Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No. 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 9/25 , 2011, and ending 9/29 , 2012

B Check if applicable:
- [ ] Address change
- [ ] Name change
- [ ] Initial return
- [ ] Terminated
- [ ] Amended return
- [ ] Application pending

C
Acadia Hospital Corporation
43 Whiting Hill Road
Brewer, ME 04412

D Employer Identification Number: 01-0459837

E Telephone number: 207-973-7064

G Gross receipts $ 83,466,138.

F Name and address of principal officer: Derrick Hollings
Same As C Above

H(a) Is this a group return for affiliates? [ ] Yes [X] No
H(b) Are all affiliates included? [ ] Yes [ ] No
If 'No,' attach a list. (see instructions)

I Tax-exempt status [X] 501(c)(3) [ ] 501(c) ( )◄ (insert no.) [ ] 4947(a)(1) or [ ] 527

J Website: ► www.acadiahospital.org

H(c) Group exemption number ► 5247

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ►

L Year of Formation: 1987

M State of legal domicile: ME

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: The primary mission of Acadia Hospital is the provision of both hospital-based and community-based mental health and substance abuse treatment services to the people of Maine.

2 Check this box ► [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	11
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	746
6	Total number of volunteers (estimate if necessary)	6	2
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	624,762.	565,877.
	9	Program service revenue (Part VIII, line 2g)	87,543,002.	79,287,933.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	435,083.	478,330.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,273.	494,367.
	12	Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	88,607,120.	80,826,507.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)		
	14	Benefits paid to or for members (Part IX, column (A), line 4)		
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	34,614,512.	34,207,383.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		
	b	Total fundraising expenses (Part IX, column (D), line 25) ►		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	51,271,540.	43,995,206.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	85,886,052.	78,202,589.
	19	Revenue less expenses. Subtract line 18 from line 12	2,721,068.	2,623,918.
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	41,514,896.	47,183,304.
	21	Total liabilities (Part X, line 26)	33,442,556.	36,411,137.
	22	Net assets or fund balances. Subtract line 21 from line 20	8,072,340.	10,772,167.

Part II Signature Block

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

Sign Here

► Signature of officer — Date 8/1/13

► Derrick Hollings — Treasurer
Type or print name and title.

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
	Self-Prepared			

Firm's name ►
Firm's address ►
Firm's EIN ►
Phone no.

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III. [X]

1 Briefly describe the organization's mission:

The primary mission of Acadia Hospital is the provision of both hospital-based and community-based mental health and substance abuse treatment services to the people of Maine.

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

If 'Yes,' describe these new services on Schedule O.

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

If 'Yes,' describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 58,061,762. including grants of $) (Revenue $ 79,776,683.)

The Acadia Hospital is a nonprofit psychiatric and chemical dependency hospital that, along with Acadia Healthcare, a provider of substance abuse and community integration services, serves the entire state of Maine. It currently has the largest psychiatric staff in Maine with a total of 26 psychiatrists, neurologists, addictionologist/internist, and family practitioner. The facility opened twenty years ago in response to an urgent need for more hospital and community based mental health and chemical dependency treatment programs.

In 2012, Acadia's total admissions amounted to 1,140 resulting in Acadia experiencing a 80.2% occupancy rate for the year.

4b (Code:) (Expenses $ 7,633,553. including grants of $) (Revenue $)

Charity Care provided (at cost). 870 persons served.

4c (Code:) (Expenses $ 3,588,570. including grants of $) (Revenue $)

Medicare shortfalls (at cost). 10,677 persons served.

4d Other program services. (Describe in Schedule O.) See Schedule O

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

4e Total program service expenses ► 69,283,885.

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	59			
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0			
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	X	
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	746			
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	X	
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file.* (see instructions)					
3a Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		X
b If 'Yes' has it filed a Form 990-T for this year? *If 'No,' provide an explanation in Schedule O*			3b		
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		X
b If 'Yes,' enter the name of the foreign country: ►					
See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		X
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		X
c If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		X
b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7 Organizations that may receive deductible contributions under section 170(c).					
a Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		X
b If 'Yes,' did the organization notify the donor of the value of the goods or services provided?			7b		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		X
d If 'Yes,' indicate the number of Forms 8282 filed during the year	7d				
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		X
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		X
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9 Sponsoring organizations maintaining donor advised funds.					
a Did the organization make any taxable distributions under section 4966?			9a		
b Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10 Section 501(c)(7) organizations. Enter:					
a Initiation fees and capital contributions included on Part VIII, line 12	10a				
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11 Section 501(c)(12) organizations. Enter:					
a Gross income from members or shareholders	11a				
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b				
12a **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year	12b				
13 Section 501(c)(29) qualified nonprofit health insurance issuers.					
a Is the organization licensed to issue qualified health plans in more than one state?			13a		
Note. See the instructions for additional information the organization must report on Schedule O.					
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c Enter the amount of reserves on hand	13c				
14a Did the organization receive any payments for indoor tanning services during the tax year?			14a		X
b If 'Yes,' has it filed a Form 720 to report these payments? *If 'No,' provide an explanation in Schedule O*			14b		

Part VI **Governance, Management and Disclosure** *For each 'Yes' response to lines 2 through 7b below, and for a 'No' response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response to any question in this Part VI ..... [X]

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► ME

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.

[X] Own website [X] Another's website [X] Upon request

19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public during the tax year. See Schedule O

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization:

► Jeffrey A. Sanford 43 Whiting Hill Road Brewer ME 04412 207-973-7894

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

Check if Schedule O contains a response to any question in this Part VII. [X]

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

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of 'key employee.'
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

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

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
See Schedule O										
(1) EE comp is for admin sv not brd respons	0							0.	0.	0.
(2) John W Bragg, President Board Member	0.5	X						0.	0.	0.
(3) James Breece Board Member	0.5	X						0.	0.	0.
(4) Craig D. Hadley, CPA Board Member	0.5	X						0.	0.	0.
(5) Jane Irving Board Member	0.5	X						0.	0.	0.
(6) Judith Horan Board Member	0.5	X						0.	0.	0.
(7) Mary M. Hood, EMHS Pres Ex-Officio	2	X		X				0.	886,467.	230,569.
(8) Richard A. Lyons, Jr Chairman	0.5	X		X				0.	0.	0.
(9) Charles T. McHugh, MD Board Member	0.5	X						0.	0.	0.
(10) Paul X. Paradis Board Member	0.5	X						0.	0.	0.
(11) Sandra L. Rothera, Esq. Board Member	0.5	X						0.	0.	0.
(12) Michael Shea Vice Chair	0.5	X		X				0.	0.	0.
(13) Teresa Willett Steele, Board Member	0.5	X						0.	0.	0.
(14) Daniel B. Coffey, Pres/ Clerk/Secretary	50	X		X				315,374.	135,160.	44,909.

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Sch O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(15) Allan D. Currie, MD Board Member	0.5	X						0.	212,810.	35,213.
(16) Anne E. Pooler, EdD, Dean Board Member	0.5	X						0.	0.	0.
(17) Theodore Helberg, III VP Human Resour	50			X				134,430.	0.	8,889.
(18) Anthony Ng, MD VP Med Affairs	50			X				253,474.	0.	28,072.
(19) Derrick Hollings EMHS Treasurer	0.5			X				0.	0.	0.
(20) Deborah Sanford VP Patient Admn	50			X				165,173.	0.	28,269.
(21) Brent Scobie VP Chief Clinic	50			X				129,943.	0.	28,374.
(22) Marie K. Suitter VP & CFO	50			X				156,663.	0.	27,661.
(23) Scott Oxley, Interim Treasurer Treasur,prt yr	1			X				0.	283,116.	37,273.
(24) Karen Clements VP Chief Nursin	50			X				161,789.	0.	25,049.
(25) Eric Kuntz Med Director	40					X		248,240.	0.	44,157.
1b Sub-total ►								1,565,086.	1,517,553.	538,435.
c Total from continuation sheets to Part VII, Section A ►								1,797,090.	125,943.	180,151.
d Total (add lines 1b and 1c) ►								3,362,176.	1,643,496.	718,586.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ► 35

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Locumtenans.com PO Box 405547 Atlanta, GA 30384-5547	Physician services	2,039,439.
Staff Care Inc. PO Box 281923 Atlanta, GA 30384-1923	Physician Services	592,467.
Musher Group LLC PO Box 24 Sewickley, PA 15143	Consulting Services	215,455.
Nurse Anesthesia of Maine 141 N Main St STE 205 Brewer, ME 04412	Clinical services	154,908.

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ► 4

Form 990

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

OMB No. 1545-0047

2011

Name of the Organization: Acadia Hospital Corporation

Employer Identification number: 01-0459837

Part VII Continuation: Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
Marie Raine Psychiatrist	40					X		347,054.	0.	12,792.
William Schaffer Psychiatrist	40					X		350,418.	0.	29,289.
Clifford Singer Psychiatrist	40					X		289,123.	0.	23,949.
John Burkins Psychiatrist	40					X		260,798.	0.	23,250.
Nancy Barrows Former VP, Support Service	0						X	95,161.	0.	23,143.
April Giard Former VP/CNO	0						X	0.	125,943.	32,037.
Jamie P. Morrill Former VP COO	0						X	140,646.	0.	26,862.
David Proffitt Former CEO	0						X	313,890.	0.	8,829.

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS	1a Federated campaigns	1a 3,219.				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d 364,876.				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f 197,782.				
	g Noncash contributions included in lns 1a-1f: $ 3,834.					
	h **Total.** Add lines 1a-1f ►		565,877.			
PROGRAM SERVICE REVENUE		Business Code				
	2a Patient Care Services	621990	79,155,796.	79,155,796.		
	b Cafeteria/Dietary	722210	132,137.			132,137.
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a-2f ►		79,287,933.			
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts) ►		476,438.			476,438.
	4 Income from investment of tax-exempt bond proceeds ►					
	5 Royalties ►					
		(i) Real / (ii) Personal				
	6a Gross rents					
	b Less: rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss) ►					
		(i) Securities / (ii) Other				
	7a Gross amount from sales of assets other than inventory	2,634,968.				
	b Less: cost or other basis and sales expenses	2,633,076.				
	c Gain or (loss)	1,892.				
	d Net gain or (loss) ►		1,892.			1,892.
	8a Gross income from fundraising events (not including $ ____ of contributions reported on line 1c). See Part IV, line 18	a				
	b Less: direct expenses	b				
	c Net income or (loss) from fundraising events ►					
	9a Gross income from gaming activities. See Part IV, line 19	a				
	b Less: direct expenses	b				
	c Net income or (loss) from gaming activities ►					
	10a Gross sales of inventory, less returns and allowances	a 11,675.				
	b Less: cost of goods sold	b 6,555.				
	c Net income or (loss) from sales of inventory ►		5,120.			5,120.
	Miscellaneous Revenue	Business Code				
	11a Meaningful Use Funds	621990	488,750.	488,750.		
	b Miscellaneous	812900	497.			497.
	c					
	d All other revenue					
	e **Total.** Add lines 11a-11d ►		489,247.			
	12 **Total revenue.** See instructions ►		80,826,507.	79,644,546.	0.	616,084.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,494,596.	820,143.	674,453.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.	0.	0.	0.
7 Other salaries and wages	25,558,373.	22,760,179.	2,798,194.	
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions)	1,117,379.	961,707.	155,672.	
9 Other employee benefits	4,274,425.	4,046,655.	227,770.	
10 Payroll taxes	1,762,610.	1,517,044.	245,566.	
11 Fees for services (non-employees):				
a Management				
b Legal	116,294.		116,294.	
c Accounting	10,279.		10,279.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	13,443.	13,443.		
g Other	5,111,683.	1,518,527.	3,593,156.	
12 Advertising and promotion	28,776.		28,776.	
13 Office expenses	1,287,577.	1,046,643.	240,934.	
14 Information technology	305,567.	145,144.	160,423.	
15 Royalties				
16 Occupancy	732,537.	610,588.	121,949.	
17 Travel	87,027.	68,941.	18,086.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	121,685.	97,094.	24,591.	
20 Interest	434,305.	434,305.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,137,349.	878,033.	259,316.	
23 Insurance	169,082.	145,526.	23,556.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Charity Care	15,943,288.	15,943,288.		
b Contractual Allowances	14,347,352.	14,347,352.		
c Provision for uncollectible ac	2,089,682.	2,089,682.		
d Taxes and Licensing	1,002,948.	980,989.	21,959.	
e All other expenses	1,056,332.	858,602.	197,730.	
25 Total functional expenses. Add lines 1 through 24e	78,202,589.	69,283,885.	8,918,704.	0.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ► ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
ASSETS	1	Cash – non-interest-bearing		2,135.	1	1,715.
	2	Savings and temporary cash investments		4,521,559.	2	6,264,155.
	3	Pledges and grants receivable, net		14,259.	3	
	4	Accounts receivable, net		5,284,561.	4	9,110,503.
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		7,996.	5	9,996.
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)			6	
	7	Notes and loans receivable, net		310,148.	7	267,752.
	8	Inventories for sale or use		210,772.	8	146,188.
	9	Prepaid expenses and deferred charges		1,122,476.	9	622,660.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 30,932,848.			
	b	Less: accumulated depreciation	10b 21,077,066.	10,027,781.	10c	9,855,782.
	11	Investments – publicly traded securities			11	
	12	Investments – other securities. See Part IV, line 11			12	
	13	Investments – program-related. See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets. See Part IV, line 11		20,013,209.	15	20,904,553.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		41,514,896.	16	47,183,304.
LIABILITIES	17	Accounts payable and accrued expenses		13,206,252.	17	17,038,391.
	18	Grants payable			18	
	19	Deferred revenue		84,895.	19	
	20	Tax-exempt bond liabilities		11,058,832.	20	9,980,996.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		9,092,577.	25	9,391,750.
	26	**Total liabilities.** Add lines 17 through 25		33,442,556.	26	36,411,137.
NET ASSETS OR FUND BALANCES		**Organizations that follow SFAS 117, check here ► [X] and complete lines 27 through 29 and lines 33 and 34.**				
	27	Unrestricted net assets		7,629,818.	27	10,425,696.
	28	Temporarily restricted net assets		369,362.	28	265,889.
	29	Permanently restricted net assets		73,160.	29	80,582.
		Organizations that do not follow SFAS 117, check here ► [ ] and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building, or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		8,072,340.	33	10,772,167.
	34	Total liabilities and net assets/fund balances		41,514,896.	34	47,183,304.

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI ..... [X]

1	Total revenue (must equal Part VIII, column (A), line 12)	1	80,826,507.
2	Total expenses (must equal Part IX, column (A), line 25)	2	78,202,589.
3	Revenue less expenses. Subtract line 2 from line 1	3	2,623,918.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	8,072,340.
5	Other changes in net assets or fund balances (explain in Schedule O) See Schedule O	5	75,909.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	10,772,167.

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization	Employer identification number
Acadia Hospital Corporation	01-0459837

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

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

1 [ ] A church, convention of churches or association of churches described in **section 170(b)(1)(A)(i).**

2 [ ] A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)

3 [X] A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 [ ] A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____

5 [ ] An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 [ ] A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 [ ] An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 [ ] A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

9 [ ] An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions – subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)

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

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

a [ ] Type I b [ ] Type II c [ ] Type III – Functionally integrated d [ ] Type III – Other

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

f If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box ..... [ ]

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

			Yes	No
(i)	A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11 g (i)		
(ii)	A family member of a person described in (i) above?	11 g (ii)		
(iii)	A 35% controlled entity of a person described in (i) or (ii) above?	11 g (iii)		

h Provide the following information about the supported organization(s).

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

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

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any 'unusual grants.')						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc (see instructions) 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ► ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f)) ..... 14 %

15 Public support percentage from 2010 Schedule A, Part II, line 14 ..... 15 %

16a **33-1/3% support test – 2011.** If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ► ☐

b **33-1/3% support test – 2010.** If the organization did not check a box on line 13 or 16a, and line 15 is 33-1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ► ☐

17a **10%-facts-and-circumstances test – 2011.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and **stop here.** Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization ► ☐

b **10%-facts-and-circumstances test – 2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and **stop here.** Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization ► ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ► ☐

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

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

Section A. Public Support

Calendar year (or fiscal yr beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include any 'unusual grants.')						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal yr beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 **Total support.** (Add lns 9, 10c, 11, and 12.)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ► ☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	%

19a **33-1/3% support tests – 2011.** If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ► ☐

b **33-1/3% support tests – 2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ► ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► ☐

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

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

► Complete if the organization is described below.

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

OMB No. 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of organization	Employer identification number
Acadia Hospital Corporation	01-0459837

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political expenditures ► $

3 Volunteer hours

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ► $ 0.

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ► $ 0.

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If 'Yes,' describe in Part IV.

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ► $

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ► $

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ► $

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

	(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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

Schedule C (Form 990 or 990-EZ) 2011

TEEA3201L 06/14/11

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

A Check ► ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).

B Check ► ☐ if the filing organization checked box A and 'limited control' provisions apply.

Limits on Lobbying Expenditures (The term 'expenditures' means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a. If zero or less, enter -0-		
i Subtract line 1f from line 1c. If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e.
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000.
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000.
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000.
Over $17,000,000	$1,000,000.

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each 'Yes' response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
See Part IV			
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		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 similar means?		X	
i Other activities?	X		8,930.
j Total. Add lines 1c through 1i			8,930.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If 'Yes,' enter the amount of any tax incurred under section 4912			
c If 'Yes,' enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		X	

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A; and Part II-B, line 1. Also, complete this part for any additional information.

Part II-B - Description of Lobbying Activity

Non deductible portion of dues.

Part IV Supplemental Information *(continued)*

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ► $ _____

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

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

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other _____

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

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If 'Yes,' explain the arrangement in Part XIV and complete the following table:

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If 'Yes,' explain the arrangement in Part XIV.

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	150,475.	152,391.	140,467.	131,025.	
b Contributions	9,024.	2,620.	7,130.	13,155.	
c Net investment earnings, gains, and losses	26,167.	1,556.	15,703.	-3,713.	
d Grants or scholarships					
e Other expenditures for facilities and programs	7,646.	6,092.	10,909.	0.	
f Administrative expenses					
g End of year balance	178,020.	150,475.	152,391.	140,467.	

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

a Board designated or quasi-endowment ► 9.40 %
b Permanent endowment ► 90.60 %
c Temporarily restricted endowment ► _____ %

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

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

		Yes	No
(i) unrelated organizations	3a(i)		X
(ii) related organizations	3a(ii)	X	
b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R?	3b	X	

4 Describe in Part XIV the intended uses of the organization's endowment funds. See Part XIV

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		447,123.		447,123.
b Buildings		14,215,531.	8,110,548.	6,104,983.
c Leasehold improvements				
d Equipment		13,540,821.	10,842,205.	2,698,616.
e Other		2,729,373.	2,124,313.	605,060.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ►				9,855,782.

Part VII Investments – Other Securities. See Form 990, Part X, line 12. N/A

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. *(Column (b) must equal Form 990 Part X, column (B) line 12.)* ►		

Part VIII Investments – Program Related. See Form 990, Part X, line 13. N/A

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. *(Column (b) must equal Form 990, Part X, column (B) line 13.)* ►		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Board Designated Funds-Other	15,289.
(2) Estimated Prof Liab Claim Receivable	897,012.
(3) Funded Depreciation	12,049,007.
(4) Funds Held by Bond Trustee	377,234.
(5) Interest in net assets held at EMHSF	346,471.
(6) Self Insurance Funds held by Trustee	26,727.
(7) Short-term Investments	7,192,813.
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, column (B), line 15.)* ►	20,904,553.

Part X Other Liabilities. See Form 990, Part X, line 25.

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Deferred Liab-Post Retirement Benef	7,496,274.
(3) Liability Under Cap Lease Obligatio	70,943.
(4) Reserve for Prof. Liab. Self Ins.	897,012.
(5) Reserve for Self-Insurance Program	927,521.
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, column (B) line 25.)* ►	9,391,750.

2 FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). See Part XIV

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements N/A

1	Total revenue (Form 990, Part VIII, column (A), line 12)	
2	Total expenses (Form 990, Part IX, column (A), line 25)	
3	Excess or (deficit) for the year. Subtract line 2 from line 1	
4	Net unrealized gains (losses) on investments	
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV.)	
9	Total adjustments (net). Add lines 4 through 8	
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return N/A

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

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return N/A

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Part V, Line 4 - Intended Uses Of Endowment Fund

Endowment funds are designated for purposes that align within this organization's exempt purpose.

Part X - FIN 48 Footnote

EMHS, its hospitals, and certain other affiliates have been determined by the Internal Revenue Service to be tax-exempt charitable organizations as described in Section 501(c)(3) or 501(c)(2) of the Internal Revenue Code ("Code") and, accordingly, are exempt from federal income taxes on related income pursuant to

Part XIV Supplemental Information *(continued)*

Part X - FIN 48 Footnote (continued)

Section 501(a) of the Code. Accordingly, no provision for federal income taxes has been recorded in the accompanying consolidated financial statements for these organizations.

Tax-exempt charitable organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board (FASB), assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense. The System has evaluated its tax position taken or expected to be taken on income tax returns and concluded the impact to be not material.

Certain of the System's affiliates are taxable entities. Deferred taxes related to these entities are based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years the differences are expected to reverse. The deferred tax assets and liabilities for these entities are not material.

Part XIV Supplemental Information *(continued)*

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

► Complete if the organization answered 'Yes' to Form 990, Part IV, question 20.
► Attach to Form 990.
► See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		870	7,633,553.		7,633,553.	16.66
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)			597,806.		597,806.	1.30
d Total Financial Assistance and Means-Tested Government Programs	0	870	8,231,359.	0.	8,231,359.	17.96
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	3	1,357	266,042.		266,042.	0.58
f Health professions education (from Worksheet 5)	3	1,579	286,701.		286,701.	0.63
g Subsidized health services (from Worksheet 6)	1		13,520.		13,520.	0.03
h Research (from Worksheet 7)	1		2,334.		2,334.	0.01
i Cash and in-kind contributions for community benefit (from Worksheet 8)	1		7,000.		7,000.	0.02
j **Total.** Other Benefits	9	2,936	575,597.	0.	575,597.	1.27
k **Total.** Add line 7d and 7j	9	3,806	8,806,956.	0.	8,806,956.	19.23

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support	5	121,853	27,832.		27,832.	0.06
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total	5	121,853	27,832.	0.	27,832.	0.06

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1 Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		1	X	
2 Enter the amount of the organization's bad debt expense	2 1,145,556.			
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy	3			
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit. Part VI				

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	5,735,063.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	9,323,633.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-3,588,570.

