instructions)	2f	.00
g. INCOME FROM OWNERSHIP INTEREST IN PASS-THROUGH ENTITY FINANCIAL INSTITUTIONS subject to Maine franchise tax (see instructions)	2g	.00
h. STATE INCOME TAX REFUNDS included in line 1 above	2h	.00
i. BONUS DEPRECIATION/SECTION 179 EXPENSE RECAPTURE (see instructions)	2i	.00
j. OTHER (see instructions)	2j	.00
k. TOTAL SUBTRACTIONS (add lines 2a through 2j)	2k	0.00
3. LINE 1 MINUS LINE 2k. If negative, enter a minus sign in the box to the left of the number	3	0.00
4. ADDITIONS:		
a. INCOME TAXES imposed by Maine or any other state (attach schedule)	4a	.00
b. UNRELATED EXPENSES (attach schedule)	4b	.00
c. INTEREST FROM STATE AND MUNICIPAL BONDS other than Maine	4c	.00
d. NET OPERATING LOSS RECOVERY ADJUSTMENT	4d	.00
e. DOMESTIC PRODUCTION ACTIVITIES DEDUCTION ADD-BACK (see instructions)	4e	.00
f. SECTION 179 EXPENSE ADD-BACK (see instructions)	4f	0.00
g. OTHER (see instructions)	4g	.00
h. TOTAL ADDITIONS (add lines 4a through 4g)	4h	0.00



Federal EIN

Stephens Memorial Hospital Assoc.

5. ADJUSTED FEDERAL TAXABLE INCOME (add lines 3 and 4h)	5	0 .00	
TAX:			
6. GROSS TAX (see tax rates on page 6)	6	0 .00	
7. a. MAINE CORPORATE INCOME TAX (from line 6 above or Schedule A, line 17. See instructions)	7a	0 .00	
b. MINIMUM TAX: Schedule B, line 28c (attach federal Form 4626)	7b	.00	
c. TOTAL TAX (add lines 7a and 7b)	7c	0 .00	
8. PAYMENTS AND CREDITS:			
a. MAINE ESTIMATED TAX PAID	8a	.00	
b. EXTENSION PAYMENT (Form 1120EXT-ME)	8b	.00	
c. OTHER CREDITS Schedule C, page 4, line 29c	8c	.00	
d. INCOME TAX WITHHELD from a pass-through entity (enclose Form 1099ME)	8d	.00	
e. TOTAL PAYMENTS AND CREDITS (add lines 8a, 8b, 8c and 8d)	8e	0 .00	
9. a. If line 7c is greater than line 8e, enter TAX BALANCE DUE	9a	0 .00	Use EZ Pay at maine.gov/revenue
b. Enter PENALTY for underpayment of estimated tax (attach Form 2220ME)	9b	.00	Check here if Form 2220ME block 5.a. is checked.
c. TOTAL AMOUNT DUE (add lines 9a and 9b). Pay in full with return. You may be required to make payments electronically. See instructions or Rule 102 (Please make check payable to Treasurer, State of Maine)	9c	0 .00	
10. If line 8e is greater than line 7c, enter OVERPAYMENT	10	.00	
11. Amount of line 10 to be:			
a. CREDITED to next year's estimated tax	11a	.00	
b. REFUNDED	11b	.00	

CORPORATION PRESIDENT'S NAME Timothy Churchill SOCIAL SECURITY NUMBER 004-48-9886

TREASURER'S NAME David Hoisington SOCIAL SECURITY NUMBER 004-46-7888

COMPANY'S WEB SITE ADDRESS www.wmhcc.org

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

08/04/09 John W. Cox SENIOR VICE PRESIDENT - FISCAL 004-66-9875
DATE OFFICER'S SIGNATURE TITLE SOCIAL SECURITY NUMBER

08-04-09 MaineHealth Portland PREPARER'S SSN OR PTIN
DATE SIGNATURE AND ADDRESS OF PREPARER (INDIVIDUAL OR FIRM) ME 04103

THIS RETURN MUST BE ACCOMPANIED BY A LEGIBLE COPY OF THE U.S. CORPORATION INCOME TAX RETURN, FEDERAL FORM 1120, PAGES 1-4 OR FORM 1120A, PAGES 1 & 2, FOR THE SAME TAXABLE PERIOD.

- Please submit forms in the following order:
1. Pages 1 through 4 of Form 1120ME, as required.
 2. Form CR, if required, including affiliation schedule.
 3. Other statements for the Maine income tax return.
 4. A copy of federal Form 1120, pages 1 through 4 (or Form 1120A, pages 1 and 2).

File return with:
Maine Revenue Services
P.O. Box 1062
Augusta, ME 04332-1062

Office use only
LG



SCHEDULE A - APPORTIONMENT OF TAX

Do not complete this schedule if 100% of your business activity is attributable to Maine. Schedules B, C, and D may still be required.

All others must complete this schedule and enter amounts in columns A and B, even if those amounts are zero. If this schedule is left blank or excluded, your Maine apportionment factor will be set at 100%. Round all dollar amounts to whole numbers.

Check here if the taxpayer is a mutual fund service provider electing to use the special apportionment formula under 36 M.R.S.A. § 5212(2).