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

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

		Yes	No
9a Did the organization have a written debt collection policy during the tax year?	9a	X	
b If 'Yes,' did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI. Part VI	9b	X	

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities
(list in order of size, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

Name and address	Licensed Hospital	General medical and surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)
Acadia Hospital Corporation 268 Stillwater Ave Bangor, ME 04401	X								

Part V Facility Information *(continued)* Copy 1 of 1

Section B. Facility Policies and Practices
(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: Acadia Hospital Corporation

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for tax year 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If 'No,' skip to line 8	1	X	
If 'Yes,' indicate what the Needs Assessment describes (check all that apply):			
a [X] A definition of the community served by the hospital facility			
b [X] Demographics of the community			
c [ ] Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d [X] How data was obtained			
e [X] The health needs of the community			
f [X] Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g [ ] The process for identifying and prioritizing community health needs and services to meet the community health needs			
h [ ] The process for consulting with persons representing the community's interests			
i [ ] Information gaps that limit the hospital facility's ability to assess the community's health needs			
j [X] Other (describe in Part VI) Part VI			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment: _____			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If 'Yes,' describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted Part VI	3	X	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If 'Yes,' list the other hospital facilities in Part VI. Part VI	4	X	
5 Did the hospital facility make its Needs Assessment widely available to the public?	5	X	
If 'Yes,' indicate how the Needs Assessment was made widely available (check all that apply):			
a [X] Hospital facility's website			
b [X] Available upon request from the hospital facility			
c [X] Other (describe in Part VI) Part VI			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):			
a [X] Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b [X] Execution of the implementation strategy			
c [ ] Participation in the development of a community-wide community benefit plan			
d [ ] Participation in the execution of a community-wide community benefit plan			
e [ ] Inclusion of a community benefit section in operational plans			
f [ ] Adoption of a budget for provision of services that address the needs identified in the Needs Assessment			
g [X] Prioritization of health needs in its community			
h [ ] Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i [X] Other (describe in Part VI) Part VI			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If 'No,' explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	X	
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
8 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	X	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	9	X	
If 'Yes,' indicate the FPG family income limit for eligibility for free care: 150 %			
If 'No,' explain in Part VI the criteria the hospital facility used. Part VI			

Part V Facility Information *(continued)* Acadia Hospital Corporation Copy 1 of 1

			Yes	No
10	Used FPG to determine eligibility for providing *discounted* care?	10		X
	If 'Yes,' indicate the FPG family income limit for eligibility for discounted care: ____%			
	If 'No,' explain in Part VI the criteria the hospital facility used.			
11	Explained the basis for calculating amounts charged to patients?	11	X	
	If 'Yes,' indicate the factors used in determining such amounts (check all that apply):			
a	[X] Income level			
b	[ ] Asset level			
c	[ ] Medical indigency			
d	[ ] Insurance status			
e	[ ] Uninsured discount			
f	[ ] Medicaid/Medicare			
g	[ ] State regulation			
h	[ ] Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	X	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	X	
	If 'Yes,' indicate how the hospital facility publicized the policy (check all that apply):			
a	[X] The policy was posted on the hospital facility's website			
b	[ ] The policy was attached to billing invoices			
c	[ ] The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	[ ] The policy was posted in the hospital facility's admissions offices			
e	[ ] The policy was provided, in writing, to patients on admission to the hospital facility			
f	[X] The policy was available on request			
g	[X] Other (describe in Part VI) Part VI			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	X	
15	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:			
a	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized a third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		X
	If 'Yes,' check all actions in which the hospital facility or a third party engaged:			
a	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in line 16 (check all that apply)			
a	[ ] Notified patients of the financial assistance policy on admission			
b	[ ] Notified patients of the financial assistance policy prior to discharge			
c	[ ] Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d	[ ] Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
e	[ ] Other (describe in Part VI)			

Part V Facility Information *(continued)* Acadia Hospital Corporation Copy 1 of 1

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	18	X	
If 'No,' indicate why:			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☒ Other (describe in Part VI) Part VI			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	20		X
If 'Yes,' explain in Part VI.			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for any service provided to that patient?	21		X
If 'Yes,' explain in Part VI.			

Part V Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? 0

Name and address	Type of Facility (describe)

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.

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

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

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

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

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

Part I, Line 6a - Related Organization Community Benefit Report

The Acadia Hospital Corporation community benefit report is contained in an annual community benefit report prepared by Eastern Maine Healthcare Systems which is the parent organization of all related organizations.

Part I, Line 7 - Explanation of Costing Methodology

Ratio of Patient Care Cost-to-Charges is used in calculations.

Part I, Line 7, Column F - Explanation of Bad Debt Expense

$2,089,682 of bad debt expense, $15,943,288 of charity care, $14,347,352 of contractual allowances is included on Form 990, Part IX, line 25, column (A).

Part III, Line 4 - Bad Debt Expense

Patient and trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and the applicable patient accounts receivable. Credit is extended without collateral.

The costing methodology used to determine the amount reported on line 2 is cost to charge ratio.

Part VI Supplemental Information

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Part III, Line 8 - Explanation Of Shortfall As Community Benefit

Medicare losses should be treated as a community benefit because the losses are incurred in performing an important public service, and Maine hospitals experience one of the lowest Medicare reimbursement rates in the country.

Part III, Line 9b - Provisions On Collection Practices For Qualified Patients

All account guarantors who express an inability to pay inpatient and outpatient services will be screened for eligibility for charity care using an application and guidelines established by Acadia Hospital. An account may be reconsidered for charity care at any time when new information is available about a patient's inability to pay.

Part V, Line 1j - Description of Other Needs Assessment

1a The Acadia Hospital serves northern, eastern and central Maine primarily, with some clients coming from southern Maine as well. Maine is a rural state and Acadia is located in Bangor, Maine, the regional hub.

1b Acadia Hospital and its related physician practices utilize electronic medical records which provide data relative to patients in care. The needs assessment provides a much broader picture of the community as a whole, including the health status of individuals not in care, as well as functional health status and social-demographics (such as employment, income and education levels). The local

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Part V, Line 1j - Description of Other Needs Assessment (continued)

units of the state's public health infrastructure (known as Healthy Maine Partnerships) are also integrated into the process so that their data relative to health, environmental and social measures are part of the community dissemination process.

1d-1e-1f

EMHS, the parent company of Acadia Hospital, routinely conducts a community health needs assessment (Hereafter needs assessment) across the service area of all of its member hospitals. The most recent assessment, published in 2011, was conducted under a contract with the University of New England Center for Health Planning, Policy and Research (CHPPR) and the University of Southern Maine's Muskie School for Public Health. Using a methodology developed by CHPPR over decades of work, the assessment integrates primary data from a telephone survey to heads of households with secondary data retrieved from state databases (ED usage, Mortality, Cancer Registry, etc.). That data is reviewed in the context of multiple health related domains to develop a composite view of health status, behavioral risks, and barriers to access and care. Results are compared to national and state benchmarks to produce priorities and recommendations as prepared by the consultants.

Part VI Supplemental Information

Complete this part to provide the following information.

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Part V, Line 1j - Description of Other Needs Assessment (continued)

Part V, Line 2, Indicate the tax year the hospital facility last conducted a Needs Assessment.

As a result of a software defect the 2011 tax year is not populating.

Part V, Line 3 - Account Input from Person Who Represent the Community

On a statewide basis, the research consultants developed an advisory committee that met two times during the assessment research and drafting of the publication. These organizations represented a broad spectrum of backgrounds: Healthy Maine Partnership Wabanaki Center (serving tribal populations); Maine Development Foundation; Maine Health Access Foundation (philanthropic foundation focused on access to care in Maine); Maine Center for Disease Control; Bingham Foundation (philanthropic foundation); Maine Health Management Coalition (representing the state's major employers, insurers and providers); Governor's Office of Health Policy and Finance (GOHPF); Advisory Committee for Health System Development (overseen by GOHPF); Maine Chapter, NAACP; City of Bangor, Department of Health and Welfare.

Part V, Line 4 - List Other Hospital Facilities that Jointly Conducted Needs Assessment

The needs assessment was developed as a statewide collaborative between the state's three largest health systems: EMHS (in central, eastern and northern Maine), MaineGeneral Health (in central Maine) and MaineHealth (in southern Maine). Multiple

Part VI Supplemental Information

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Part V, Line 4 - List Other Hospital Facilities that Jointly Conducted Needs Assessment (continued)

collaborators were involved in the dissemination of the assessment findings and establishment of priorities.

Part V, Line 5c - Description of Making Needs Assessment Widely Available

Regional presentations were given across the service area.

Part V, Line 6i - Describe Other Needs Identified

6a Acadia Hospital continued to meet the prioritized needs through the following initiatives and resources: ongoing and expanded collaboration with a number of primary care offices and emergency departments lacking psychiatric resources by connecting them with psychiatry through tele-video technology.

6b Behavioral/medical integration (PCP offices/nursing homes)/tele-psychiatry pilot in 2011/ongoing mental health screening tool offered on website/creation of film about teen anxiety and depression called The Road Back in 2011/ongoing Open Mind series providing community education on a variety of topics.

6g Mental Health and Substance Abuse-Acadia Hospital continues to support Downeast and Penquis District Coordinating Councils; being a provider of substance abuse education and intervention. Over the past year Acadia continued to provide education on the abuse of Bath Salts.

Part VI Supplemental Information

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Part V, Line 9 - Criteria Used For Free Care If Not FPG

The FPL were used for eligibility for free care.

Part V, Line 13g - Other Means Hospital Facility Publicized the Policy

Posted signs and individual notices containing information on the availability of free care are located in key public areas in the hospital. Signs and notices inform the patient of the availability of free care and include eligibility criteria, instructions on how to apply and how to obtain additional information or assistance. The "Billing Help" section of the hospital web pages provides a link to the free care application form, instructions and eligibility criteria.

Part V, Line 19d - Other Billing Determination of Individuals Without Insurance

Hospital charges are discounted at 100% for patients who qualify for free care with income at or below 200% FPL.

Part VI - Needs Assessment

Acadia Hospital participates in the EMHS Community Health Needs Assessment. The EMHS Community Health Needs Assessment examines the health status of the residents of Bangor and Penobscot, counties and provides comprehensive research data and recommendations on a variety of critical target areas including community health education, access to primary care, care for chronic conditions, geriatric care, and mental health and substance abuse. As a follow up to the studies conducted in 2001 and 2007, EMHS contracted with the Center for Health Policy, Planning and Research

Part VI Supplemental Information

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Part VI - Needs Assessment (continued)

(CHPPR) at the University of New England (led by Ron Deprez, PhD. MPH) to determine changes in health status and barriers to care since 2001. The 2007 Community Health Needs Assessment was funded again as a community service of Healthcare Charities, the philanthropic center of EMHS. EMHS participated in another Community Health Needs assessment in 2010. Those results were made available in 2011. We also look for trends within our patient population and stay involved with private and state organizations that track key data.

Part VI - Patient Education of Eligibility for Assistance

Patient education begins at admission and continues throughout treatment and encompasses assistance with State health insurance coverage, COBRA, and Charity Care.

It is the policy of The Acadia Hospital to treat all patients requiring care without regard for ability to pay and to assist patients in arranging for settlement of their financial obligation. For those qualifying under Acadia's Charity Care program, medically necessary services will be provided to Maine residents at no cost.

Posters are displayed in patient care areas, information and forms are available

Part VI Supplemental Information

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Part VI - Patient Education of Eligibility for Assistance (continued)

online on the hospital website, and education is provided during the admission process and continues throughout treatment as the patient is assisted with the availability of programs.

Part VI - Community Information

As one of only two private, non-profit freestanding psychiatric and chemical dependency hospitals in the State of Maine, Acadia Hospital serves people from across Maine, with a majority of the patients originating in the Greater Bangor area. Geographically, Maine is a primarily rural state, and the demographics reveal an aging population with lower than national average earning power.

Part VI - Community Building Activities

The major foci of Acadia Hospital's community building activities include collaboration with other agencies and sharing our expertise with other organizations and individuals in an effort to strengthen communities through proactive projects. We also work to provide education on mental health and substance abuse issues with projects like our short dramatic film highlighting teen anxiety and depression, "The Road Back", and our partnership with Penobscot Theatre to bring the touring one-act play, "I am the Brother of Dragons" to Maine schools. For over a decade we have collaborated with Maine high schools to help bring Challenge Days to their students, and we feature our patients' artwork through The Artisan Project. We leverage social

Part VI Supplemental Information

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

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

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

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

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

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

Part VI - Community Building Activities (continued)

networking via our website, Facebook profile, electronic newsletter and Twitter profile, as well as a YouTube channel. We also provide an ongoing community educational series entitled "Open Mind" that has featured topics like dementia, cyber-bullying and depression in the past. We support the efforts of other non-profits like the state's chapter of the National Alliance on Mental Illness, and we participate in educational programs like Mental Illness Awareness Week.

Part VI - Explanation Of How Organization Furthers Its Exempt Purpose

The Acadia Hospital is a nonprofit psychiatric and chemical dependency hospital that, along with Acadia Healthcare, a provider of substance abuse and community integration services, serves the entire state of Maine. It currently has the largest psychiatric staff in Maine with a total of 26 psychiatrists, neurologists, addictionologist/ internist, and family practitioner. The facility opened twenty years ago in response to an urgent need for more hospital and community based mental health and chemical dependency treatment programs.

In 2012, total admissions amounted to 1,440 resulting in Acadia experiencing a 80.2% occupancy rate for the year.

Acadia Hospital provides space for support groups, and provide crisis response

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.

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

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

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

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

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

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

Part VI - Explanation Of How Organization Furthers Its Exempt Purpose (continued)

services if requested from local communities. As in question five above, we provide many educational presentations in the community that focus on wellness and access to appropriate care, as well as anti-stigma work. We also offer an online mental health screening tool.

See Schedule O, Part III, Line 4d for further details from the publication of community benefit projects of Eastern Maine Healthcare Systems entities.

Part VI - Affilated Health Care System Roles and Promotion

As a member of EMHS, Acadia Hospital shares in the organization's goal of being the best rural healthcare provider by the year 2012. As a specialty hospital within our health care system, we provide assistance to our affiliates in an integrated fashion, using technology like telemedicine to bridge the distances faced by Maine citizens. EMHS offers its own initiatives, such as addressing childhood obesity, and the affiliates often support these efforts in their own communities. As autonomous hospitals, we also each provide our own unique programs to meet the needs of our local communities.

Part VI - States Where Community Benefit Report Filed

ME

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.

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

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

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

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

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

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

Part V - Explanation of Number of Facility Type

N/A

SCHEDULE J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

► Complete if the organization answered 'Yes' to Form 990, Part IV, line 23.
► Attach to Form 990. ► See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Part I Questions Regarding Compensation

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

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

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

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

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

	(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
			(i) Base compensation	(ii) Bonus and incentive compensation	(iii) Other reportable compensation				
	Mary M. Hood, EMHS	(i)	0.	0.	0.	0.	0.	0.	0.
1	Pres/CEO	(ii)	637,564.	235,578.	13,325.	213,458.	17,111.	1,117,036.	0.
	Anthony Ng, MD	(i)	252,429.	0.	1,045.	1,772.	26,300.	281,546.	0.
2		(ii)	0.	0.	0.	0.	0.	0.	0.
	Deborah Sanford	(i)	157,365.	0.	7,808.	13,239.	15,030.	193,442.	0.
3		(ii)	0.	0.	0.	0.	0.	0.	0.
	Brent Scobie	(i)	105,904.	6,935.	17,104.	5,644.	22,730.	158,317.	0.
4		(ii)	0.	0.	0.	0.	0.	0.	0.
	Daniel B. Coffey,	(i)	257,681.	42,722.	14,971.	20,580.	10,856.	346,810.	0.
5	Pres/CEO	(ii)	110,435.	18,309.	6,416.	8,820.	4,653.	148,633.	0.
	Marie K. Suitter	(i)	142,199.	12,825.	1,639.	13,738.	13,923.	184,324.	0.
6		(ii)	0.	0.	0.	0.	0.	0.	0.
	Scott Oxley,	(i)	0.	0.	0.	0.	0.	0.	0.
7	Interim Treasurer	(ii)	244,322.	20,880.	17,914.	17,316.	19,957.	320,389.	0.
	Allan D. Currie,	(i)	0.	0.	0.	0.	0.	0.	0.
8	MD	(ii)	209,757.	300.	2,753.	18,303.	16,910.	248,023.	0.
	Karen Clements	(i)	154,601.	0.	7,188.	11,357.	13,692.	186,838.	0.
9		(ii)	0.	0.	0.	0.	0.	0.	0.
	Eric Kuntz	(i)	244,609.	0.	3,631.	26,950.	17,207.	292,397.	0.
10		(ii)	0.	0.	0.	0.	0.	0.	0.
	Marie Raine	(i)	335,661.	0.	11,393.	0.	12,792.	359,846.	0.
11		(ii)	0.	0.	0.	0.	0.	0.	0.
	William Schaffer	(i)	331,238.	16,065.	3,115.	4,900.	24,389.	379,707.	0.
12		(ii)	0.	0.	0.	0.	0.	0.	0.
	Clifford Singer	(i)	285,206.	0.	3,917.	2,251.	21,698.	313,072.	0.
13		(ii)	0.	0.	0.	0.	0.	0.	0.
	John Burkins	(i)	223,627.	30,000.	7,171.	0.	23,250.	284,048.	0.
14		(ii)	0.	0.	0.	0.	0.	0.	0.
	Nancy Barrows	(i)	87,596.	0.	7,565.	8,951.	14,192.	118,304.	0.
15		(ii)	0.	0.	0.	0.	0.	0.	0.
	April Giard	(i)	0.	0.	0.	0.	0.	0.	0.
16		(ii)	124,223.	556.	1,164.	9,300.	22,737.	157,980.	0.

Continuation Sheet for Schedule J (Form 990)

2011

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Part II Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (Schedule J, Part II)

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
Jamie P. Morrill	(i)	129,124.	9,696.	1,826.	5,639.	21,223.	167,508.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
David Proffitt	(i)	56,928.	28,955.	228,007.	1,651.	7,178.	322,719.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

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

Part I, Line 4 - Received Severance, Supplemental NQ Retirement, Equity-Based Compensation

Line 4(a) Severance payment:

David Proffitt, officer, received severance payment of $205,019.

Line 4(b) Supplemental non-qualified retirement plan:

Mary Michelle Hood-

A pension obligation satisfied through a supplemental non-qualified retirement plan is based on a percent of qualified earnings or by specific agreement. The portion accrued for the supplemental non-qualified retirement plan is $196,308, based on the amounts contributed and related earnings. The supplemental non-qualified retirement benefit is subject to a substantial risk of forfeiture.

Other Compensation information:

Daniel B. Coffey

This officer is employed by the system parent organization, Eastern Maine Healthcare Systems and 70% of his time is dedicated to Acadia Hospital and Acadia Healthcare,

Part III Supplemental Information

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

Part I, Line 4 - Received Severance, Supplemental NQ Retirement, Equity-Based Compensation (continued)

Inc. As a result a portion of his compensation is reported in Form 990, Part VII, column D and Schedule J, Part II, Line A(i).

Mary M. Hood

This officer is employed by the system parent organization and is responsible for system-wide operations of seven hospitals and other related health care activities, including Acadia Hospital.

Scott Oxley

For part of the year this officer was employed by the system parent organization, Eastern Maine Healthcare Systems and was responsible for system-wide operations of seven hospitals and other related health care activities, including Acadia Hospital Corporation. For the other part of the year this officer is employed by Affiliated Healthcare Management, a related organization of Acadia Hospital Corporation.

Marie K. Suitter

This officer is employed by the parent company, Eastern Maine Healthcare Systems. 100% of her time is dedicated to Acadia Hospital. As a result her compensation is

Part III Supplemental Information

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

Part I, Line 4 - Received Severance, Supplemental NQ Retirement, Equity-Based Compensation (continued)

reported in Form 990, Part VII, column D and Schedule J, Part II, Line A(i).

Allan D. Currie

This officer is employed by Eastern Maine Medical Center, a related organization of Acadia Hospital Corporation.

David Proffitt

This former officer was employed by the parent company, Eastern Maine Healthcare Systems. 100% of his time was dedicated to Acadia Hospital. As a result his compensation is reported in Part VII, column D and Schedule J, Part II, Line A(i).

April Giard

This former officer is employed by Eastern Maine Healthcare Systems, the system parent organization of Acadia Hospital Corporation.

Compensation for employees of Acadia Hospital listed in Form 990, Part VII and Schedule J, Part II are for administrative services. Board members are not compensated for the time devoted on the board.

Part III Supplemental Information

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

SCHEDULE K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pooled financing Yes	(i) Pooled financing No
A	Maine Health and Higher Ed	01-0314384	560427GW0	4/22/2010	13,522,505.	to refund 1998 issue		X		X	X	
B												
C												
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	15,948,483.			
4	Gross proceeds in reserve funds	1,513,225.			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows	11,195,000.			
7	Issuance costs from proceeds	121,118.			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds	3,119,140.			
12	Other unspent proceeds				
13	Year of substantial completion	2010			

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?	X							
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

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

Part III Private Business Use *(Continued)*

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c Are there any research agreements that may result in private business use of bond-financed property?		X						
d If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ►	%		%		%		%	
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ►	%		%		%		%	
6 Total of lines 4 and 5	%		%		%		%	
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2 Is the bond issue a variable rate issue?		X						
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b Name of provider	N/A							
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b Name of provider	N/A							
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X						
6 Did the bond issue qualify for an exception to rebate?		X						

Part V Procedures To Undertake Corrective Action

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

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

Additional Information

Part II, line 3, column A, does not equal Part I, line A, column E as a result of other sources of funds from DSF-Interest, DSF-Principal, and DSRF balance totaling $2,425,978.

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

► Complete if the organization answered 'Yes' on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

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

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

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ► $

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 26 or Form 990-EZ, Part V, line 38a.

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
(1) Brent Scobie		X	9,996.	9,996.		X		X	X	
(2) Educational Loans										
(3)										
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										
Total ► $				9,996.						

Part III Grants or Assistance Benefiting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
(1) Jeanne Paradis	fam mem of brd	83,872.	compensation		X
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Part V Supplemental Information

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

Supplemental Information

Jeanne Paradis is a family member of a board member and is an employee of Acadia Hospital.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Form 990, Part III, Line 4d - Other Program Services Description

Provided mental health and substance abuse healthcare services regardless of ability to pay. Provided other uncompensated care (at cost) of $1,145,556.

Please see the following excerpt from the EMHS Annual Report to the Community for details of community benefit projects at Acadia Hospital.

Leadership: Daniel B. Coffey, President and CEO and Richard A. Lyons, Chair

Location: Bangor

Employees: 598

Description: The Acadia Hospital is Maine's comprehensive resource for information and treatment of mental illness and chemical dependency. Acadia Hospital is empowering people to improve their lives.

Acadia Hospital Highlights

- Cognitive behavioral pain treatment program launched as alternative to medication-focused options for people living with chronic pain.
- All open psychiatrist positions filled with permanent physicians.
- Now providing tele-psychiatry to four regional hospitals' emergency departments.
- Battle of the Bands fundraiser at the Husson University Campus Center exceeded its projected $30,000 goal, bringing in a total of $35,775 for Acadia's youth services and outreach activities.
- Premiered the short dramatic film on youth anxiety and depression, The Road Back, for more than 450 people at Gracie Theatre on the Husson University campus.
- Open Mind Series presentations included Treating Depression: From the Traditional

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Form 990, Part III, Line 4d - Other Program Services Description

to the Modern, and Excellence in Dementia Care: Setting Expectations from Beginning to End.

- Celebrated the hospital's twentieth anniversary by unveiling a sculpture created by Andreas Von Huene as part of Schoodic International Sculpture Symposium.

- Partnered with Penobscot Theatre Touring One Act Play - I am the Brother of Dragons (Family Dynamics and Substance Abuse).

- Earned the Golden Arrow Gold Award for The Road Back film and promotional campaign from the Maine Public Relations Council.

The Acadia Hospital

Total Community Benefit: $12,423,358

Community Health Improvement Services: $30,542

Health Professions Education: $286,701

Subsidized Health Services: $13,520

Research: $2,334

Financial and In-Kind Contributions: $7,000

Community Building Activities: $27,832

Community Benefit Operations: $235,500

Unrecoverable interest cost on funds used to subsidize state MaineCare/Medicaid underpayments of $6.9M; $597,806

Traditional Charity Care: $7,633,553

Unpaid Cost of Public Programs: Medicare: $3,588,570

Philanthropy: $149,604

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Form 990, Part VI, Line 2 - Business or Family Relationship of Officers, Directors, Etc.

James Breece, trustee and Paul X. Paradis, trustee are employee's of University of Maine and Mary M. Hood, trustee/officer is a board member of University of Maine System.

Craig Hadley, trustee is employed by Husson University and Dan Coffey, trustee/officer is a board member of Husson University.

Daniel B. Coffey, trustee/officer is a member of Maine Hospital Association, Mental Health Council and Mary M. Hood, trustee/officer is a board member of Maine Hospital Association.

Form 990, Part VI, Line 6 - Explanation of Classes of Members or Shareholder

Acadia Hospital (the "Corporation") is a Maine nonprofit corporation. Eastern Maine Healthcare Systems ("EMHS"), also a Maine nonprofit corporation, is the sole corporate member of the Corporation.

Form 990, Part VI, Line 7a - How Members or Shareholders Elect Governing Body

Each year at their annual meeting, the directors elect replacements for those directors whose terms are expiring. Election of directors is subject to ratification by EMHS.

Form 990, Part VI, Line 7b - Decisions of Governing Body Approval by Members or Shareholders

EMHS has authority to approve or disapprove amendments to the Corporation's articles of incorporation, amendments to its bylaws, its budget and its strategic plan, and to appoint and remove the president of the Corporation.

Form 990, Part VI, Line 11b - Form 990 Review Process

Form 990 is reviewed by the CFO of Acadia Hospital. It is also provided to each board member either electronically or in hard copy and was reviewed at the July 17, 2013 finance committee meeting and at the July 24, 2013 meeting of the board of

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Form 990, Part VI, Line 11b - Form 990 Review Process (continued)

trustees prior to filing with the IRS.

Form 990, Part VI, Line 12c - Explanation of Monitoring and Enforcement of Conflicts

The organization requests updates of potential conflicts and relationships from the officers and Board members on an annual basis. The request requires disclosure of all business relationships, board memberships, and family relationships. A database is maintained that is compared to payroll records and the accounts payable vendor list to identify any potential conflicts of interest. Transactions are reviewed for reasonableness as an arm's length transaction.

The first agenda item for board meetings and board committee meetings is for members to declare any conflict of interest with upcoming agenda items or deliberations. At any point when consideration is being given to purchase/contract with a party in interest, the member with the conflict is either excused from the discussion and consideration process or abstains from voting on the matter.

All transactions identified with parties in interest are disclosed within the Form 990. All are deemed to be arm's length transactions.

Form 990, Part VI, Line 15a - Compensation Review & Approval Process for CEO, Exec. Dir., or Top Mgtment

The CEO of Acadia Hospital and the system President/CEO (President) who serves on the board ex-officio are employed by the system parent, Eastern Maine Healthcare Systems (EMHS).

The EMHS Executive Performance Management Committee (the Committee) is responsible to monitor and evaluate the performance of the EMHS President, to set compensation of the EMHS President, and to review recommendations of the EMHS President with respect to compensation of the Chief Executive Officer of the direct subsidiaries,

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Form 990, Part VI, Line 15a - Compensation Review & Approval Process for CEO, Exec. Dir., or Top Mgtment (continued)

and other direct reports to the President. The Committee is comprised entirely of independent Directors per EMHS bylaws.

Process:

The EMHS Executive Compensation Committee meets regularly throughout the fiscal year at the discretion of the Committee chair as well as on call of the Chair of the EMHS board. In carrying out its duties pursuant to the Bylaws, the Committee:

-Assures that the executive compensation program is administered in a manner consistent with the compensation philosophy.

-Reviews and updates the executive compensation philosophy which services as the foundation on which all current and future executive compensation decisions are made.

-Assures that value of compensation provided by EMHS does not exceed the value of services provided by the executive.

-Reviews annual incentive compensation criteria for eligible executives, as defined by the EMHS President.

-Reviews periodic compensation survey information and provides expert input to proposed changes to the executive compensation program.

-Assures that a formal and timely performance management system is in place for executives.

-Reviews incentive compensation criteria scoring and associated pay schedules for officers and key employees.

-Provides any public statements regarding executive compensation practices at EMHS deemed appropriate.

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Form 990, Part VI, Line 15a - Compensation Review & Approval Process for CEO, Exec. Dir., or Top Mgtment (continued)

-Maintains minutes of the meetings and communicates actions to the EMHS Board of Directors.

To accomplish this, the committee uses an external consultant with access to comparative data base which is required to include survey data from at least two independent sources and include national as well as regional data points. The EMHS President reviews all direct report compensation actions with the committee. In addition, the EMHS President ensures that any subsidiary policies and practices governing executive compensation are consistent with the committee's philosophy and practices statement.

Subsidiary Boards of Directors approves CEO compensation for the specific entity they serve.

Form 990, Part VI, Line 15b - Compensation Review & Approval Process for Officers & Key Employees

Compensation of other officers and key employees of the organization is established by the Human Resources department who utilize external market research to establish compensation ranges for specific positions.

On an annual basis, the compensation ranges are compared to the updated survey information.

The Human Resources department will determine where the employee will fall within

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Form 990, Part VI, Line 15a - Compensation Review & Approval Process for CEO, Exec. Dir., or Top Mgtment (continued)

the ranges established by the Human Resources department based on experience and credentials.

Form 990, Part VI, Line 19 - Other Organization Documents Publicly Available

Acadia Hospital makes its governing documents, conflict of interest policy and financial statements available to the public upon request.

Form 990, Part VII - Compensation Explanation

Mary M. Hood, EMHS Pres/CEO

This officer is employed by the system parent organization, Eastern Maine Healthcare Systems and is responsible for system-wide operations of seven hospitals and other related health care activities, including Acadia Hospital Corporation - average hours worked are 50.

Daniel B. Coffey, Pres/CEO

This officer is employed by the system parent organization, Eastern Maine Healthcare Systems and 70% of his time is dedicated to Acadia Hospital - average hours worked are 50.

Marie K. Suitter

This officer is employed by the system parent organization, Eastern Maine Healthcare Systems and 100% of her time is dedicated to Acadia Hospital and Acadia Healthcare, Inc - average hours worked are 50.

Scott Oxley, Interim Treasurer

For part of the year this officer was employed by the system parent organization, Eastern Maine Healthcare Systems and was responsible for system-wide operations of seven hospitals and other related health care activities, including Acadia Hospital Corporation. For the other part of the year this officer is employed by Affiliated Healthcare Management, a related organization of Acadia Hospital Corporation - average hours worked are 50.

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

Form 990, Part VII - Compensation Explanation (continued)

Allan D. Currie, MD

This officer is employed by Eastern Maine Medical Center, a related organization of Acadia Hospital Corporation - average hours worked are 50.

April Giard

This former officer is employed by Eastern Maine Healthcare Systems, the system parent organization of Acadia Hospital Corporation - average hours worked are 50.

David Proffitt

This former officer was employed by the system parent organization, Eastern Maine Healthcare Systems and 100% of his time is dedicated to Acadia Hospital and Acadia Healthcare, Inc - average hours worked were 50.

Form 990, Part XI, Line 5
Other Changes in Net Assets or Fund Balances

Adustments to Post Retirement Benefits Assets/Liabilities	$	439,231.
Change in net assets held @ EMHS Foundation		-94,576.
Net Unrealized Gains or Losses on Investments		82,859.
Transfer from exempt subsidiaries-EMHS Foundation		648.
Transfer to exempt parent - Eastern Maine Healthcare Systems		-91,872.
Transfer to exempt subsidiary-AHI		-233,395.
Transfer to exempt subsidiary-Meadow Wood		-26,986.
Total	$	75,909.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Acadia Hospital Corporation

Employer identification number: 01-0459837

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)					
(2)					
(3)					

Part II **Identification of Related Tax-Exempt Organizations** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Sec 512(b)(13) controlled entity? Yes	No
(1) Eastern Maine Healthcare Systems (43 Whiting Hill Rd Brewer, ME 04412 01-0527066	Supporting organization for healthcare affiliates	ME	501(c)(3)	11, Type II	N/A	X	
(2) Eastern Maine Medical Center (EMMC PO Box 404, 489 State St Bangor, ME 04402-0404 01-0211501	Provide healthcare services	ME	501(c)(3)	3	EMHS	X	
(3) Eastern Maine Healthcare Real Esta 43 Whiting Hill Rd, Suite 400 Brewer, ME 04412 01-0391036	Leases real estate	ME	501(c)(2)		EMHS	X	
(4) Rosscare 43 Whiting Hill Rd, Suite 400 Brewer, ME 04412 01-0391038	Provide services to elderly	ME	501(c)(3)	PF	EMHS	X	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1)												
(2)												
(3)												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Affiliated Healthcare Systems (AHS) PO BOX 940 Bangor, ME 04402-0940 01-0385322	Holding co.	ME	EMHS	C	0.	0.	
(2) Affiliated Healthcare Management PO BOX 811 Bangor, ME 04402-0811 01-0349339	Hlthcr mgmt	ME	AHS	C	0.	0.	
(3) Affiliated Laboratory Inc PO BOX 638 Bangor, ME 04402-0638 01-0381283	Clinical Lab	ME	AHS	C	0.	0.	

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

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

		Yes	No
1 During the tax year did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		X
b Gift, grant, or capital contribution to related organization(s)	1b		X
c Gift, grant, or capital contribution from related organization(s)	1c		X
d Loans or loan guarantees to or for related organization(s)	1d		X
e Loans or loan guarantees by related organization(s)	1e		X
f Sale of assets to related organization(s)	1f		X
g Purchase of assets from related organization(s)	1g		X
h Exchange of assets with related organization(s)	1h		X
i Lease of facilities, equipment, or other assets to related organization(s)	1i		X
j Lease of facilities, equipment, or other assets from related organization(s)	1j		X
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	X	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	X	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m		X
n Sharing of paid employees with related organization(s)	1n		X
o Reimbursement paid to related organization(s) for expenses	1o	X	
p Reimbursement paid by related organization(s) for expenses	1p		X
q Other transfer of cash or property to related organization(s)	1q	X	
r Other transfer of cash or property from related organization(s)	1r	X	

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

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Eastern Maine Healthcare Systems (EMHS)	k	145,987.	FMV
(2) Eastern Maine Healthcare Systems (EMHS)	l	3,230,892.	FMV
(3) Eastern Maine Healthcare Systems (EMHS)	o	4,300,053.	FMV
(4) Eastern Maine Healthcare Systems (EMHS)	q	91,872.	FMV
(5) Eastern Maine Healthcare Systems (EMHS)	r	56,078.	FMV
(6) Eastern Maine Medical Center (EMMC)	k	1,182,975.	FMV

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered 'Yes' to Form 990, Part IV, line 37.)

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 Form (1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													

Part VII Supplemental Information

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

Part II Continuation of Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity	(G) Sec 512(b)(13) controlled entity? Yes	No
Rosscare Nursing Homes, Inc. 43 Whiting Hill Rd, Suite 400 Brewer, ME 04412 01-0430751	Operation of nursing homes	ME	501(c)(3)	9	Rosscare	X	
Eastern Maine Medical Center Auxilia 43 Whiting Hill Rd Suite 400 Brewer, ME 04412 01-0377901	Fundraising for exempt Eastern Maine Medical Center	ME	501(c)(3)	9	EMMC	X	
Acadia Healthcare Inc (AHI) 43 Whiting Hill Rd, Suite 400 Brewer, ME 04412 22-3183888	Provide healthcare services	ME	501(c)(3)	9	Acadia Hospital Corp	X	
Norumbega Medical Specialists, Ltd 43 Whiting Hill Rd, Suite 400 Brewer, ME 04412 01-0465231	Provide patient care and education	ME	501(c)(3)	9	EMMC	X	
EMHS Foundation 43 Whiting Hill Rd, Suite 400 Brewer, ME 04412 22-2514163	Raise and manage funds for exempt organizations	ME	501(c)(3)	11, Type II	EMHS	X	
Inland Hospital 200 Kennedy Memorial Drive Waterville, ME 04901 01-0217211	Provide healthcare services	ME	501(c)(3)	3	EMHS	X	
C.A. Dean Memorial Hospital Pritham Ave, PO Box 1129 Greenville, ME 04441-1129 04-3341666	Provide healthcare services	ME	501(c)(3)	3	EMHS	X	
Sebasticook Valley Health (SVH) 447 North Main Street Pittsfield, ME 04967 01-0263628	Critical care hospital	ME	501(c)(3)	3	EMHS	X	
The Aroostook Medical Center (TAMC) PO Box 151, 140 Academy St Presque Isle, ME 04769-0151 01-0372148	Provide healthcare services	ME	501(c)(3)	3	EMHS	X	

Part II Continuation of Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity	(G) Sec 512(b)(13) controlled entity? Yes	No
TAMC Title Corporation PO Box 151, 140 Academy St Presque Isle, ME 04769-0151 01-0389226	Real estate holding company	ME	501(c)(2)		TAMC	X	
TAMC Endowments PO Box 151, 140 Academy St Presque Isle, ME 04769-0151 01-0389222	Raise funds for exempt organizations	ME	501(c)(3)	11, Type I	TAMC	X	
Horizons Health Services PO Box 151, 140 Academy St Presque Isle, ME 04769-0151 01-0504393	Provide patient care	ME	501(c)(3)	3	TAMC	X	
Eastern Maine Homecare PO Box 688 Caribou, ME 04736 01-0328442	Provide home health and hospice services	ME	501(c)(3)	9	EMHS	X	
Maine Inst for Human Genetics and He 43 Whiting Hill Road Brewer, ME 04412 55-0894346	Biomedical research and development	ME	501(c)(3)	9	EMHS	X	
Blue Hill Memorial Hospital 57 Water St Blue Hill, ME 04614-5231 01-0227195	Provide healthcare services	ME	501(c)(3)	3	EMHS	X	
Lakewood, A Continuing Care Center 220 Kennedy Memorial Drive Waterville, ME 04901 01-0421234	Provide skilled and long-term nursing care	ME	501(c)(3)	3	Inland Hospital	X	
Meadow Wood, LLC 43 Whiting Hill Road Brewer, ME 04412 27-2935243	Provide patient care	ME	501(c)(3)	9	AHI	X	
Inland Family Practice Assoc., LLC 200 Kennedy Memorial Drive Waterville, ME 04901 27-2942245	Provide patient care	ME	501(c)(3)	3	Inland Hospital	X	

Part II Continuation of Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity	(G) Sec 512(b)(13) controlled entity? Yes	No
Sebasticook Valley Family Practice A 447 North Main Street Pittsfield, ME 04967 01-0357854	Provide patient care	ME	501(c)(3)	9	SVH	X	
Sebasticook Valley Hlth Conv Care LL 447 North Main Street Pittsfield, ME 04967 27-3129791	Provide patient care	ME	501(c)(3)	3	SVH	X	
Capitol Convenient Care, LLC 43 Whiting Hill Rd Suite 500 Brewer, ME 04412 27-3671960	Provide Patient Care	ME	501(c)(3)	11, Type II	EMHS	X	
Beacon Health LLC 43 Whiting Hill Road Brewer, ME 04412 45-2967056	Accountable care organization	ME	501(c)(3)	11, Type II	EMHS	X	
Sebasticook Valley Work Health LLC 447 North Main Street Pittsfield, ME 04967 45-3359446	Provide patient care	ME	501(c)(3)	3	SVH	X	

Part IV **Continuation of Identification of Related Organizations Taxable as a Corporation or Trust**

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
Affiliated Materiel Services PO BOX 1300 Bangor, ME 04402-1300 01-0381189	Purchasing	ME	AHS	C	0.	0.	
Affiliated Pharmacy Services 917 Union St, Suite 7 Bangor, ME 04401 01-0587230	Pharmacy	ME	AHS	C	0.	0.	
DE Collections D/B/A Affiliated Collect PO Box 2759 Bangor, ME 04402-2759 01-0366209	Collection s	ME	AHS	C	0.	0.	
Meridian Mobile Health, LLC 931 Union St, PO Box 940 Bangor, ME 04402-0940 01-0512673	Ambulance	ME	AHS	C	0.	0.	
Maine Network for Health PO Box 2813 Bangor, ME 04402-2813 01-0496352	Support srv	ME	EMHS	C	0.	0.	
Dirigo Pines Retirement Community, LLC 9 Alumni Drive Orono, ME 04473 01-0537924	Holding Co	ME	AHS	C	0.	0.	
Dirigo Pines Inn, LLC 9 Alumni Drive Orono, ME 04473 02-0547749	Contin care	ME	ROSSCARE	C	0.	0.	
Dirigo Funding LLC 9 Alumni Drive Orono, ME 04473 01-0599968	Prov financ	ME	AHS	C	0.	0.	

Part IV Continuation of Identification of Related Organizations Taxable as a Corporation or Trust

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
Dirigo Pines Development Company, LLC 9 Alumni Drive Orono, ME 04473 01-0537924	RetirCottag	ME	AHS	C	0.	0.	

Part V **Continuation of Transactions With Related Organizations** (Schedule R (Form 990), Part V, line 2)

(A) Name of other organization	(B) Transaction type (a-r)	(C) Amount involved	(D) Method of determining amount involved
Eastern Maine Medical Center (EMMC)	l	544,957.	FMV
Acadia Healthcare Inc (AHI)	k	261,413.	FMV
Acadia Healthcare Inc (AHI)	l	71,030.	FMV
Acadia Healthcare Inc (AHI)	q	233,395.	FMV
EMHS Foundation	l	235,500.	FMV
EMHS Foundation	r	162,811.	FMV
Affiliated Healthcare Management	l	530,922.	FMV
Affiliated Materiel Services	l	218,758.	FMV

Form **8868**
(Rev January 2012)

Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

► File a separate application for each return.

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ..... ► [X]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing *(e-file)*. You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit *www.irs.gov/efile* and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension – check this box and complete Part I only..... ► [ ]

All other corporations (including 1120-C filers), partnerships, REMICS, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions. Acadia Hospital Corporation	Employer identification number (EIN) or [X] 01-0459837
	Number, street, and room or suite number. If a P.O. box, see instructions. 43 Whiting Hill Road	Social security number (SSN) [ ]
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Brewer, ME 04412	

Enter the Return code for the return that this application is for (file a separate application for each return)..... 01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (section 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► Jeffrey A. Sanford

Telephone No. ► 207-973-7894 FAX No. ► 207-973-7139

- If the organization does not have an office or place of business in the United States, check this box ..... ► [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) 5247 . If this is for the whole group, check this box..... ► [ ] . If it is for part of the group, check this box .. ► [X] and attach a list with the names and EINs of all members the extension is for. Acadia Hospital Corporation EIN 01-0459837

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 5/15, 20 13, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

► [ ] calendar year 20____ or

► [X] tax year beginning 9/25, 20 11, and ending 9/29, 20 12.

2 If the tax year entered in line 1 is for less than 12 months, check reason: [ ] Initial return [ ] Final return [ ] Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	3a	$ 0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	3b	$ 0.
c **Balance due.** Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	3c	$ 0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

BAA For Paperwork Reduction Act Notice, see Instructions.