	(A) Within Maine	(B) Everywhere	(C) Apportionment Factor Line 12, Col. (A)/Col. (B) Rounded to 6 Decimals
12. Total Sales	.	.	=
13. Total Payroll	.	.	
14. Total Property	.	.	
15. MAINE APPORTIONMENT FACTOR - from line 12, column (C) above			15 1.000000
16. GROSS TAX from page 2, line 6			16 .00
17. MAINE CORPORATE INCOME TAX (line 16 x line 15 factor). Enter here and on line 7a, page 2.			17 .00
18. What amount of line 14, column A is TANGIBLE PERSONAL PROPERTY?			18 .00

SCHEDULE B - MINIMUM TAX

(Attach federal Form 4626)

19. FEDERAL ALTERNATIVE MINIMUM TAXABLE INCOME (federal Form 4626, line 7). If negative, enter a minus sign in the space to the left of the total	19	.00
20. MODIFICATIONS (see instructions for Schedule B on page 7) (if negative, enter a minus sign in the space to the left of the total)	20	.00
21. TENTATIVE ALTERNATIVE MINIMUM TAXABLE INCOME. (combine lines 19 and 20)	21	.00
22. EXEMPTION (see instructions) See Wrk	22	40000 .00
23. ADJUSTED TENTATIVE ALTERNATIVE MINIMUM TAXABLE INCOME (line 21 less line 22)	23	-40000 .00
24. APPORTIONMENT FACTOR (see instructions)	24	1.000000
25. ALTERNATIVE MINIMUM TAXABLE INCOME (line 23 multiplied by line 24)	25	-40000 .00
26. TENTATIVE MINIMUM TAX (line 25 multiplied by 5.4% [0.054])	26	.00
27. INCOME TAX (page 2, line 7a)	27	.00
28a. ALTERNATIVE MINIMUM TAX PRIOR TO PINE TREE DEVELOPMENT ZONE CREDIT (line 26 minus line 27)	28a	.00
28b. PINE TREE DEVELOPMENT ZONE CREDIT (from credit application worksheet)	28b	.00
28c. ALTERNATIVE MINIMUM TAX (line 28a minus line 28b). Enter here and on page 2, line 7b. (If less than zero, enter zero)	28c	0 .00



SCHEDULE C - OTHER CREDITS
 (Attach worksheets. To get worksheets, see www.maine.gov/revenue/forms)

29. a. MAINE SEED CAPITAL TAX CREDIT (Credit Claimed _____)	Amount Used	29a	.00
b. JOBS AND INVESTMENT TAX CREDIT (Credit Claimed _____)	Amount Used	29b	.00
c. EMPLOYER-ASSISTED DAY CARE TAX CREDIT AND QUALITY CHILD CARE INVESTMENT CREDIT (Credit Claimed _____)	Amount Used	29c	.00
d. EMPLOYER-PROVIDED LONG-TERM CARE BENEFITS CREDIT (Policy # _____) (Credit Claimed _____)	Amount Used	29d	.00
e. PINE TREE DEVELOPMENT ZONE CREDIT (from Credit Application Worksheet)	Amount Used	29e	.00
f. BIOFUEL PRODUCTION CREDIT (Credit Claimed _____)	Amount Used	29f	.00
g. RESEARCH EXPENSE TAX CREDIT (Credit Claimed _____)	Amount Used	29g	.00
h. SUPER RESEARCH AND DEVELOPMENT CREDIT (Credit Claimed _____)	Amount Used	29h	.00
i. HIGH-TECHNOLOGY INVESTMENT TAX CREDIT (Credit Claimed _____)	Amount Used	29i	.00
j. MINIMUM TAX CREDIT (Credit Claimed _____)	Amount Used	29j	.00
k. CREDIT FOR DEPENDENT HEALTH BENEFITS PAID (Credit Claimed _____)	Amount Used	29k	.00
l. CLEAN FUEL CREDIT (Credit Claimed _____)	Amount Used	29l	.00
m. HISTORIC REHABILITATION CREDIT (Credit Claimed _____)	Amount Used	29m	.00
n. OTHER (Credit Name _____) (Credit Claimed _____)	Amount Used	29n	.00
o. TOTAL: Add lines a through n, enter result here and on page 2, line 8c. (Credit limited to the tax liability on page 2, line 7a)		29o	.00

SCHEDULE D - MINIMUM TAX CREDIT

30. a. NET STATE MINIMUM TAX FOR 2006 (2006 Form 1120ME, Schedule B, line 28c)	30a	.00
b. MINIMUM TAX CREDIT CARRYOVER FROM 2006 (2006 Form 1120ME, Schedule D, line 30h)	PLUS 30b	.00
c. LINE A PLUS LINE B	= 30c	.00
d. REGULAR INCOME TAX LIABILITY FOR 2007 (page 2, line 7a less allowable credits - all Schedule C credits except minimum tax credit)	30d	0 .00
e. TENTATIVE MINIMUM TAX FOR 2007 (Schedule B, line 26)	MINUS 30e	.00
f. LINE D MINUS LINE E (if zero or less, enter zero)	= 30f	0 .00
g. STATE MINIMUM TAX CREDIT: enter the smaller of line c or line f here and on Schedule C, line 29j	30g	.00
h. Maine minimum tax credit CARRYOVER TO 2008 (line c minus line g)	30h	.00