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box ..... ► ☐

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Enter filer's identifying number, see instructions

Type or print	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	Acadia Hospital Corporation	☒ 01-0459837
File by the extended due date for filing the return. See instructions.	Number, street, and room or suite number. If a P.O. box, see instructions.	Social security number (SSN)
	43 Whiting Hill Road	☐
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	Brewer, ME 04412	

Enter the Return code for the return that this application is for (file a separate application for each return) 01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (section 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in care of ► Jeffrey A. Sanford
  Telephone No. ► 207-973-7894 FAX No. ► 207-973-7139
- If the organization does not have an office or place of business in the United States, check this box ..... ► ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ... 5247 . If this is for the whole group, check this box ... ► ☐ . If it is for part of the group, check this box .. ► ☒ and attach a list with the names and EINs of all members the extension is for. Acadia Hospital Corporation 01-0459837

4 I request an additional 3-month extension of time until 8/15 , 20 13.

5 For calendar year _____ , or other tax year beginning 9/25 , 20 11 , and ending 9/29 , 20 12.

6 If the tax year entered in line 5 is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

7 State in detail why you need the extension .. Taxpayer respectfully requests additional time to gather information necessary to file a complete and accurate tax return.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	8a	$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	8b	$
c **Balance due.** Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	8c	$

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ► [signature] Title ► Treasurer Date ► 5-6-13

Department of the Treasury
Internal Revenue Service
Ogden UT 84201

For assistance, call:
1-877-829-5500
FAX 801-620-5670

Notice Number: CP211A
Date: March 18, 2013

Taxpayer Identification Number:
01-0459837
Tax Form: 990
Tax Period: September 30, 2012

034181.163556.0137.003 1 AB 0.384 373

EASTERN MAINE HEALTHCARE SYSTEMS
ACADIA HOSPITAL CORP
PO BOX 422
BANGOR ME 04402-0422

34181

APPLICATION FOR EXTENSION OF TIME TO FILE AN EXEMPT ORGANIZATION RETURN - APPROVED

We received and approved your Form 8868, Application for Extension of Time to File an Exempt Organization Return, for the return (form) and tax period identified above. Your extended due date to file your return is **May 15, 2013.**

When it's time to file your Form 990, 990-EZ, 990-PF or 1120-POL, you should consider filing electronically. Electronic filing is the fastest, easiest and most accurate way to file your return. For more information, visit the Charities and Nonprofit web at www.irs.gov/eo. This site will provide information about:

- The type of returns that can be filed electronically,
- approved e-File providers, and
- if you are required to file electronically.

If you have any questions, please call us at the number shown above, or you may write us at the address shown at the top of this letter.

Department of the Treasury
Internal Revenue Service
Ogden UT 84201

For assistance, call:
1-877-829-5500
FAX 801-620-5670

Notice Number: CP211A
Date: June 24, 2013

Taxpayer Identification Number:
01-0459837
Tax Form: 990
Tax Period: September 30, 2012

022497.196930.0088.002 1 AB 0.384 373

EASTERN MAINE HEALTHCARE SYSTEMS
ACADIA HOSPITAL CORP
PO BOX 422
BANGOR ME 04402-0422

022497

APPLICATION FOR EXTENSION OF TIME TO FILE AN EXEMPT ORGANIZATION RETURN - APPROVED

We received and approved your Form 8868, Application for Extension of Time to File an Exempt Organization Return, for the return (form) and tax period identified above. Your extended due date to file your return is **August 15, 2013.**

When it's time to file your Form 990, 990-EZ, 990-PF or 1120-POL, you should consider filing electronically. Electronic filing is the fastest, easiest and most accurate way to file your return. For more information, visit the Charities and Nonprofit web at www.irs.gov/eo. This site will provide information about:

- The type of returns that can be filed electronically,
- approved e-File providers, and
- if you are required to file electronically.

If you have any questions, please call us at the number shown above, or you may write us at the address shown at the top of this letter.

Acadia Hospital Corporation
01-0459837
Fiscal year 09/29/2012
Form 990, Part IV, line 20b

BerryDunn

EASTERN MAINE HEALTHCARE SYSTEMS

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

September 29, 2012 and September 24, 2011

With Independent Auditors' Report

EASTERN MAINE HEALTHCARE SYSTEMS

Consolidated Financial Statements

September 29, 2012 and September 24, 2011

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BerryDunn

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Eastern Maine Healthcare Systems
Brewer, Maine

We have audited the accompanying consolidated balance sheets of Eastern Maine Healthcare Systems (the System) as of September 29, 2012 and September 24, 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the 2012 or 2011 financial statements of Sebasticook Valley Health And Subsidiaries, Eastern Maine HomeCare, and The Aroostook Medical Center and Subsidiaries (together referred to as the "Other Consolidated Entities"), whose statements reflect total assets constituting 11% and 12% of consolidated total assets at September 29, 2012 and September 24, 2011, respectively, and total revenue constituting 15% of consolidated total revenue for each year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Other Consolidated Entities, is based solely on the reports of such other auditors.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits, and the reports of the other auditors, provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the System at September 29, 2012 and September 24, 2011, and the consolidated results of its operations, changes in net assets, and its consolidated cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information, as identified in the table of contents, is presented for purposes of additional analysis rather than to present the financial position, results of operations, changes in net assets, and cash flows of the individual entities. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, based on our reports and the reports of the other auditors, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
December 20, 2012

EASTERN MAINE HEALTHCARE SYSTEMS

Consolidated Balance Sheets

September 29, 2012 and September 24, 2011

ASSETS

(Dollars in thousands)

	2012	2011
CURRENT ASSETS:		
Cash and cash equivalents	$ 72,985	$ 53,941
Short-term investments	7,929	7,672
Assets whose use is limited or restricted	27,254	35,401
Patient and trade accounts receivable - less allowance for uncollectible accounts of $41,441 in 2012 and $35,889 in 2011	86,525	76,459
Estimated third-party payor settlements	11,174	9,326
Other receivables	6,673	8,517
Inventory	9,741	10,531
Prepaid expenses and other current assets	18,296	10,613
Total current assets	240,577	212,460
PROPERTY AND EQUIPMENT — Net	338,064	331,854
NONCURRENT ASSETS WHOSE USE IS LIMITED OR RESTRICTED:		
Internally designated by the Board of Directors:		
Funded depreciation	128,648	123,923
Other designated funds	95,403	83,430
Self-insurance and other funds held by trustees	57,050	54,439
Temporarily donor-restricted	32,599	27,385
Permanently donor-restricted	12,809	12,584
Beneficial interest in perpetual trusts	10,217	8,702
Total noncurrent assets whose use is limited or restricted	336,726	310,463
OTHER ASSETS:		
Estimated settlements receivable from the State of Maine	109,448	71,270
Deferred financing costs	1,096	1,185
Intangibles and other assets	14,920	16,367
Total other assets	125,464	88,822
TOTAL ASSETS	$ 1,040,831	$ 943,599

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

LIABILITIES AND NET ASSETS

(Dollars in thousands)

	2012	2011
CURRENT LIABILITIES:		
Accounts payable	$ 41,304	$ 31,039
Accrued expenses and other current liabilities	68,052	57,266
Estimated third-party payor settlements	34,955	36,555
Line-of-credit borrowings	11,625	16,124
Current portion of long-term debt	10,327	10,360
Current portion of accrual for self-insurance	6,734	9,916
Total current liabilities	172,997	161,260
NONCURRENT LIABILITIES:		
Long-term debt — net of current portion	152,788	160,762
Accrual for self-insurance and postretirement benefits	149,641	153,103
Estimated third-party payor settlements	47,518	30,162
Other liabilities	6,192	6,425
Total noncurrent liabilities	356,139	350,452
Total liabilities	529,136	511,712
COMMITMENTS AND CONTINGENCIES (Notes 2, 5, 6, 7, 11 and 16)		
NET ASSETS:		
Unrestricted	456,070	383,216
Temporarily restricted	32,599	27,385
Permanently restricted	23,026	21,286
Total net assets	511,695	431,887
TOTAL LIABILITIES AND NET ASSETS	$ 1,040,831	$ 943,599

EASTERN MAINE HEALTHCARE SYSTEMS

Consolidated Statements of Operations

Years Ended September 29, 2012 and September 24, 2011

(Dollars in thousands)

	2012	2011
REVENUE:		
Net patient service revenue	$ 976,893	$ 901,480
Sales and contract revenue	25,101	24,351
Other revenue	44,553	26,164
Net assets released from restrictions — operations	2,845	2,122
Total revenue	1,049,392	954,117
EXPENSES:		
Compensation and employee benefits	578,085	538,270
Supplies and other	321,194	312,172
Depreciation and amortization	40,341	41,464
Provision for bad debts — net	42,427	34,358
Interest	8,020	8,524
Total expenses	990,067	934,788
INCOME FROM OPERATIONS BEFORE GAINS AND LOSSES	59,325	19,329
OTHER GAINS (LOSSES):		
Income tax benefit (expense)	1,175	(338)
Joint venture (loss) income	(2,806)	2,322
Investment income and other — net	2,801	6,298
Total other gains (losses) — net	1,170	8,282
EXCESS OF REVENUE AND GAINS OVER EXPENSES AND LOSSES BEFORE DISCONTINUED OPERATIONS	60,495	27,611
DISCONTINUED OPERATIONS	824	1,128
EXCESS OF REVENUE AND GAINS OVER EXPENSES AND LOSSES	61,319	28,739
OTHER CHANGES IN UNRESTRICTED NET ASSETS:		
Net assets released from restrictions — capital acquisitions	1,459	3,330
Change in net unrealized gains (losses) on investments	5,033	(3,561)
Net transfers to restricted funds	(5)	(10)
Pension and postretirement plan-related adjustments	5,048	(22,441)
INCREASE IN UNRESTRICTED NET ASSETS	$ 72,864	$ 6,057

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

EASTERN MAINE HEALTHCARE SYSTEMS

Consolidated Statements of Changes in Net Assets

Years Ended September 29, 2012 and September 24, 2011

(Dollars in thousands)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
NET ASSETS — September 25, 2010	$ 377,159	$ 28,435	$ 21,425	$ 427,019
Excess of revenue and gains over expenses and losses	28,739	-	-	28,739
Restricted contributions	-	4,297	81	4,378
Net assets released from restrictions:				
Capital acquisitions	3,330	(3,330)	-	-
Operations	-	(2,122)	-	(2,122)
Restricted investment income and realized net gains	-	1,497	-	1,497
Change in net unrealized losses on investments	(3,561)	(1,241)	(381)	(5,183)
Net transfers	(10)	(151)	161	-
Pension and postretirement plan-related adjustments	(22,441)	-	-	(22,441)
Increase (decrease) in net assets	6,057	(1,050)	(139)	4,868
NET ASSETS — September 24, 2011	383,216	27,385	21,286	431,887
Excess of revenue and gains over expenses and losses	61,319	-	-	61,319
Restricted contributions	-	4,877	762	5,639
Net assets released from restrictions:				
Capital acquisitions	1,459	(1,459)	-	-
Operations	-	(2,845)	-	(2,845)
Restricted investment income and realized net gains	-	443	-	443
Change in net unrealized gains on investments	5,033	4,274	897	10,204
Net transfers	(5)	(76)	81	-
Pension and postretirement plan-related adjustments	5,048	-	-	5,048
Increase in net assets	72,854	5,214	1,740	79,808
NET ASSETS — September 29, 2012	$ 456,070	$ 32,599	$ 23,026	$ 511,695

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

EASTERN MAINE HEALTHCARE SYSTEMS

Consolidated Statements of Cash Flows

Years Ended September 29, 2012 and September 24, 2011

(Dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 79,808	$ 4,868
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	40,341	41,464
Provision for bad debts	42,427	34,358
Impairment losses on investments	8	35
Loss on extinguishment of debt	180	-
Loss on sale of property and equipment	117	1,020
Gain on sale of joint venture	(131)	-
Net realized and unrealized (gains) losses on investments	(15,172)	267
Equity losses (earnings) of joint ventures	2,806	(2,322)
Changes in the funded status of postretirement benefit plans	(5,048)	22,441
Restricted contributions	(5,639)	(4,378)
Changes in operating assets and liabilities:		
Patient and trade accounts receivable	(50,398)	(42,829)
Other current assets	(7,145)	1,273
Other assets	(1,280)	370
Estimated third-party payor settlements	(24,270)	30,778
Accounts payable, accrued expenses, and other liabilities	15,089	3,770
Accrual for self-insurance and postretirement benefits	(1,593)	3,870
Net cash provided by operating activities	70,100	94,985
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(39,975)	(29,859)
Proceeds from sales of property and equipment	156	420
Proceeds from distributions of equity of joint ventures	1,079	1,079
Proceeds from sale of joint venture	501	-
Investment in joint ventures	(1,675)	(17)
Purchases of investments	(103,235)	(111,005)
Proceeds from sales of investments	101,868	75,071
Net changes in money market investments	(1,893)	(21,775)
Net cash used by investing activities	(43,174)	(86,086)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	135	20
Repayment of long-term debt	(10,731)	(10,314)
Proceeds from lines-of-credit	2,100	8,638
Repayment of lines-of-credit	(5,100)	(6,403)
Payment of bond issuance costs	(79)	-
Restricted contributions and investment income	6,082	5,875
(Increase) decrease in pledges receivable	(289)	862
Net cash used by financing activities	(7,882)	(1,322)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,044	7,577
CASH AND CASH EQUIVALENTS — Beginning of year	53,941	46,364
CASH AND CASH EQUIVALENTS — End of year	$ 72,985	$ 53,941

NONCASH TRANSACTIONS:

Cash paid for interest approximated $8,789 and $8,267 for the years ended September 29, 2012 and September 24, 2011, respectively.

The System entered into capital leases in the amount of approximately $94 and $416 during the years ended September 29, 2012 and September 24, 2011, respectively, related to the acquisitions of equipment.

The System refinanced $5,772 of tax-exempt bonds during the year ended September 29, 2012.

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

1. Organization and Business

Eastern Maine Healthcare Systems (EMHS) is the parent company in an integrated health care delivery system (the System). EMHS controls its subsidiaries by means of stock ownership or corporate membership. The System provides a broad range of health care and related services to nine Northern and Eastern Maine counties through subsidiary and affiliated corporations, limited liability companies, and partnerships.

The primary function of EMHS is to provide overall coordination and direction for the activities of the following corporations. Each affiliated organization is a tax-exempt charitable organization, unless otherwise noted.

Acadia Hospital Corp. (Acadia) — Acadia operates a 100-bed acute care, psychiatric, and chemical dependency hospital located in Bangor, Maine. Acadia is the sole corporate member of Acadia Healthcare, Inc. (AHI). AHI is a provider of substance abuse and community integration services. Meadow Wood, LLC, is a wholly-owned subsidiary of AHI that provides outpatient mental health services in Bangor, Maine.

Affiliated Healthcare Systems (AHS) — AHS, a taxable holding company, is a wholly-owned subsidiary of EMHS. AHS has several subsidiaries and is a member in several joint venture limited liability companies.

The following are wholly-owned subsidiaries of AHS:

Affiliated Laboratory, Inc. (ALI) — ALI provides medical laboratory services to various System companies, physicians, and other health care providers throughout Northern New England. ALI operates medical laboratories in Bangor and Portland, Maine.

Affiliated Materiel Services (AMS) — AMS is a multistate distributor of medical and other supplies to various System companies, physicians' offices, and other health care organizations. AMS also provides consulting services in materials management.

Affiliated Healthcare Management (AHM) — AHM provides various services to businesses throughout Northern New England. These services include transcription, workforce training, employee assistance programs, web design solutions, and other services to hospitals and other health care organizations, including System companies.

Affiliated Collections, Inc. (ACI) — ACI provides debt collection services to commercial businesses, municipalities, and health care clients, including System companies.

Dirigo Pines Retirement Community, LLC (DPRC) — The purpose of DPRC is to construct a cooperative retirement housing community in Orono, Maine.

Meridian Mobile Health, LLC (Meridian) — Meridian is a limited liability company providing ground medical transportation services.

Blue Hill Memorial Hospital (BHMH) — BHMH operates a 25-bed, critical access hospital located in Blue Hill, Maine.

Beacon Health, LLC (Beacon) — Beacon contracts with payors to provide population health management service and care coordination.

Charles A. Dean Memorial Hospital (C.A. Dean) — C.A. Dean operates a 25-bed critical access hospital and skilled care facility in Greenville, Maine.

Eastern Maine Healthcare Real Estate (EMHRE) — EMHRE held the title to various real estate properties, which are leased to various System organizations, physicians, and other medical organizations. In 2012, EMHRE's real estate holdings were transferred to various System organizations.

Eastern Maine HomeCare (EMHC) — EMHC provides home health, hospice, telehealth, and community health services to residents in Central, Northern, and Eastern Maine.

Eastern Maine Medical Center (EMMC) — EMMC operates a regional 411-bed acute care medical center located in Bangor, Maine, which provides a variety of inpatient and ambulatory health care services. EMMC is the sole corporate member of the following subsidiaries:

Eastern Maine Medical Center Auxiliary (EMMCA) — EMMCA raises funds to benefit EMMC and operated a gift shop in the lobbies of EMMC and the Lafayette Family Cancer Center in Brewer, Maine. Gift shop operations ceased in September 2012.

Norumbega Medical Specialists, Ltd. (Norumbega) — Norumbega operates a physician practice in Orono, Maine.

EMHS Foundation (The Foundation) — Previously known as Healthcare Charities, the Foundation holds and manages unrestricted and donor-restricted funds for the benefit of various System companies and other exempt organizations in Maine. The amount of assets held for the benefit of unrelated organizations is not material.

The Foundation owns 50% of the stock in New England Home Health Care, a Bangor-based home health care company, providing services throughout Central and Eastern Maine.

Inland Hospital (Inland) — Inland operates a 48-bed hospital located in Waterville, Maine. Inland is the sole member of Lakewood Continuing Care Center (Lakewood) and Inland Family Practice Associates, LLC (IFPA). Lakewood operates a 105-bed long-term care facility. IFPA operated a walk-in clinic in Waterville, Maine until September 29, 2012.

Maine Institute for Human Genetics and Health (MIHGH) — MIHGH operates as a medical research laboratory focusing on the chronic diseases that are prevalent in Maine with special emphasis on cancer. MIHGH plans to cease research activities in 2013.

Maine Network for Health (MNH) — MNH is a provider-owned service organization that offers administrative, clinical, and quality support services to physician practices and hospitals. Several System hospitals collectively own the majority of MNH and, accordingly, MNH has been included in the System's consolidated financial statements. MNH is a taxable corporation.

Rosscare — Rosscare provides or supports a continuum of nonacute health care services, including a personal emergency response program, a telephone reassurance program, geriatric nurse consultation and education, and a continuing care information center. Rosscare is the sole shareholder of Rosscare Nursing Homes, Inc. (RNHI) and is the sole member of Dirigo Pines Inn, LLC (DPI):

RNHI — RNHI is a 50% partner in five separate partnerships, each of which owns and operates a nursing home. On a combined basis, the nursing homes offer 293 long-term care beds, 40 assisted living units, 38 specialized care beds, and a 36-bed Alzheimer unit to the residents of Central Maine.

DPI — DPI is a limited liability company formed for the construction and operation of an apartment-style retirement community in Orono, Maine. DPI offers 22 specialized care beds, a 27-bed Alzheimer unit, 56 independent living units, and 17 assisted living units.

Sebasticook Valley Health (SVH) — SVH operates a 25-bed critical access hospital located in Pittsfield, Maine. SVH is the sole member of Sebasticook Valley Work Health, LLC (SVWH). SVWH offers comprehensive care for the workplace, such as treatment for injuries, workers' compensation services, pre-employment physicals, drug testing, and many other services.

The Aroostook Medical Center (TAMC) and Subsidiaries — TAMC operates a general community hospital with 89 beds and a nursing home with 72 beds. TAMC has the following subsidiaries:

TAMC Title Corporation — TAMC Title Corporation is a real estate holding company that owns buildings that are leased to various health care-related organizations.

TAMC Endowments — TAMC Endowments is responsible for raising, holding, and managing contributions received from donors for the benefit of TAMC and its subsidiaries.

2. Summary of Significant Accounting Policies

Reporting Entity

The accompanying consolidated financial statements include the accounts of EMHS and its controlled affiliates. The consolidated financial statements include 100% of the assets and liabilities of majority-owned subsidiaries. Significant intercompany accounts and transactions among the affiliated organizations have been eliminated in preparing the consolidated financial statements. The assets of any member of the consolidated group may not be available to meet the obligations of other members in the group, except as disclosed in Note 9.

Fiscal Year

The fiscal year for the majority of the System organizations ends on the last Saturday in September.

Basis of Presentation

The accompanying consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Health Care Organizations,* and other pronouncements applicable to health care organizations.

For purposes of display, transactions deemed by management to be ongoing and central to the provision of health care services are reported as revenue and expenses. Peripheral or incidental transactions are reported as other gains and losses.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Significant management estimates include net patient service revenue and related patient accounts receivable, the valuation of investments, the determination of impairment of long-lived assets, self-insurance reserves, accrued retirement benefits, and estimated third-party payor settlements.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less at the date of purchase, excluding amounts classified as assets whose use is limited or restricted.

Patient and Trade Accounts Receivable

Patient and trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and the applicable patient accounts receivable. Credit is extended without collateral.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Realized gains or losses on the sale of investments are determined by use of average cost. Unrealized gains and losses on investments are excluded from excess of revenue and gains over expenses and losses and reported as an increase or decrease in net assets, except that declines in fair value that are judged to be other than temporary are reported as realized losses. The System periodically reviews its investments to identify those individual investments for which fair value is below cost. The System then makes a determination as to whether the investment should be considered other than temporarily impaired. In 2012 and 2011, the System reported realized losses relating to declines in fair value that were judged to be other than temporary of $8,000 and $35,000, respectively.

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

Several System organizations own interests in joint venture entities. Ownership interests between 20% and 50% in a joint venture are accounted for by using the equity method of accounting. Using the equity method, the investment is increased by the System organization's share of the entity's income and additional investments. The investment is decreased by the System organization's share of the entity's losses and distributions.

Derivative Instruments

The System recognizes derivative instruments as either assets or liabilities and measures those instruments at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. For a derivative instrument designated as a fair value hedge, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributed to the risk being hedged. For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as an unrealized gain or loss on investments and subsequently reclassified into earnings when the hedged exposure affects earnings. The ineffective portion of the gain or loss is reported in earnings immediately. For derivative instruments that are not designated as accounting hedges, changes in fair value are recognized in earnings in the period of change. The System records derivative instruments in the statements of cash flows to operating, investing, or financing activities consistent with the cash flows of the hedged item.

Inventory

System organizations record inventory at the lower of cost or market using the first-in, first-out, or average cost methods.

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include Board of Directors (the "Board") designated assets, assets held in trust under debt agreements, self-insurance trust arrangements, and assets that are donor-restricted. Permanently restricted trusts held by unrelated entities for the benefit of various System organizations are reported as beneficial interest in perpetual trusts. Board-designated assets may be used at the Board's discretion.

Property and Equipment

Property and equipment are recorded at cost or, in the case of gifts, at fair market value at the date of the gift, less accumulated depreciation. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the related assets. Buildings and equipment under capital lease obligations are amortized using the straight-line method over the shorter period of the lease term or estimated useful life of the building or equipment. Such amortization is included in depreciation and amortization in the consolidated statements of operations.

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

Impairment of Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

Asset Retirement Obligations

The System recognizes the liability for conditional asset retirement obligations when the System has a legal obligation to perform asset retirement activities. The fair value of the liability for the legal obligation associated with an asset retirement is recorded in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement is capitalized.

Substantially all of the asset retirement obligations recorded relate to estimated costs to remove asbestos that is contained within the System's facilities. The adjustments to the carrying amount of the asset retirement obligation were approximately $29,000 and $205,000 in 2012 and 2011, respectively, and were primarily attributable to revised estimates, accretion expense and removal of asbestos.

Costs of Borrowing

Interest costs incurred on borrowed funds during the period of construction of capital assets, net of investment income on borrowed assets held by trustees, are capitalized as a component of the cost of acquiring those assets. The amount of interest that was capitalized totaled approximately $10,000 and $22,000 in 2012 and 2011, respectively. Deferred financing costs and original issue premiums and discounts are amortized over the period the related obligation is outstanding on a straight-line basis, which approximates the effective interest method.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

Interpretation of Relevant Law

The System has interpreted state law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Board and expended. As a result of this interpretation, the System classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present, and (b) the original value of the subsequent gifts to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present. The remaining portion of the donor-restricted endowment fund composed of accumulated gains not required to be maintained in perpetuity is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the donor's stipulations.

The System administers a formal spending policy consistent with state law to appropriate the net appreciation of permanently restricted net assets as is deemed prudent by the Board considering the System's long- and short-term needs, price-level trends, and general economic conditions. Under this policy, the System maintains an annual spending level generally in the range of 3%-6%, with a target of 5%, of each endowment fund's moving five-year average market value. Endowment assets are invested in a manner to generate returns at least equal to and preferably greater than the consumer price index, plus 5%. To satisfy its long-term rate-of-return objectives, the System targets a diversified asset allocation that places a greater emphasis on equity-based investments within prudent risk constraints. Realized and unrealized gains on permanently restricted net assets, which are not specifically restricted by donors, are reported in a temporarily restricted net asset classification until appropriated by the Board and expended.

Revenue Recognition

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Under the terms of various agreements, regulations, and statutes, certain elements of third-party reimbursement to System organizations are subject to negotiation, audit, and/or final determination by the third-party payors. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Variances between preliminary estimates of net patient service revenue and final third-party settlements are included in net patient service revenue in the year in which the settlement or change in estimate occurs. In 2012 and 2011, changes in prior-year estimates increased net patient service revenue by $35,318,000 and $6,684,000, respectively.

Gifts

Unconditional promises to give cash and other assets to System organizations are reported at fair value at the date the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts are reported as an increase in either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as additions to unrestricted net assets in the accompanying consolidated financial statements.

Excess of Revenue and Gains Over Expenses and Losses

The consolidated statements of operations include excess of revenue and gains over expenses and losses. Changes in unrestricted net assets, which are excluded from excess of revenue and gains over expenses and losses, consistent with industry practice, include transfers of assets to and from affiliates for other than goods and services, the change in unrealized gains and losses on investments, pension and postretirement plan adjustments, and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets).

Other Revenue

Unrestricted investment income on self-insurance assets and on assets held in trust under bond indentures is included in other revenue in the year earned. Grant revenue, meaningful use incentives (see below), cafeteria sales, and gift shop revenue are also included as other revenue.

Meaningful Use Revenues

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The criteria for meaningful use will be staged in three steps from fiscal year 2012 through 2016. During 2012, the System attested to stage 1 meaningful use certification from the Centers of Medicare and Medicaid Services (CMS) and recorded meaningful use revenues of $5,464,000 in the 2012 consolidated statements of operations. The meaningful use attestation is subject to audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by the System.

The Medicaid program provides incentive payments to hospitals and eligible professionals as they adopt, implement, upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to five remaining participation years. The State of Maine program was launched on October 2011; however, there was an attestation tail period from January 1, 2012 through March 31, 2012 where providers were allowed to apply late for payments related to program year 2011. During 2012, the System recorded meaningful use revenues of $11,102,000 after attesting to Stage 1 meaningful use, including $6,587,500 related to program year 2011.

The System recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific requirements applicable for the reporting period.

Income Taxes

EMHS, its hospitals, and certain other affiliates have been determined by the Internal Revenue Service to be tax-exempt charitable organizations as described in Section 501(c)(3) or 501(c)(2) of the Internal Revenue Code (the Code) and, accordingly, are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for federal income taxes has been recorded in the accompanying consolidated financial statements for these organizations.

Tax-exempt charitable organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board (FASB), assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense. The System has evaluated its tax position taken or expected to be taken on income tax returns and concluded the impact to be not material.

Certain of the System's affiliates are taxable entities. Deferred taxes related to these entities are based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the years the differences are expected to reverse. The deferred tax assets and liabilities for these entities are not material.

Accrual for Self-Insurance Liabilities

The liabilities for outstanding losses and loss-related expenses include estimates for malpractice losses incurred but not reported, as well as losses pending settlement. Insurance recoveries are included in other assets and are not netted against the liability. Such liabilities are necessarily based on estimates, and while management believes that the amounts provided are adequate, the ultimate liability may be in excess of or less than the amounts provided. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The methods for making such estimates and the resulting liability are actuarially reviewed on an annual basis and any adjustments are reflected in operations currently.

The System also estimates and records a liability for claims incurred but not reported for employee health and dental benefits provided through self-insured plans. The liability is estimated based on prior claims experience and the expected time period from the date such claims are incurred to the date the related claims are submitted and paid.

Accounting for Defined Benefit Pension and Other Postretirement Plans

The System recognizes the overfunded or underfunded status of its defined benefit and postretirement plans as an asset or liability in its consolidated balance sheets. Changes in the funded status of the plans are reported as a change in unrestricted net assets presented below the excess of revenue and gains over expenses and losses in the consolidated statements of operations and changes in net assets in the year in which the changes occur.

Recently Issued Accounting Pronouncements

In January 2010, FASB issued Accounting Standards Update (ASU) No. 2010-06, *Improving Disclosures about Fair Value Measurements,* which amended Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures,* to require new disclosures related to transfers in and out of Level 1 and Level 2 fair value measurements, including reasons for the transfers, and to require new disclosures related to activity in Level 3 fair value measurements. In addition, ASU No. 2010-06 clarifies existing disclosure requirements related to the level of disaggregation of classes of assets and liabilities and provides further detail about inputs and valuation techniques used for fair value measurement. The System adopted ASU No. 2010-06 effective for the year ended September 24, 2011, except for the provisions related to the disclosure of activity in Level 3 fair value measurements which were adopted for the year ended September 29, 2012.

In August 2010, the FASB issued ASU No. 2010-24, *Health Care Entities (Topic 954), Presentation of Insurance Claims and Related Insurance Recoveries,* which clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. The System's adoption of ASU No. 2010-24 was effective for the year beginning September 25, 2011.

In August 2010, the FASB issued ASU No. 2010-23, *Health Care Entities (Topic 954), Measuring Charity Care for Disclosure,* which requires that cost be used as a measurement for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. It also requires disclosure of the method used to identify or determine such costs. The System adopted ASU No. 2010-23 effective for the year beginning September 25, 2011.

In July 2011, the FASB issued ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities,* which requires health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. Additionally, health care entities are required to provide enhanced disclosure about how it considers collectability in determining the amount and timing of revenue and bad debt expense. The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The adoption of ASU No. 2011-07 is effective for the System beginning September 30, 2012.

Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation related to reporting of discontinued operations. Net revenues of $11,173,000 and $9,943,000 for the years ended September 29, 2012 and September 24, 2011 are included in discontinued operations.

Subsequent Events

For purposes of the preparation of these financial statements, the System has considered transactions or events occurring through December 20, 2012, which was the date that the financial statements were issued.

On November 1, 2012, EMMC transferred ownership of its outpatient dialysis services to an independent third-party provider. EMMC received $16,342,000 in net proceeds and recorded a $15,116,000 gain on sale in fiscal year 2013. The outpatient dialysis services are treated as discontinued operations for fiscal year 2012 and 2011.

Subsequent to year-end, the System Board approved the issuance of up to $150,000,000 of tax-exempt financing for the first phase of EMMC's modernization project. The issuance of the bonds is subject to approval by the Maine Health and Higher Education Facilities Authority.

On December 7, 2012, the System entered into a non-binding letter of intent to affiliate with Mercy Health Systems of Maine ("Mercy") which includes Mercy Hospital, a 230-bed acute care hospital located in Portland, Maine and VNA Home Health Hospice. The affiliation is subject to a variety of regulatory and governance approvals. The final agreement is expected to provide for the System to assume all Mercy's liabilities including approximately $73 million outstanding tax-exempt debt and support $115 million in integration costs, working capital needs and capital improvements over five years.

3. Net Patient Service Revenue

Net patient service revenue for the years ended September 29, 2012 and September 24, 2011, consisted of the following (dollars in thousands):

	2012	2011
Full charges for services to patients:		
Daily patient services	$ 264,097	$ 259,616
Ancillary services	556,426	523,400
Outpatient services	942,825	882,676
Gross patient service revenue	1,763,348	1,665,692
Deductions from revenue:		
Contractual adjustments	(737,417)	(712,106)
Charity care	(49,038)	(52,106)
Total deductions	(786,455)	(764,212)
Net patient service revenue	$ 976,893	$ 901,480

4. Charity Care and Community Service

When patients meet certain criteria under the System's charity care policies, System organizations provide them with care without charge or at amounts less than established rates. System organizations do not pursue collection of amounts determined to qualify as charity care and, accordingly, these amounts are not included in net patient service revenue. The System estimates the costs associated with providing charity care by calculating a ratio of total cost to total gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. The estimated cost of caring for charity care patients was $23,492,925 and $25,644,233 for the years ended September 29, 2012 and September 24, 2011, respectively. Funds received from gifts and grants to subsidize charity services provided were $323,525 and $321,389 for the years ended September 29, 2012 and September 24, 2011, respectively.

In furtherance of their charitable purposes, System organizations provide many services and programs at reduced or no cost to the public, schools, and civic groups. Some of these services include health screenings, clinics, coordination of blood drives, educational materials and presentations, radio and television information programs on health topics, hosting support groups and programs, and offering a speakers bureau of professionals to discuss health issues.

5. Third-Party Reimbursement

The System's affiliates have agreements with third-party payors that provide for payments to the respective organizations at amounts different from their established rates. A summary of the payment arrangements with major third-party payors is as follows:

Medicare

Net revenue from the Medicare program accounted for approximately 29% of the System's net patient service revenue for both 2012 and 2011. The acute care hospitals are subject to the federal Prospective Payment System (PPS) for Medicare inpatient hospital services, inpatient skilled nursing facilities services, inpatient rehabilitation services, and for certain outpatient services. Under these prospective payment methodologies, Medicare pays a prospectively determined per discharge, per day, or per visit rate for nonphysician services. These rates vary according to the applicable Diagnosis Related Group (DRG), Case-Mix Group, or Resource Utilization Group. Capital costs related to Medicare inpatient PPS services are paid based upon a standardized amount per discharge weighted by DRG. TAMC is designated as a Medicare-dependent hospital for reimbursement purposes. Accordingly, TAMC receives an additional payment amount, which is a portion of the difference between the federal operating rate and a hospital-specific rate. Inland was selected to participate in a Medicare Rural Community Hospital Demonstration Project and is therefore no longer subject to PPS payments for inpatient hospital services and associated capital costs for the duration of this five-year program. During the first fiscal year of the program beginning September 25, 2011, Medicare pays for the full reasonable costs incurred for inpatient services provided. The payment for subsequent years is the lesser of reasonable costs or a target amount determined by increasing the first year program costs by the inpatient prospective payment factor update for each succeeding year. For most outpatient services, Medicare makes payment based upon the Ambulatory Payment Classification (APC) of each patient. Certain other outpatient services are reimbursed according to fee screens. The hospitals are reimbursed for cost-reimbursable items at an interim tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. Outpatient services provided at the System's rural health centers are reimbursed on the basis of reasonable costs per visit.

As a specialty psychiatric hospital facility, Acadia is reimbursed for Medicare inpatient services on a PPS basis. The prospective payment methodology for psychiatric facilities is based on a per diem rate. This rate will be adjusted upwards to reflect higher costs on the earlier days of the stay and downwards towards the end of the stay. The per diem will vary based on diagnosis, comorbidity condition, age, wage index, rural setting, the presence of a full-service emergency room, and the extent of teaching activity in the facility.

BHMH, C.A. Dean, and SVH have been granted Critical Access Hospital (CAH) status, which continues as long as certain utilization criteria are met. Each CAH is reimbursed 101% of allowable costs for its inpatient and substantially all of its outpatient services provided to Medicare patients.

The System began participating in the CMS Pioneer Accountable Care Organization (ACO) on January 1, 2012. Members participating at this time are EMMC, Inland and TAMC, although additional providers both in and outside the System are expected to join in January 2013. Through this agreement, the System provides care coordination and healthcare management to Medicare enrollees identified as patients of the ACO participants. Under the program, the System is eligible to share in the resulting savings in year one, and in shared savings and losses beginning January 1, 2013. The System has not recorded shared savings revenue in 2012 because the amounts are not yet determinable. The initial term of the agreement is through December 31, 2014 and can be extended for an additional two-year term. The System is required to meet certain performance and quality measures to maintain eligibility.

MaineCare

Until July 1, 2011, MaineCare paid a prospectively determined rate per discharge for acute nonphysician services. Effective for these services provided on and after July 1, 2011, MaineCare reimbursement is based upon prospectively determined rates that vary according to the applicable DRG. Capital and physician service costs related to MaineCare inpatient services are paid based on a percentage of allowable costs. Outpatient services were reimbursed partially based upon discounted allowable costs and partially based on fee schedules until July 1, 2012. From July 1, 2012 forward, MaineCare makes payment based upon the APC of each patient. Certain other outpatient services are reimbursed according to fee screens. Prior to the implementation of DRG and APC prospective payments, reimbursement was made for most services at a tentative rate with final settlement determined after completion of annual cost reports by the State. Only capital, physician service costs, and medical education costs after July 1, 2012 are subject to a final settlement process. Nursing facilities are reimbursed on a prospectively determined per diem rate.

BHMH, C. A. Dean, and SVH are also recognized as CAHs by the MaineCare program and, as such, are reimbursed on a percentage of allowable costs for inpatient and outpatient services provided to MaineCare patients.

Acadia is reimbursed for MaineCare inpatient services based on a negotiated rate related to established charges. Outpatient services are reimbursed based on a percentage of cost.

For the past several years, the interim payments used to reimburse the hospitals in the System have been significantly below the amounts due to the hospitals based upon the reimbursement statutes in effect each year. Net revenue from the MaineCare program accounted for approximately 18% and 17% of the System's net patient service revenue for 2012 and 2011, respectively. At September 29, 2012 and September 24, 2011, amounts due from and amounts due to the State of Maine (the State) under the MaineCare program consisted of the following (dollars in thousands):

	2012	2011
Amounts due from MaineCare — current	$ 2,242	$ 1,766
Amounts due from MaineCare — long-term	109,448	71,270
Total amounts due from MaineCare	111,690	73,036
Amounts due to MaineCare — current	(6,839)	(3,327)
Amounts due to MaineCare — long-term	(1,550)	(3,158)
Net amounts due from MaineCare	$ 103,301	$ 66,551

The System's hospitals have not received final settlement on cost reports filed under the MaineCare program since 2004. For the open cost report years from 2005 to 2012 the System has established reserves against changes in the total obligation arising from final settlement of the cost reports. At September 29, 2012, the System had $45,968,000 of MaineCare reserves included in non-current estimated third party-payor settlements.

The State's current budget does not fully provide for outstanding amounts due to the hospitals; accordingly, certain amounts receivable from the MaineCare program have been reported as noncurrent assets because management has determined that such amounts are not reasonably expected to be realized in cash within one year of the consolidated balance sheet date.

The State assesses a health care provider tax on the revenues of hospitals. The amount of tax assessed to System organizations was approximately $18,013,000 and $18,001,000 in 2012 and 2011, respectively. This amount has been reported as supplies and other expenses in the accompanying consolidated statements of operations.

Other Payor Arrangements

The System's affiliates have entered into other payment agreements with commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge and per day, discounts from established charges, fee screens, and capitation fees earned on a per member, per month basis.

6. Investments and Assets Whose Use is Limited or Restricted

At September 29, 2012 and September 24, 2011, investments and assets whose use is limited or restricted consisted of the following (dollars in thousands):

	2012	2011
Short-term investments:		
Temporary cash investments	$ 56	$ 59
Institutional mutual funds and common collective trusts	7,186	6,960
Fixed-income securities	687	653
Total short-term investments	$ 7,929	$ 7,672
Assets whose use is limited or restricted — current:		
Temporary cash investments	$ 23,717	$ 34,365
Institutional mutual funds and common collective trusts	114	101
Fixed-income securities	3,423	935
Total assets whose use is limited or restricted — current	$ 27,254	$ 35,401
Assets whose use is limited or restricted — noncurrent:		
Temporary cash investments	$ 75,737	$ 62,524
Marketable equity securities	6,153	4,820
Other equity investments	498	452
Institutional mutual funds and common collective trusts	133,672	137,303
Fixed-income securities	105,801	92,037
Pledges and other receivables	4,648	4,625
Beneficial interest in perpetual trusts	10,217	8,702
Total assets whose use is limited or restricted — noncurrent	$ 336,726	$ 310,463

Assets of self-insured programs for employee health benefits, certain assets held in trust under bond indentures, and portions of charitable gift annuities are classified as current assets. The perpetual trusts generally invest in temporary cash investments, marketable equity securities, and fixed-income securities.

For the years ended September 29, 2012 and September 24, 2011, investment income consisted of the following (dollars in thousands):

	2012	2011
Interest and dividend income	$ 4,471	$ 4,403
Realized gains and losses on sale of securities — net	4,968	4,917
Impairment losses on investments	(8)	(35)
Change in net unrealized gains (losses) on investments	10,204	(5,184)
Total	$ 19,635	$ 4,101

For the years ended September 29, 2012 and September 24, 2011, investment income (loss) was reported as follows (dollars in thousands):

	2012	2011
Consolidated statements of operations:		
Other revenue	$ 2,892	$ 1,750
Investment income and other — net	6,096	6,037
Change in net unrealized losses on investments	5,033	(3,561)
Consolidated statements of changes in net assets:		
Temporarily restricted net assets — restricted investment income and realized and unrealized investment gains	4,717	256
Permanently restricted net assets — unrealized investment (losses) gains	897	(381)
Total	$ 19,635	$ 4,101

Derivative Financial Instruments

AHS and EMHS are parties in several fixed-payor swap contracts related to underlying, variable rate debt obligations (as explained in Note 9). The purpose of these contracts is to protect AHS and EMHS against rising interest rates related to the variable rate debt. These contracts qualify for hedge accounting as a cash flow hedge. The combined decrease in the fair values of the contracts amounted to $43,000 and $84,000 during 2012 and 2011, respectively, and is included in change in net unrealized gains (losses) on investments in the accompanying consolidated statements of operations. The net settlement related to the contracts is included in interest expense. AHS and EMHS expect to hold the swap contracts until their respective maturities, at which point unrealized gains or losses will be zero. The fair value of the interest rate swaps was a liability of $3,679,000 and $3,636,000 at September 29, 2012 and September 24, 2011, respectively, and is included in other liabilities in the accompanying consolidated balance sheets. The interest swap contract disclosures are summarized as follows (dollars in thousands):

	Fixed Rate Paid	Variable Rate Received	Notional Amount	Fair Value as of September 29, 2012	Fair Value as of September 24, 2011	Termination Date	Counterparty
AHS	7.10%	1.72%	$ 3,350	$ 979	$ 953	September 2021	TD Bank
AHS	7.09%	1.74%	1,979	550	531	November 2020	TD Bank
EMHS	5.57%	1.58%	10,428	1,922	1,759	November 2018	TD Bank
EMHS	4.95%	1.58%	5,974	228	393	November 2013	TD Bank
Total unrealized loss				$ 3,679	$ 3,636		

Pledges Receivable

Pledges receivable includes the net present value of future unconditional promises to give from donors. At September 29, 2012 and September 24, 2011, the future amounts receivable for unconditional promises to give are as follows (dollars in thousands):

	2012	2011
Due within one year	$ 2,176	$ 1,692
Due within two to five years	3,092	2,446
Thereafter	247	425
Total receivable	5,515	4,563
Less allowance for uncollectible pledges and discounts	(873)	(210)
Total net receivable	$ 4,642	$ 4,353

Annuity Agreements

The System has entered into various charitable gift annuity agreements with donors with the assets held in trust and administered by the System. These assets are included in assets whose use is limited or restricted in the accompanying consolidated balance sheets and totaled approximately $1,422,000 and $1,280,000 at September 29, 2012 and September 24, 2011, respectively. A contribution is recognized at the date the agreement is established. Liabilities associated with the agreements are recorded at the present value of estimated future payments to be made to the donors. The liabilities are included in noncurrent liabilities and accrued expenses in the accompanying consolidated balance sheets and totaled approximately $356,000 and $425,000 at September 29, 2012 and September 24, 2011, respectively.

7. Property and Equipment

At September 29, 2012 and September 24, 2011, property and equipment consisted of the following (dollars in thousands):

	2012	2011
Land	$ 8,926	$ 8,776
Buildings and land improvements	320,186	311,732
Equipment, furniture, and fixtures	438,525	424,365
Leasehold improvements	17,884	18,009
	785,521	762,882
Less accumulated depreciation and amortization	(484,530)	(455,151)
	300,991	307,731
Construction in progress	37,073	24,123
Net property and equipment	$ 338,064	$ 331,854

Property and equipment held for sale of $2,991,000 is included above as of September 29, 2012.

EMHS and its affiliates have commitments for facility expansions totaling approximately $28,173,000 and $15,079,000 at September 29, 2012 and September 24, 2011, respectively.

In 2009, EMMC received approval for a $246,884,000 certificate of need (CON) from the Maine Department of Health and Human Services (DHHS) for the construction of a new inpatient tower and renovation of existing patient care areas. In April 2011, DHHS affirmed the CON met the requirements for work to have been timely commenced. At September 29, 2012, there were no significant construction commitments related to the CON.

At September 29, 2012 and September 24, 2011, $7,804,000 and $1,264,000, respectively, of property and equipment purchases and costs related to construction projects were included in accounts payable.

Property and equipment includes a building and equipment recorded under capital leases totaling $9,764,000 and $10,519,000 with related accumulated depreciation of $7,924,000 and $7,116,000 at September 29, 2012 and September 24, 2011, respectively.

8. Intangibles and Other Assets

At September 29, 2012 and September 24, 2011, intangibles and other assets consisted of the following (dollars in thousands):

	2012	2011
Investments in joint ventures:		
Rosscare Nursing Homes, Inc.	$ 5,035	$ 4,323
Aroostook MRI, LLC	-	348
Commercial Delivery Systems, LLC	385	342
County Physical Therapy, LLC	538	549
LifeFlight of Maine, LLC	2,363	2,036
MedComm, LLC	(346)	(266)
M Drug, LLC	(475)	3,238
New Century Healthcare, LLC	1	1
Northern New England Accountable Care Collaborative, LLC	500	-
Penobscot Logistics Solutions, LLC	165	175
Total	8,166	10,746
Other receivables	2,374	1,442
Retirement community development costs	717	775
Other	3,663	3,404
Total	$ 14,920	$ 16,367

The System's share of (losses) earnings in its joint ventures totaled $(2,806,000) and $2,322,000 for the years ended September 29, 2012 and September 24, 2011, respectively. A gain on sale of 50% ownership interest in Aroostook MRI, LLC was recorded for $131,000 for the year ended September 29, 2012. These amounts are reported as other gains. Distributions from these joint ventures totaled $1,079,000 for both years ended September 29, 2012 and September 24, 2011. In 2012 and 2011, the System increased its investment in joint ventures by $1,675,000 and $1,062,000, respectively.

In accordance with the joint venture agreement, the joint venture partner in M Drug, LLC has requested the purchase of his equity position at the contractual price of $3,200,000. The commitment has been included in accrued liabilities. Management has determined the additional investment in M Drug, LLC to be impaired, and, accordingly, recorded the commitment to purchase the remaining equity as a loss included in investment income and other gains or losses.

The joint venture partners of M Drug, LLC have guaranteed a bank loan of $1,250,000 at September 29, 2012.

During the ordinary course of business, the System may provide services to various joint ventures. This income is included in sales and contract revenue and was not material in 2012 or 2011.

The System entities own 50% interests in several joint venture entities (except for a 33.3% interest in Penobscot Logistics Solutions, LLC and 25% interest in Northern New England Accountable Care Collaborative, LLC). Selected financial information derived from the unaudited financial statements of each joint venture entity at September 29, 2012 and September 24, 2011 is as follows (dollars in thousands):

		2012		
Name of Joint Venture	Owner	Total Assets	Long-Term Debt	Net Equity
Colonial Acres	RNHI	$ 2,718	$ 577	$ 2,206
Dexter Health Care	RNHI	1,182	86	566
Katahdin Health Care	RNHI	1,044	522	220
Ross Manor Associates	RNHI	14,564	7,385	5,408
Stillwater Health Care	RNHI	3,793	593	1,670
Rosscare Nursing Homes		23,301	9,163	10,070
Commercial Delivery Systems, LLC	AHS	1,222	76	770
County Physical Therapy, LLC	TAMC	1,359	94	1,076
LifeFlight of Maine, LLC	EMHS	10,576	5,392	4,725
MedComm, LLC	AHS	156	42	(690)
M Drug, LLC	AHS	8,654	3,354	(4,626)
New Century Healthcare, LLC	EMHS	1	-	1
Northern New England Accountable Care Collaborative, LLC	EMHS	2,000	-	2,000
Penobscot Logistics Solutions, LLC	AHS	6,584	5,764	495
Total		$ 53,853	$ 23,885	$ 13,821

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September 29, 2012 and September 24, 2011

		2011		
Name of Joint Venture	Owner	Total Assets	Long-Term Debt	Net Equity
Colonial Acres	RNHI	$ 2,460	$ 703	$ 1,834
Dexter Health Care	RNHI	1,482	131	952
Katahdin Health Care	RNHI	996	555	132
Ross Manor Associates	RNHI	14,352	7,800	3,724
Stillwater Health Care	RNHI	3,603	670	2,004
Rosscare Nursing Homes		22,893	9,859	8,646
Aroostook MRI, LLC	TAMC	803	-	696
Commercial Delivery Systems, LLC	AHS	1,146	130	684
County Physical Therapy, LLC	TAMC	1,383	121	1,098
LifeFlight of Maine, LLC	EMHS	10,361	5,547	4,072
MedComm, LLC	AHS	150	61	(530)
M Drug, LLC	AHS	15,903	1,500	6,475
New Century Healthcare, LLC	EMHS	1	-	1
Penobscot Logistics Solutions, LLC	AHS	6,762	5,946	525
Total		$ 59,402	$ 23,164	$ 21,667

9. Debt

Long-term debt at September 29, 2012 and September 24, 2011 consisted of the following (dollars in thousands):

	2012	2011
Bonds payable:		
TAMC Series 2012A Bonds (due in varying amounts each July through the year 2022 with fixed-interest rates ranging from 2.00% to 5.00% per annum)	$ 5,156	$ -
BHMH/TAMC Series 2010B Bonds (due in varying amounts each July through the year 2028 with fixed-interest rates ranging from 3.00% to 5.25% per annum)	6,856	7,676
Acadia/EMMC Series 2010A Bonds (due in varying amounts each July through the year 2040 with fixed-interest rates ranging from 3.00% to 5.25% per annum)	70,922	74,042
Inland/Lakewood Series 2007B Bonds (due in varying amounts each July through the year 2037 with fixed-interest rates ranging from 4.00% to 5.00% per annum)	8,652	8,857
Inland Series 2006A Bonds (due in varying amounts each July through the year 2030 with fixed-interest rates ranging from 4.00% to 5.00% per annum)	1,078	1,117
SVH Series 2004B Bonds (due in varying amounts each July 1 through the year 2015 with fixed-interest rates ranging from 3.5% to 3.75% per annum)	213	298
Inland/Lakewood Series 2004A Bonds (due in varying amounts each July through the year 2023 with fixed-interest rates ranging from 4.25% to 5.375% per annum)	554	1,079
TAMC/SVH Series 2002A Bonds (due in varying amounts each July 1 through the year 2022 with fixed-interest rates ranging from 4.125% to 5.00% per annum)	-	5,772
SVH Series 2001B Bonds (due in varying amounts each July 1 through the year 2021 with fixed-interest rates ranging from 4.80% to 5.20% per annum)	2,643	2,913
	96,074	101,754
Net unamortized original issue premium	3,318	3,189
Bonds payable — net	99,392	104,943
Other long-term debt:		
Installment loans and other	61,842	62,875
Capital lease obligations	1,881	3,304
Total long-term debt	163,115	171,122
Less current portion	(10,327)	(10,360)
Long-term debt — net of current portion	$152,788	$ 160,762

Bonds Payable

Series 2012A Bonds — In 2012, TAMC issued $5,156,350 in notes payable to secure tax-exempt revenue bonds issued by the Maine Health and Higher Educational Facilities Authority (the "Authority") for the purpose of refunding the Series 2002A Bonds. The Series 2012A Bonds are collateralized by substantially all of the property and equipment of TAMC and a security interest in the gross receipts of the entity.

Series 2010B Bonds — In 2010, BHMH and TAMC issued $2,223,000 and $6,243,000, respectively, in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of refunding existing debt. The Series 2010B Bonds are collateralized by substantially all of the property and equipment of BHMH and TAMC and a security interest in the gross receipts of each entity.

Series 2010A Bonds — In 2010, Acadia and EMMC issued $76,772,000 in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of refunding existing debt and financing new construction at EMMC. EMHS, EMMC, and Acadia are jointly and severally obligated to pay principal and interest on the notes when due. The notes are collateralized by the pledged and assigned revenue of EMHS, EMMC, and Acadia. The Series 2010A Bonds are collateralized by a security interest in their gross receipts.

Series 2007B Bonds — In 2008, Inland and Lakewood issued $9,537,000 in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of hospital and nursing home renovation and expansion. The Series 2007B Bonds are collateralized by substantially all of the property of Inland and Lakewood and a security interest in their gross receipts.

Series 2006A Bonds — In 2006, Inland issued $1,303,000 in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of hospital renovations. The Series 2006A Bonds are collateralized by substantially all of the property of Inland and a security interest in its gross receipts.

Series 2004B Bonds — In 2005, SVH issued $748,000 in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of hospital renovations and new construction. The notes are collateralized by a security interest in its gross receipts.

Series 2004A Bonds — In 2004, Inland and Lakewood issued $3,841,000 and $1,563,000, respectively, in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of refunding its existing debt. The Series 2004A Bonds are collateralized by substantially all of the property of Inland and Lakewood, and a security interest in the gross receipts of each entity.

Series 2002A Bonds — In July 2002, TAMC and SVH issued $8,802,000 and $750,000, respectively, in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of financing hospital renovations and new construction. The Series 2002A Bonds are collateralized by substantially all of the property of TAMC and SVH and a security interest in the gross receipts of each entity. During 2011, SVH made the final principal payment on its portion of the bonds. The TAMC Series 2002A bonds were refinanced by the Series 2012A bonds.

Series 2001A Bonds — In February 2001, TAMC issued $12,039,000 in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of refunding existing debt and for long-term financing of a medical office building. The notes were collateralized by substantially all of the property and equipment of TAMC and a security interest in its gross receipts. The Series 2001A Bonds were refinanced by the Series 2010B Bonds.

Series 2001B Bonds — In June 2001, SVH issued $5,053,000 in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of refunding existing debt. The notes are collateralized by a security interest in its gross receipts.

Installment Loans

In 1999, EMHS borrowed $25,000,000 from a commercial bank. The loan requires a monthly fixed-principal repayment sufficient to repay the debt in full at or before June 2019. The note requires interest at the rate of 1% above the London InterBank Offered Rate (LIBOR) resulting in an interest rate of 1.21% at September 29, 2012 and 1.22% at September 24, 2011. The outstanding balance was $8,205,000 and $9,688,000 at September 29, 2012 and September 24, 2011, respectively. Security to the lender includes a negative pledge on all unencumbered assets of EMHS at the time of borrowing.

In 2009, EMHS purchased an office building in Brewer, Maine. The building and related acquisition costs were financed through proceeds of two mortgage notes payable in a combined amount of $23,700,000, collateralized by the building. The notes are amortized over a 25-year period, but are structured in five-year and ten-year terms. The five-year loan of $6,504,500 bears a fixed-interest rate of 4.95%. The ten-year loan of $17,195,500 includes $11,270,500 that bears interest at a fixed rate of 5.57%. The remaining $5,925,000 bears interest equal to one-month LIBOR, plus 1.35% resulting in an interest rate of 1.57% and 1.58% at September 29, 2012 and September 24, 2011, respectively. The outstanding balance was $21,884,000 and $22,393,000 at September 29, 2012 and September 24, 2011, respectively. The notes require certain financial covenants to be met on both a quarterly and annual basis.

The acquisition of the Dirigo companies (DPRC and DPI) in 2006 included the assumption of a mortgage and various notes payable. DPI has a mortgage collateralized by real estate and personal property and guaranteed by the U.S. Department of Housing and Urban Development (HUD). In March 2012, the mortgage was refinanced at a lower interest rate and previously unpaid interest payments were rolled into a second mortgage with repayment terms based on available cash flow. The first mortgage has an outstanding balance of $13,650,000 and $16,223,000 at September 29, 2012 and September 24, 2011, respectively. The second mortgage has an outstanding balance of $3,550,000 at September 29, 2012. Beginning March 2012, the first note bears interest at 3.55%

per annum and requires monthly principal and interest payments of $108,000 through February 2044. The second note bears interest at 2.65% per annum. The note requires interest and principal payments when there is surplus cash as determined by HUD regulations.

DPI has a revolving working capital line-of-credit with total amounts outstanding of $1,999,000 at both September 29, 2012 and September 24, 2011. The note matures in April 2014 and requires monthly interest payments. The note requires interest at the prime rate for domestic banks, resulting in an interest rate of 3.25% at both September 29, 2012 and September 24, 2011.

During 2011, DPRC replaced an existing revolving line-of-credit with a note payable. The outstanding balance was $3,200,000 and $4,000,000 at September 29, 2012 and September 24, 2011, respectively. The note bears interest of 4.69% through April 2014 at which time the rate is adjusted to the prime rate for domestic banks. The note requires annual principal payments of $800,000 through April 2016.

In addition, DPRC holds a tax incremental financing note with an outstanding balance of $779,000 and $846,000 at September 29, 2012 and September 24, 2011, respectively. The note bears interest at the prime rate for domestic banks, resulting in an interest rate of 3.25% at September 29, 2012 and September 24, 2011. The note requires semiannual payments of principal and interest with a final payment due in April 2016.

Several other System affiliates have mortgages, notes payable, and installment loans outstanding totaling $8,575,000 and $7,726,200 at September 29, 2012 and September 24, 2011, respectively. The notes bear interest at rates ranging between 1.74% and 7.67% per annum and are payable through 2025.

Lines-of-Credit

EMHS has a $25,000,000 revolving line-of-credit arrangement, which expires in March 2015. Any unpaid principal and interest will be payable at the term of the loan. Beginning May 14, 2012, borrowings under the agreement bear interest at the rate of 1.00% above LIBOR, resulting in an interest rate of 1.22% at September 29, 2012. Prior to May 14, 2012, borrowings bore interest at the rate of 0.75% above LIBOR, resulting in an interest rate of 0.98% at September 24, 2011. Outstanding borrowings under the line-of-credit were $7,898,000 and $11,337,000 at September 29, 2012 and September 24, 2011, respectively. Security to the lender includes a negative pledge on all unencumbered assets of EMHS. As part of the line-of-credit arrangement, EMHS maintains a $3,350,000 irrevocable letter of credit with the State as a security deposit in compliance with unemployment self-insurance requirements. The letter of credit can only be accessed in the event the System defaults on payments to recipients of unemployment benefits. As of September 29, 2012 and September 24, 2011, no amounts had been drawn against the letter of credit.

Certain of the System's other affiliates have line-of-credit agreements with interest ranging from 1.72% to 5.62% at September 29, 2012. Maximum available borrowings under the agreements aggregated $10,950,000 at September 29, 2012. The lines expire at various dates in fiscal years 2013 and 2014 and are collateralized by accounts receivable and certain fixed assets. The outstanding balance was $3,727,000 and $4,787,000 at September 29, 2012 and September 24, 2011, respectively.

Principal Payments

Principal payments required on long-term debt, excluding capital lease obligations, for the next five years and thereafter at September 29, 2012, are as follows (dollars in thousands):

Years	Bonds	Other Debt	Total
2013	$ 5,729	$ 3,405	$ 9,134
2014	5,415	6,975	12,390
2015	5,250	3,478	8,728
2016	5,415	3,488	8,903
2017	5,730	3,129	8,859
Thereafter	68,535	41,367	109,902
Total	$ 96,074	$ 61,842	$ 157,916

Loan Covenants

Several of the loan agreements contain covenants, which impose restrictions on, among other things, additional indebtedness, transfers between affiliates, and dispositions of property and require that certain financial ratios be met.

Capital Leases

EMHS and System affiliates have capital lease obligations outstanding totaling $1,881,000 and $3,304,000 at September 29, 2012 and September 24, 2011, respectively. The obligations bear interest at rates ranging between 1.09% and 13.50% per annum and are payable through 2017.

The System's future obligations under capital leases at September 29, 2012, are as follows (dollars in thousands):

Years	Amount
2013	$ 1,208
2014	498
2015	218
2016	98
2017	1
Total minimum lease payments	2,023
Less amounts representing interest	(142)
Present value of minimum lease payments	$ 1,881

10. Temporarily and Permanently Restricted Net Assets

Temporarily Restricted Net Assets

At September 29, 2012 and September 24, 2011, temporarily restricted net assets are available for the following purposes (dollars in thousands):

	2012	2011
Cancer Care	$ 7,392	$ 5,215
Capital projects	6,032	4,346
Charity care	4,622	3,976
Education and research	1,421	1,301
Women's and children's care	2,371	2,298
Other health care services	10,761	10,249
Total	$ 32,599	$ 27,385

Permanently Restricted Net Assets

At September 29, 2012 and September 24, 2011, the investment returns on permanently restricted net assets are restricted to the following purposes (dollars in thousands):

	2012	2011
Cancer Care	$ 851	$ 336
Capital projects	4,208	3,988
Charity care	1,841	1,830
Education and research	627	1,064
Women's and children's care	680	650
Other health care services	14,819	13,418
Total	$ 23,026	$ 21,286

Endowment Funds

The System's endowment consists of approximately 260 funds established for a variety of purposes. For the purposes of this disclosure, endowment funds include both donor-restricted endowment funds and funds designated by the Board to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Net Asset Composition and Changes in Endowment Net Assets

A summary of the endowment net asset composition by type of fund at September 29, 2012 and September 24, 2011, and the changes therein for the years then ended is as follows (dollars in thousands):

	September 29, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 15,608	$ 23,026	$ 38,634
Board-designated endowment funds	2,382	-	-	2,382
Total funds	$ 2,382	$ 15,608	$ 23,026	$ 41,016

	September 24, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 13,098	$ 21,286	$ 34,384
Board-designated endowment funds	2,135	-	-	2,135
Total funds	$ 2,135	$ 13,098	$ 21,286	$ 36,519

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets – September 25, 2010	$ 2,293	$ 13,979	$ 21,425	$ 37,697
Investment return:				
Net (depreciation) appreciation	(65)	355	-	290
Change in beneficial interest in perpetual trusts	-	-	(381)	(381)
Total investment return	(65)	355	(381)	(91)
Contributions	1	-	81	82
Additions to Board-designated funds	125	-	-	125
Appropriations of endowment assets for expenditure	(209)	(1,178)	-	(1,387)
Other	(10)	(58)	161	93
Endowment net assets – September 24, 2011	2,135	13,098	21,286	36,519
Investment return:				
Net appreciation	**334**	**3,861**	-	**4,195**
Change in beneficial interest in perpetual trusts	-	-	**897**	**897**
Total investment return	**334**	**3,861**	**897**	**5,092**
Contributions	-	-	**762**	**762**
Additions to Board-designated funds	**25**	-	-	**25**
Appropriations of endowment assets for expenditure	**(108)**	**(1,205)**	-	**(1,313)**
Other	**(4)**	**(146)**	**81**	**(69)**
Endowment net assets – September 29, 2012	**$ 2,382**	**$ 15,608**	**$ 23,026**	**$ 41,016**

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the System to retain as a fund in perpetuity. There were no deficiencies at September 29, 2012 or September 24, 2011.

11. Professional Liability, Self-Insurance, and Other Contingencies

Professional and General Liability

System organizations participate in self-insurance plans for professional and patient general liability, and nonpatient general liability coverage. Trust funding and accrued self-insurance reserves are determined by independent actuarial projections. Stop-loss or excess insurance coverage has been obtained through various commercial insurance companies for the self-insurance programs. For professional liability the coverage provides reimbursement for individual claims in excess of $5 million and for aggregate claims in excess of $12 million up to a total of $15 million. For general liability the coverage provides for reimbursement for individual claims in excess of $1 million and for aggregate claims in excess of $3 million. The investment assets and accrued self-insurance reserves of the professional and general liability trust were $34,752,000 and $33,746,000, respectively, as of September 29, 2012 and $34,926,000 and $38,456,000, respectively, as of September 24, 2011.

Workers' Compensation

The System maintains a common trust fund for a group workers' compensation program in accordance with the Maine Workers' Compensation Act. Because the common trust fund is regulated by the Maine Bureau of Insurance, neither the assets nor the liabilities of the trust are reflected in the accompanying consolidated financial statements. The assets and liabilities of the trust were approximately $9,653,000 and $7,264,000 at September 29, 2012 and September 24, 2011, respectively.

Employee Health Benefits

Employee health and dental benefits are provided through self-insured plans or commercially acquired programs. The self-insured medical plan had stop loss coverage that provides 50% reimbursement for claims in excess of $350,000 and less than $500,000 per individual claim and full reimbursement for claims in excess of $500,000 per individual claim. Beginning January 1, 2012, the stop loss coverage provides reimbursement for claims other than those paid to System organizations in excess of $700,000 per individual.

Other Contingencies

Affiliates of the System are parties in various legal proceedings and potential claims arising in the ordinary course of their business. In addition, the health care industry as a whole is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to government review and interpretation, as well as regulatory actions, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue, from patient services and exclusion from the Medicare and Medicaid programs. Such compliance in the health care industry has recently come under increased governmental scrutiny. Management does not believe that these matters will have a material adverse effect on the System's consolidated financial position or results of operations.

Health Care Reform

In 2010, the Patient Protection and Affordable Care Act (PPACA) was enacted into law. PPACA is expected to result in sweeping changes across the health care industry, including how care is provided and paid for. To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. The System is unable to fully predict the impact of PPACA on its operations and financial results; however, management expects that future reimbursement for services from both public and private payers will be reduced and made conditional, in part, on various quality measures.

12. Pension and Postretirement Health Care Plans

Cash Balance Plan

Employees of certain System affiliates participate in a Defined Benefit, Cash Balance Plan (the Plan). At the close of every calendar year, participating employers credit the employee's core account with a contribution based on eligible pay, age, and years of vesting service. The employee must be at least 21 years of age and have worked 1,000 hours in any calendar year to receive the contribution for that year. The funding policy of the Plan is to make contributions at least equal to the minimum amount required under the law.

The following table sets forth the Plan's funded status and amounts recognized in the consolidated balance sheets at September 29, 2012 and September 24, 2011 (dollars in thousands):

	2012	2011
Change in benefit obligation:		
Benefit obligation — beginning of year	$ 221,001	$ 202,110
Service cost	11,743	11,139
Interest cost	9,552	9,558
Benefits paid	(10,512)	(8,130)
Actuarial loss	11,832	6,312
Net growth in individual accounts	737	12
Benefit obligation — end of year	$ 244,353	$ 221,001
Change in Plan assets:		
Fair value of Plan assets — beginning of year	$ 162,213	$ 153,876
Actual gain (loss) return on Plan assets	25,584	(398)
Employer contribution	13,945	16,853
Benefits paid	(10,512)	(8,130)
Net growth in individual accounts	737	12
Fair value of Plan assets — end of year	$ 191,967	$ 162,213
Net amount recognized — accrued liability	$ (52,386)	$ (58,788)
Amounts recognized in other changes in unrestricted net assets:		
Prior-service costs	$ 1,270	$ 1,547
Actuarial loss	80,783	83,858
Total recognized in unrestricted net assets	$ 82,053	$ 85,405
Accumulated benefit obligation	$ 224,460	$ 201,941

The System's contribution to the Plan for 2012 and 2011 exceeded amounts required by the Employee Retirement Income Security Act of 1974 (ERISA). The Plan's Adjusted Funding Target Attainment Percentage under ERISA was 106% and 94% at September 29, 2012 and September 24, 2011, respectively. As a result, the Plan is not subject to ERISA benefit restrictions.

For the years ended September 29, 2012 and September 24, 2011, net pension cost for the Plan included the following components (dollars in thousands):

	2012	2011
Service cost for benefits earned during the year	$ 11,743	$ 11,139
Interest cost on projected benefit obligation	9,552	9,558
Expected return on Plan assets	(14,352)	(13,790)
Amortization of prior service cost	277	277
Amortization of net loss	3,675	2,166
Net periodic pension benefit cost	$ 10,895	$ 9,350

The prior service costs and net loss for the Plan that are expected to be amortized from unrestricted net assets into net periodic pension benefit cost over the next fiscal year are $270,872 and $5,735,719, respectively.

The following table sets forth the assumptions used in determining the benefit obligations at September 29, 2012 and September 24, 2011:

	2012	2011
Weighted-average discount rate	4.00 %	4.50 %
Rate of increase in future compensation	2.50	2.50

The following sets forth the assumptions used to determine net periodic benefit cost for the years ended September 29, 2012 and September 24, 2011:

	2012	2011
Weighted-average discount rate	4.50 %	5.00 %
Rate of increase in future compensation	2.50	3.00
Expected long-term rate of return on Plan assets	7.75	8.00

The discount rate represents an estimate of the rate at which the pension benefits could be "effectively" settled. The rate of compensation increase represents a best estimate of long-term pay increases and reflects an inflation expectation consistent with the discount rate. The long-term rate of return on Plan assets represents an estimate of the rate of return on current assets, taking into account the Plan's asset allocation, and also reflects an inflation expectation consistent with the discount rate.

The System expects to make $10,270,000 in contributions to the Plan during 2013. In addition, the following benefit payments, which reflect expected future services, as appropriate, are expected to be paid during the years ending (dollars in thousands):

Years	
2013	$ 15,245
2014	13,069
2015	14,506
2016	14,817
2017	16,288
2018–2022	98,756

The System has adopted a moderately growth-oriented investment policy for the Plan. It is anticipated that as the Plan matures, the policy should move toward a more conservative posture. The System's overall strategy is to invest in high-grade securities and other assets with a minimum risk of market value fluctuation. In general, the System's goal is to maintain the following allocation ranges:

	Allocation %		
Asset Class	Minimum	Target	Maximum
Large Cap Equity	20 %	27 %	45 %
Small Cap Equity	4	4	20
International Equity	10	12	30
Fixed Income *	25	45	45
Alternative Investments	-	12	15

*Includes both domestic and internal bonds with non-dollar bonds limited to a maximum of 25%

International stocks are defined as highly liquid equity securities traded on the major international exchanges. Small capitalization U.S. stock holdings are defined as U.S. equity portfolios with weighted market capitalizations under $2 billion. International bonds are high quality debt instruments issued by governments and companies domiciled outside of the United States. Alternative investments may include, but are not limited to, marketable real assets (e.g., commodities, listed infrastructure and real estate) and hedge funds.

Defined Contribution Plans

Certain of the System's affiliates sponsor defined contribution plans, which cover substantially all of their employees, and certain hospital-based physicians meeting the plans' participation requirements. Expense for the years ended September 29, 2012 and September 24, 2011 was approximately $8,901,242 and $7,657,410, respectively. The affiliates fund the amount of the expense annually.

Deferred Compensation Plans

Several of the System's affiliates sponsor deferred compensation plans for eligible employees and supplemental executive retirement plans (SERP) for certain executives. Assets held by the System to provide for the payments of contractual liabilities are subject to the claims of the System's general creditors. The assets are invested in temporary cash investments, institutional mutual funds and common collective trusts. The investment assets and related liabilities of the deferred compensation and SERPs were $20,411,000 and $20,094,000, respectively, as of September 29, 2012 and $16,827,000 and $16,383,000, respectively, as of September 24, 2011.

Postretirement Medical Benefits

Various System organizations provide certain medical benefits for retired employees. Employees of these various participating organizations may become eligible for these benefits if they reach normal retirement age while working for such organizations. Early retirement benefits are available to retirees with at least 15 years of vested service. Employees at participating organizations hired after January 1, 2005 and the employees of a nonparticipating company are not eligible for retiree medical benefits. The postretirement medical plan is not funded. The postretirement medical plan has previously been determined to be actuarially equivalent to Medicare Part D.

For the years ended September 29, 2012 and September 24, 2011, net periodic postretirement medical benefit cost consists of the components listed below (dollars in thousands):

	2012	2011
Service cost for benefits attributed to service during the year	$ 770	$ 757
Interest cost on accumulated postretirement benefit obligation	1,948	1,903
Amortization of prior service cost	(553)	(554)
Amortization of net loss	450	152
Net periodic postretirement medical benefit cost	$ 2,615	$ 2,258
Amounts recognized in other changes in unrestricted net assets:		
Prior-service credit	$ (2,833)	$ (3,386)
Actuarial loss	7,329	9,578
Total recognized in unrestricted net assets	$ 4,496	$ 6,192

The prior-service credits and net loss for the postretirement medical plan that are expected to be amortized from unrestricted net assets into net periodic postretirement medical benefit cost over the next fiscal year are $(553,497) and $261,121, respectively.

The following table sets forth the components of the accumulated postretirement benefit obligation shown in the System's consolidated financial statements at September 29, 2012 and September 24, 2011 (dollars in thousands):

	2012	2011
Change in postretirement benefit obligation:		
Benefit obligation — beginning of year	$ 43,992	$ 38,603
Service cost	770	757
Interest cost	1,948	1,903
Benefits paid	(1,155)	(1,254)
Actuarial (gain) loss	(1,800)	3,983
Accrued postretirement medical benefit obligation	$ 43,755	$ 43,992

Approximately $1,292,000 and $1,372,000 of the accrued postretirement cost is included in current liabilities at September 29, 2012 and September 24, 2011, respectively.

In determining the accumulated postretirement medical benefit obligation, the System used discount rates of 4.00% in 2012 and 4.50% in 2011. The Plan assumed annual rates of inflation in the per capita cost of covered health care benefits. The rates are assumed to decrease gradually down from 7.00% to 4.50% on a graded scale, becoming fixed in 2020. Increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement medical benefit obligation as of September 29, 2012 by $3,256,469, and the net periodic postretirement medical benefit cost for the year then ended by $139,000.

The System expects to contribute $1,317,199 to the postretirement benefit plan during 2013.

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid during the years ending (dollars in thousands):

Years Ending September	
2013	$ 1,317
2014	1,539
2015	1,727
2016	1,933
2017	2,158
2018-2022	13,679

Pension and Postretirement Plan-Related Adjustments

The components of pension and postretirement plan-related adjustments included in other changes in unrestricted net assets are as follows:

	Cash Balance Plan	Postretirement Medical Benefits	Total
For the year ended September 29, 2012			
Prior service costs	$ 277	$ (553)	$ (276)
Net actuarial (gain)/loss	3,074	2,250	5,324
	$ 3,351	$ 1,697	$ 5,048
For the year ended September 24, 2011			
Prior service costs	$ 277	$ (553)	$ (276)
Net actuarial (gain)/loss	(18,335)	(3,830)	(22,165)
	$ (18,058)	$ (4,383)	$ (22,441)

13. Concentrations of Credit Risk

Various System organizations grant credit without collateral to their patients, many of whom are insured under third-party payor agreements. At September 29, 2012 and September 24, 2011, the accounts receivable from patients and third-party payors, net of contractual allowances, were as follows:

	2012	2011
Medicare and MaineCare	31 %	28 %
Commercial and other insurance	35	41
Patients	34	31
	100 %	100 %

Substantially all of the estimated third-party payor settlement receivables are due from Medicare and MaineCare.

System entities routinely invest in short-term repurchase agreements. These repurchase agreements are collateralized by highly liquid U.S. government securities with a market value typically exceeding the amount of funds invested in the agreements. Investments in repurchase agreements are not insured or guaranteed by the U.S. government; however, management believes the credit risk related to these investments is minimal.

14. Fair Value Measurements

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

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

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

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

The following tables present information as of September 29, 2012 and September 24, 2011, about the System's financial assets and liabilities that are measured at fair value on a recurring basis (dollars in thousands):

	Fair Value Measurements at September 29, 2012			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Temporary cash investments	$ 99,510	$ -	$ -	$ 99,510
Marketable equity securities	6,153	-	-	6,153
Other equity investments	-	-	498	498
Institutional mutual funds				
Participant driven (deferred compensation)	15,107	-	-	15,107
Balanced portfolio	16,550	-	-	16,550
Common collective trusts				
Large Cap U.S. equities	-	24,726	-	24,726
Small Cap U.S. equities	-	4,799	-	4,799
International equities	-	11,175	-	11,175
Medium-term bonds	-	31,246	-	31,246
Short-term bonds	-	33,985	-	33,985
Commodities	-	3,384	-	3,384
Fixed-income securities — U.S. government treasury and agency obligations	65,133	25	-	65,158
Fixed-income securities — Corporate obligations	-	44,753	-	44,753
Beneficial interest in perpetual trusts	-	-	10,217	10,217
Total	$ 202,453	$ 154,093	$ 10,715	$ 367,261
Liabilities:				
Deferred compensation	$ -	$ 20,094	$ -	$ 20,094
Interest rate swaps	-	3,679	-	3,679
Total	$ -	$ 23,773	$ -	$ 23,773
Cash Balance Pension Plan Assets (Note 12):				
Institutional mutual funds				
Participant driven (deferred compensation)	$ 5,192	$ -	$ -	$ 5,192
Common collective trusts				
Large Cap U.S. equities	-	44,666	-	44,666
Small Cap U.S. equities	-	7,475	-	7,475
International equities	-	27,573	-	27,573
Medium-term bonds	-	71,554	-	71,554
Long-term bonds	-	10,387	-	10,387
Real estate	-	7,476	-	7,476
Commodities	-	7,692	-	7,692
Inflation protected securities	-	3,615	-	3,615
Hedge fund	-	-	6,337	6,337
Total	$ 5,192	$ 180,438	$ 6,337	$ 191,967

	Fair Value Measurements at September 24, 2011			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Temporary cash investments	$ 96,948	$ -	$ -	$ 96,948
Marketable equity securities	4,820	-	-	4,820
Other equity investments	-	-	452	452
Institutional mutual funds				
Participant driven (deferred compensation)	12,246	-	-	12,246
Balanced portfolio	20,728	-	-	20,728
Common collective trusts				
Large Cap U.S. equities	-	23,489	-	23,489
Small Cap U.S. equities	-	4,405	-	4,405
International equities	-	10,392	-	10,392
Medium-term bonds	-	31,395	-	31,395
Short-term bonds	-	37,932	-	37,932
Commodities	-	3,777	-	3,777
Fixed-income securities — U.S. government treasury and agency obligations	65,437	-	-	65,437
Fixed-income securities — Corporate obligations	-	28,188	-	28,188
Beneficial interest in perpetual trusts	-	-	8,702	8,702
Total	$ 200,179	$ 139,578	$ 9,154	$ 348,911
Liabilities:				
Deferred compensation	$ -	$ 16,383	$ -	$ 16,383
Interest rate swaps	-	3,636	-	3,636
Total	$ -	$ 20,019	$ -	$ 20,019
Cash Balance Pension Plan Assets (Note 12):				
Institutional mutual funds				
Participant driven (deferred compensation)	$ 4,733	$ -	$ -	$ 4,733
Common collective trusts				
Temporary cash investments	6,767	-	-	6,767
Large Cap U.S. equities	-	37,266	-	37,266
Small Cap U.S. equities	-	6,297	-	6,297
International equities	-	23,547	-	23,547
Medium-term bonds	-	68,144	-	68,144
Real estate	-	6,153	-	6,153
Commodities	-	6,122	-	6,122
Inflation protected securities	-	3,184	-	3,184
Total	$ 11,500	$ 150,713	$ -	$ 162,213

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value (dollars in thousands):

	Assets			Pension Plan
	Beneficial Interest in Perpetual Trusts	Other Equity Investments	Total	Hedge Fund
Balance at September 25, 2010	$ 9,084	$ -	$ 9,084	$ -
Purchases	-	500	500	-
Unrealized (losses)	(382)	(48)	(430)	-
Balance at September 24, 2011	8,702	452	9,154	-
Contributions	659	-	659	-
Purchases	-	-	-	6,344
Unrealized gains (losses)	856	46	902	(7)
Balance at September 29, 2012	$ 10,217	$ 498	$ 10,715	$ 6,337

Unrealized gains or losses on beneficial interest in perpetual trusts in Level 3 are included in the change in net unrealized gains or losses on investments in permanently restricted net assets. Unrealized gains or losses on other equity investments in Level 3 are included in change in net unrealized gains or losses on investments in unrestricted net assets.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Cash Investments — The carrying value of cash investments approximates fair value as maturities are less than three months and/or include money market funds that are based on quoted prices and actively traded.

Marketable Equity Securities — The fair values of marketable securities are based on quoted market prices.

Fixed-Income Securities — The estimated fair values of debt securities are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices.

Other Equity Investments — The fair values of other equity investments are based on the investment manager estimate of the net realized value or the value of underlying assets which include significant Level 3 assets.

Institutional Mutual Funds — The fair values of institutional mutual funds are based on quoted market prices.

Common Collective Trusts — The fair values of the common collective trusts are based on the net asset value (NAV) of the fund, representing the fair value of the underlying investments which are generally securities which are traded on an active market.

Hedge Funds – The fair values of the Hedge Funds are based on the NAV of the fund that is based on the investment manager estimate of the net realized value or the value of underlying assets.

Beneficial Interest in Perpetual Trusts — The fair values of the beneficial interest in perpetual trusts are determined by the trustee based on the underlying assets of the trusts, which all have readily determinable fair values. The underlying investments are not readily available to the System and therefore considered to be a Level 3 investment.

Deferred Compensation Liability — The fair values of the deferred compensation liabilities are based on the related assets.

Interest Rate Swaps — The System uses inputs other than quoted prices that are observable to value the interest rate swaps. The System considers these inputs to be Level 2 inputs in the context of the fair value hierarchy. These values represent the estimated amounts the System would receive or pay to terminate agreements, taking into consideration current interest rates and the current creditworthiness of the counterparty.

The following methods and assumptions were used by the System in estimating the fair value of the System's financial instruments that are not measured at fair value on a recurring basis for disclosures in the consolidated financial statements:

Cash and Cash Equivalents, Receivables and Payables — The carrying value of the System's cash and cash equivalents, receivables and payables approximates fair value, as maturities are very short-term.

Long-Term Debt and Lines-of-Credit Borrowings — The estimated fair values of the System's long-term debt are based on current traded values or a discounted cash flows analysis based on the System's current incremental borrowing rates for similar types of borrowing arrangements. The estimated fair values and carrying amounts for the System's revenue bonds at September 29, 2012 and September 24, 2011, are as follows (dollars in thousands):

	2012	2011
Carrying amount	$ 99,392	$ 104,943
Estimated fair value	$ 106,047	$ 109,988

The estimated fair value of the System's remaining long-term debt approximates the carrying values.

Investment at Net Asset Values

In accordance with ASU No. 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share*, the System expanded its disclosures for assets whose fair value is estimated using the NAV per share as of September 29, 2012 and September 24, 2011. The following tables set forth a summary of the System's investments with a reported NAV as of September 29, 2012 and September 24, 2011 (dollars in thousands):

	Fair Value Estimated Using Net Asset Value per Share September 29, 2012				
	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Investment					
Large Cap U.S. Equity	$ 24,726	None	Daily	None	1 business day
Small Cap U.S. Equity	4,799	None	Daily	None	1 business day
International Equity	11,175	None	Daily	None	1 business day
Medium-term Bonds	31,246	None	Daily	None	1 business day
Short-term Bonds	33,985	None	Monthly	Redemption on 1st day of the Month	5 business days
Commodities	3,384	None	Daily	None	1 business day
Total	$ 109,315				
Pension Plan Investments					
Large Cap U.S. Equity	$ 44,666	None	Daily	None	1 business day
Small Cap U.S. Equity	7,475	None	Daily	None	1 business day
International Equity	27,573	None	Daily	None	1 business day
Medium-term Bonds	71,554	None	Daily	None	1 business day
Long-term Bonds	10,387	None	Daily	None	1 business day
Real Estate	7,476	None	Daily	None	1 business day
Commodities	7,692	None	Daily	None	1 business day
Inflation Protected Securities	3,615	None	Daily	None	1 business day
Hedge Funds	6,337	None	Quarterly	Full redemption pays 95% with remaining 5% after completion of the fund's annual audit. Redemption fee for redemption with 12 months of subscription date. Redemptions limited to 20% of NAV on dealing day.	65 days with a 30 day settlement period
Total	$ 186,775				

	Fair Value Estimated Using Net Asset Value per Share September 24, 2011				
	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Investment					
Large Cap U.S. Equity	$ 23,489	None	Daily	None	1 business day
Small Cap U.S. Equity	4,405	None	Daily	None	1 business day
International Equity	10,392	None	Daily	None	1 business day
Medium-term Bonds	31,395	None	Daily	None	1 business day
Short-term Bonds	37,932	None	Monthly	Redemption on 1st day of the Month	5 business days
Commodities	3,777	None	Daily	None	1 business day
Total	$ 111,390				
Pension Plan Investments					
Large Cap U.S. Equity	$ 37,266	None	Daily	None	1 business day
Small Cap U.S. Equity	6,297	None	Daily	None	1 business day
International Equity	23,547	None	Daily	None	1 business day
Medium-term Bonds	68,144	None	Daily	None	1 business day
Real Estate	6,153	None	Daily	None	1 business day
Commodities	6,122	None	Daily	None	1 business day
Inflation Protected Securities	3,184	None	Daily	None	1 business day
Total	$ 150,713				

Large cap U.S. equities — Seeks to provide long-term growth of capital by investing primarily in large cap equity securities and to achieve above average results over a market cycle. Large cap (large capitalization) investments involve stocks of companies generally having a market capitalization between $10 billion and $200 billion.

Small cap U.S. equities — Invests in small cap equities to provide maximum long-term appreciation through investments that are well diversified by industry. Small capitalization investments involve stocks of companies with smaller levels of market capitalization (generally less than $2 billion).

International equities — Seeks to provide appreciation of capital by investing in international financial markets of developed economies in Europe and the Pacific Basin and developing economies in Asia, Latin America, Eastern Europe, the Middle East, and Africa.

Medium-term bonds — Participates in the full spectrum of investment opportunities in primarily U.S. debt markets. The fund seeks to outperform the Barclays Capital U.S. Aggregate Bond Index over a full market cycle.

Long-term bonds — Seeks favorable returns comparable to its index by combining diversified advisor styles and strategies over a full market cycle. The fund seeks to outperform the Barclays U.S. Long Government/Credit Bond Index.

Real estate — Seeks to provide current income and long-term capital growth. The fund invests in a globally diversified portfolio of commercial real estate securities. It seeks to provide stable return patterns regardless of inflation with income as a major component of the total returns.

Commodities — Seeks to provide exposure to the commodities markets and provide returns that outperform the Dow Jones – UBS Commodity Total Return Index. The fund aims to provide investors with exposure to a diversified portfolio of commodities futures contracts.

Inflation protected securities — Seeks to provide investors with protection from inflation exposure by investing in U.S. Treasury inflation protected securities of varying maturities.

Hedge funds – Seeks to achieve long-term capital appreciation with low to moderate volatility and low correlation to global equity markets.

Short-term bonds — Employs a disciplined value-oriented approach, fully invested at all times in the most attractive sectors to produce high risk-adjusted returns.

15. Functional Expenses

The System is a community-based health system dedicated to improving the health of the residents of its region. In 2012 and 2011, approximately 87% of total expenses were related to direct health care program services, with the balance of expenses for management and general support services.

16. Operating Leases and Other Commitments

Operating Leases

The System leases certain equipment, warehouse and office space subject to various agreements. Lease expense charged to operations amounted to approximately $8,192,000 in 2012 and $8,011,000 in 2011.

The following is a schedule by year of future minimum lease payments under operating leases at September 29, 2012 (dollars in thousands):

Years Ending September	
2013	$ 6,104
2014	4,886
2015	2,824
2016	1,830
2017	1,199
Thereafter	3,620
	$ 20,463

The System leases warehouse and office space from Penobscot Logistics Solutions, LLC, a related party. The lease requires annual payments of $435,000 through 2023.

Other Commitments

In 2006, EMMC entered into a long-term agreement with its clinical systems vendor for remote hosting services. This agreement was revised and extended in 2009 for ten years. The agreement required payments of $4,386,000 in 2012 and $4,240,000 in 2011. The following is a schedule by year of the payments under the remote hosting agreement at September 29, 2012 (dollars in thousands):

Years Ending September	
2013	$ 4,386
2014	4,386
2015	4,386
2016	4,386
2017	4,386
Thereafter	6,579

The amount of the payment is subject to performance standards and could be decreased in certain circumstances. In addition, EMMC has a perpetual license agreement with its clinical systems vendor. The agreement requires annual payments of $1,900,000 through 2019. The payments provide for the maintenance and support for the existing licensed software.

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING BALANCE SHEET INFORMATION — SEPTEMBER 29, 2012
AND CONSOLIDATED BALANCE SHEET INFORMATION — SEPTEMBER 24, 2011

ASSETS	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine Healthcare Systems (Consolidated)	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	EMHS Foundation	Inland Hospital (Consolidated)	Maine Institute for Human Genetics and Health	Maine Network for Health	Rosascare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2012 EMHS Consolidated	2011 EMHS Consolidated
CURRENT ASSETS:																	
Cash and cash equivalents	$ 6,458,750	$ 3,777,987	$ 4,617,141	$ 1,139,166	$ 9,128,906	$ 357,508	$ 37,995,598	$ 698,885	$ 1,670,855	$ 256,961	$ 211,415	$ 1,218,105	$ 746,795	$ 4,478,136	$ -	$ 72,985,206	$ 53,941,439
Short-term investments	7,192,813	-	-	-	-	-	-	-	-	-	-	-	736,219	-	-	7,929,032	7,071,791
Assets whose use is limited or restricted	377,234	59,210	47,382	-	24,096,524	-	1,326,249	235,319	480,556	123,878	-	-	128,561	373,849	-	27,253,762	35,400,776
Patient and trade accounts receivable	4,589,431	6,411,476	3,973,189	2,064,492	147,003	1,681,989	79,522,549	-	9,615,821	-	-	230,922	4,639,573	15,200,557	(120,306)	127,966,596	112,347,965
Less allowance for uncollectible accounts	(2,655,138)	(1,545,342)	(1,618,784)	(258,414)	(990)	(114,454)	(26,043,528)	-	(2,176,365)	-	-	(27,865)	(1,547,182)	(5,453,079)	-	(41,441,241)	(35,888,719)
Net patient and trade accounts receivable	1,934,293	4,866,134	2,354,405	1,806,078	146,013	1,567,535	53,479,021	-	7,439,456	-	-	211,957	3,292,391	9,747,478	(120,306)	86,525,355	76,459,246
Estimated third-party payor settlements	241,461	-	547,221	1,048,236	-	-	4,811,352	-	2,034,453	-	-	-	723,350	1,767,481	-	11,173,534	9,325,907
Interentity receivables	227,154	1,883,726	39,305	4,749	2,429,425	380,392	1,592,312	82,861	28,076	70	15,321	9,473	9,576	37,185	(6,739,529)	-	-
Other receivables	122,775	1,449,802	62,764	179,101	5,848,546	267,014	2,618,110	142,129	324,191	-	22,042	5,216	46,055	584,215	(8,001,204)	6,673,356	8,516,674
Inventory	146,188	4,060,917	149,181	236,304	139,868	-	2,324,445	1,200	607,373	18,500	-	-	269,382	1,788,058	-	9,741,417	10,531,081
Prepaid expenses and other current assets	551,189	3,207,935	456,677	216,363	1,656,454	217,152	14,702,469	54,845	740,869	31,309	16,901	585,542	223,923	1,297,727	(5,642,921)	18,296,234	10,812,901
Total current assets	17,281,857	19,304,711	8,274,076	4,628,997	46,446,636	2,810,199	118,649,597	1,215,238	13,531,629	430,718	265,679	2,010,293	6,178,252	20,054,129	(20,504,058)	240,577,896	212,460,015
PROPERTY AND EQUIPMENT	31,923,761	19,697,194	26,862,643	9,368,697	86,402,525	3,332,514	462,609,886	271,490	48,761,736	1,592,908	48,565	22,377,335	29,727,047	79,407,534	(2,129,623)	822,594,214	787,005,042
Less accumulated depreciation and amortization	(21,632,455)	(8,767,406)	(18,270,933)	(5,752,039)	(46,490,928)	(2,320,076)	(280,465,547)	(154,480)	(25,390,669)	(859,180)	(22,862)	(8,283,529)	(17,111,381)	(51,008,674)	-	(484,536,159)	(455,150,806)
Property and equipment - net	10,291,306	10,929,788	8,591,710	3,636,658	41,911,597	1,012,438	182,344,341	117,010	23,391,067	733,728	25,703	16,093,806	12,615,666	28,398,860	(2,129,623)	338,064,055	331,854,236
NONCURRENT ASSETS WHOSE USE IS LIMITED OR RESTRICTED:																	
Internally designated by the Board of Directors:																	
Funded depreciation	12,046,007	-	5,570,563	275,894	38,978,014	206,970	57,088,077	-	6,685,600	-	-	-	1,015,916	6,765,205	-	128,648,148	123,922,401
Other designated funds	15,289	-	7,799,028	515,411	183,060	2,810,900	70,620,587	5,674,091	2,032,710	2,788	-	-	9,391,723	7,500	(3,649,942)	95,402,645	83,430,241
Self-insurance and other funds held by trustees	27,416	13,489	63,883	5,641	40,820,524	5,437	9,985,390	-	1,765,516	43,979	-	746,908	467	3,886,706	-	57,050,347	54,438,919
Temporarily donor-restricted	265,889	-	375,965	467,252	117,261	308,568	20,540,455	28,794,385	1,413,290	81,192	-	23,166	465,878	2,809,711	(23,084,219)	32,596,814	27,364,891
Permanently donor-restricted	80,562	-	498,154	353,352	17,000	132,264	8,724,025	10,073,465	199,609	528,144	-	5,350	105,995	1,707,025	(9,616,713)	12,609,271	12,583,844
Beneficial interest in perpetual trusts	-	-	897,907	-	-	-	2,050,815	-	477,587	-	-	6,535,798	257,243	-	-	10,217,350	8,702,246
Total noncurrent assets whose use is limited or restricted	12,436,183	13,489	15,214,505	1,637,550	80,118,779	3,265,659	168,689,354	44,741,941	12,576,312	656,103	-	7,311,222	11,237,225	15,176,147	(36,350,874)	336,725,775	310,462,538
OTHER ASSETS:																	
Investments in subsidiaries	-	-	-	-	531,942	-	-	-	-	-	-	-	-	-	(531,942)	-	-
Note receivable from affiliate	-	790,670	-	-	560,625	-	-	-	-	-	-	-	-	-	(1,351,295)	-	-
Estimated settlements receivable from the State of Maine	6,769,826	-	1,870,039	861,325	-	-	75,630,061	-	11,702,772	-	-	-	1,626,054	10,987,596	-	109,447,673	71,269,955
Deferred financing costs	95,810	-	34,145	-	-	-	501,879	-	184,450	-	-	-	42,303	137,662	-	1,096,249	1,165,209
Intangibles and other assets	1,128,021	3,347,000	920,203	161,359	2,918,534	49,438	24,528,426	-	2,538,120	-	179,895	5,072,514	1,481,024	4,339,399	(31,840,580)	14,920,354	16,387,527
Total other assets	7,993,657	4,137,670	2,824,387	822,684	4,011,101	49,438	101,060,366	-	14,423,342	-	179,895	5,072,514	3,149,381	15,403,657	(33,723,817)	125,464,276	88,822,691
TOTAL ASSETS	$ 48,005,003	$ 34,385,638	$ 35,004,678	$ 10,725,889	$ 172,486,113	$ 7,137,934	$ 570,743,598	$ 46,074,190	$ 63,922,350	$ 1,820,549	$ 471,278	$ 30,487,835	$ 33,180,524	$ 79,094,793	$ (92,708,370)	$ 1,040,632,002	$ 943,599,481

The above supplementary consolidating information is presented only for purposes of additional analysis and not as a presentation of the financial position of each component of the consolidating group.

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING BALANCE SHEET INFORMATION — SEPTEMBER 29, 2012
AND CONSOLIDATED BALANCE SHEET INFORMATION — SEPTEMBER 24, 2011

LIABILITIES AND NET ASSETS	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine Healthcare Systems (Consolidated)	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	EMHS Foundation	Inland Hospital (Consolidated)	Maine Institute for Human Genetics and Health	Maine Network for Health	Rosscare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2012 EMHS Consolidated	2011 EMHS Consolidated
CURRENT LIABILITIES:																	
Accounts payable	$ 652,977	$ 5,057,969	$ 1,121,096	$ 361,175	$ 2,365,282	$ 426,679	$ 22,133,243	$ 40,005	$ 2,516,099	$ 26,039	$ 27,293	$ 366,268	$ 1,968,594	$ 4,241,625	$ -	$ 41,304,364	$ 31,039,017
Interentity payables	227,005	1,359,272	281,083	81,445	1,383,600	34,584	2,742,882	293,467	716,671	1,351	20	14,713	260,430	611,066	(8,002,289)	-	-
Accrued expenses and other current liabilities	3,007,327	6,529,904	2,366,865	812,223	13,982,916	2,273,201	32,491,825	121,358	3,664,508	111,042	46,136	300,979	2,185,167	6,862,979	(8,705,205)	68,052,253	57,265,739
Estimated third-party payor settlements	7,582,518	-	4,369,189	2,466,794	-	209,144	6,526,790	-	3,631,166	-	-	-	2,861,008	7,306,754	-	34,955,013	36,555,167
Line-of-credit borrowings	-	71,618	-	-	7,698,104	-	-	-	3,955,568	-	-	7,898,104	-	-	(7,898,104)	11,625,290	10,123,655
Current portion of long-term debt	1,093,133	1,321,110	100,000	57,586	1,790,176	6,398	2,656,815	-	1,244,369	-	5,905	269,153	464,953	1,269,633	(173,687)	10,327,234	10,350,905
Current portion of accrual for self-insurance	-	-	-	-	5,410,501	-	1,323,620	-	-	-	-	-	-	-	-	6,734,121	9,916,196
Total current liabilities	12,563,960	14,339,893	8,237,263	3,781,223	32,840,579	2,952,006	68,064,755	454,828	15,428,371	138,432	81,354	8,899,237	7,740,812	20,291,957	(22,778,275)	172,898,295	161,259,759
NONCURRENT LIABILITIES:																	
Long-term debt - net of current portion	8,958,804	8,667,925	2,022,456	343,580	28,298,742	-	61,905,341	-	12,490,810	-	17,136	19,700,380	2,473,465	9,389,901	(1,480,689)	152,787,926	160,762,429
Accrual for self-insurance and postretirement benefits	10,383,416	9,324,091	1,212,397	1,479,367	46,589,260	55,055	99,433,716	-	3,815,009	12,264	-	150,237	1,478,048	7,548,705	(31,845,580)	149,040,983	153,103,320
Estimated third-party payor settlements	5,698,266	-	1,745,050	1,044,996	-	-	30,624,042	-	3,309,867	-	-	-	2,199,339	2,896,300	-	47,517,860	30,162,322
Other liabilities	-	1,528,787	-	-	2,149,980	-	1,656,122	241,674	102,638	-	134,205	-	-	179,984	-	6,192,266	6,425,043
Total noncurrent liabilities	25,040,506	19,520,803	4,979,905	2,867,943	77,037,982	55,055	193,619,221	241,674	19,718,322	12,264	151,341	19,850,617	6,150,870	20,013,830	(33,321,275)	356,139,055	350,453,114
Total liabilities	37,604,366	33,853,696	13,217,168	6,649,166	109,878,561	3,007,061	261,683,976	696,502	35,146,693	150,696	232,695	28,719,854	13,891,682	40,305,787	(56,100,553)	529,137,350	511,712,873
NET ASSETS:																	
Common stock	-	100,000	-	-	-	-	-	-	-	-	951,856	-	-	-	(1,051,856)	-	-
Additional paid-in capital	-	7,492,663	-	-	-	-	-	-	-	-	776,687	-	-	-	(8,269,350)	-	-
Retained earnings (accumulated deficit)	-	(7,060,741)	-	-	-	-	-	-	-	-	(1,489,940)	-	-	-	8,550,681	-	-
Unrestricted (deficit)	10,054,166	-	20,015,484	3,238,119	62,473,271	3,690,021	277,544,320	6,598,838	26,665,171	1,080,517	-	(4,794,333)	18,459,725	34,272,270	(3,136,360)	456,070,217	363,215,627
Temporarily restricted	265,889	-	375,965	487,252	117,281	308,588	20,540,456	26,794,385	1,413,290	81,192	-	23,166	465,876	2,809,711	(23,084,219)	32,598,814	27,384,891
Permanently restricted	80,582	-	1,396,061	353,352	17,000	132,284	10,774,638	10,073,465	677,166	528,144	-	6,539,148	363,239	1,707,025	(9,618,713)	23,025,621	21,286,090
Total net assets	10,400,637	531,942	21,787,510	4,076,723	62,607,552	4,130,873	308,859,622	43,377,588	28,775,657	1,689,853	238,583	1,767,981	19,288,842	38,788,006	(36,607,817)	511,694,652	431,886,608
TOTAL LIABILITIES AND NET ASSETS	$ 48,005,003	$ 34,385,638	$ 35,004,678	$ 10,725,889	$ 172,486,113	$ 7,137,934	$ 570,543,598	$ 44,074,190	$ 63,922,350	$ 1,840,549	$ 471,278	$ 30,487,835	$ 33,180,524	$ 79,094,793	$ (92,708,370)	$ 1,040,832,002	$ 943,599,481

The above supplementary consolidating information is presented only for purposes of additional analysis and not as a presentation of the financial position of each component of the consolidating group.

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION — YEAR ENDED SEPTEMBER 29, 2012
AND CONSOLIDATED STATEMENT OF OPERATIONS INFORMATION — YEAR ENDED SEPTEMBER 24, 2011

	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine Healthcare Real Estate	Eastern Maine Healthcare Systems (Consolidated)	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	EMHS Foundation	Inland Hospital (Consolidated)	Maine Institute for Human Genetics and Health	Maine Network for Health	Rosscare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2012 EMHS Consolidated	2011 EMHS Consolidated
REVENUE:																		
Net patient service revenue	$ 49,003,335	$ 19,959,996	$ 36,009,963	$ 13,911,808	$ -	$ -	$ 10,283,686	$ 637,401,471	$ -	$ 79,008,314	$ -	$ -	$ 159	$ 34,534,474	$ 100,897,844	$ -	$ 976,092,961	$ 901,479,615
Sales and contract revenue	1,226,390	69,222,172	47,693	30,984	92,002	56,389,697	14,675	6,525,355	2,774,138	209,445	1,390	521,382	5,577,204	24,002	179,337	(117,786,615)	25,101,318	24,361,004
Other revenue	1,365,365	380,123	1,308,652	416,311	-	53,965,179	954,331	23,622,636	11,356	2,793,045	554,992	95,239	578,262	1,323,685	4,604,630	(77,431,014)	44,553,995	26,163,710
Net assets released from restrictions - operations	132,009	-	26,400	13,345	-	47,347	475,620	1,754,840	96,144	43,355	102,012	-	5,273	58,507	19,890	-	2,944,621	2,123,352
Total revenue	51,669,162	84,662,101	37,530,718	14,374,448	92,002	140,372,163	11,740,623	669,314,272	2,881,638	82,734,154	716,394	616,621	6,161,047	36,240,671	105,601,391	(195,217,629)	1,049,391,985	954,115,691
EXPENSES:																		
Compensation and employee benefits	33,910,212	28,356,180	20,070,474	9,975,270	-	42,331,325	9,512,661	304,023,033	-	43,060,797	594,879	448,622	2,636,386	19,559,725	60,011,076	(1,929,959)	576,084,584	535,269,944
Supplies and other	11,969,741	52,016,429	13,205,062	4,130,917	85,194	90,167,259	3,000,632	259,936,498	2,768,059	30,373,529	708,241	178,060	2,445,383	12,590,572	34,298,350	(193,174,973)	321,193,383	312,170,849
Depreciation and amortization	1,162,637	1,326,992	1,410,103	509,245	21,699	4,331,677	96,696	22,163,496	16,791	2,064,891	270,707	10,064	695,742	1,402,269	3,535,196	-	40,341,394	41,464,263
Provision for bad debts - net	2,173,003	1,303,203	1,385,349	383,558	-	2,102,623	53,657	25,468,069	-	3,859,835	-	-	8,273	2,977,779	3,329,689	-	42,426,923	34,366,197
Interest	436,246	666,164	97,729	23,349	974	1,251,458	1,194	3,220,884	-	605,213	-	1,201	1,059,075	149,729	409,997	(115,697)	8,020,457	8,524,178
Total expenses	49,672,839	84,170,968	36,776,717	14,999,379	108,767	140,414,550	11,724,640	610,842,979	2,784,850	81,974,265	1,573,827	637,977	6,845,059	36,181,065	102,585,078	(195,217,629)	990,066,701	934,797,451
INCOME (LOSS) FROM OPERATIONS BEFORE GAINS AND LOSSES	2,096,543	491,503	753,001	375,269	(16,765)	(42,387)	15,983	58,471,293	96,838	759,799	(855,433)	(21,356)	(727,012)	59,606	(2,983,687)	-	59,325,195	19,329,240
OTHER GAINS (LOSSES):																		
Income tax benefit (expense)	-	1,150,103	-	-	-	-	-	-	-	-	-	25,325	-	-	-	-	1,175,431	(337,990)
Joint venture (loss) income	-	(3,775,065)	-	-	-	(172,948)	-	-	-	-	-	-	1,002,035	-	80,323	-	(2,865,653)	2,922,191
Investment income and other - net	436,343	(3,104,371)	190,912	38,854	(1,159)	(3,209,484)	626	1,710,415	867,121	291,165	111,118	(9,277)	(15,969)	309,387	7,151	5,237,830	2,800,542	6,297,747
Total other gains (losses) - net	436,343	(5,729,333)	190,912	38,854	(1,159)	(3,382,430)	626	1,710,415	867,121	291,165	111,118	16,051	1,046,966	309,387	87,474	5,237,830	1,170,320	8,881,942
EXCESS (DEFICIENCY) OF REVENUE AND GAINS OVER EXPENSES AND LOSSES BEFORE DISCONTINUED OPERATIONS	2,531,986	(5,237,830)	945,913	314,123	(17,914)	(3,424,817)	16,609	60,181,708	963,959	990,964	(744,315)	(5,305)	319,944	309,173	(1,976,213)	5,237,830	60,495,515	27,611,182
DISCONTINUED OPERATIONS	-	-	-	-	-	-	-	924,042	-	-	-	-	-	-	-	-	924,042	1,128,028
EXCESS (DEFICIENCY) OF REVENUE AND GAINS OVER EXPENSES AND LOSSES	2,531,986	(5,237,830)	945,913	314,123	(17,914)	(3,424,817)	16,609	61,005,750	963,959	990,964	(744,315)	(5,305)	319,944	309,173	(1,976,213)	5,237,830	61,419,557	28,739,210
NET ASSETS RELEASED FROM RESTRICTIONS - capital acquisitions	123,633	-	3,873	230,208	-	(9,290)	-	759,736	-	146,283	-	-	-	101,415	93,341	-	1,459,199	3,329,595
CHANGE IN NET UNREALIZED GAINS AND LOSSES ON INVESTMENTS	92,657	(44,726)	906,217	(2,989)	-	1,671,356	-	1,156,236	61,178	302,803	-	-	-	653,133	-	44,726	6,033,111	(3,301,432)
NET TRANSFERS TO RESTRICTED FUNDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,000)	-	(5,000)	(10,000)
NET CHANGE IN FUNDS HELD AT AFFILIATES	1,476	-	367	982	-	1,616	512,601	574,139	-	6,506	272	-	-	80	(5,000)	(1,093,239)	-	-
INTERENTITY EQUITY TRANSFERS	(91,224)	-	(56,976)	(21,560)	(1,193,473)	2,735,725	(167,904)	346,838	(1,785,732)	(106,396)	507,585	-	24,748	(55,380)	(104,950)	-	-	-
ADJUSTMENTS TO POSTRETIREMENT BENEFITS ASSETS AND LIABILITIES	606,773	539,660	(153,148)	(59,554)	-	776,777	-	3,791,898	-	-	221,055	-	83,267	-	-	(539,660)	5,047,773	(22,440,640)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 3,157,501	$ (4,742,896)	$ 1,638,247	$ 460,210	$ (1,208,387)	$ 1,950,565	$ 371,006	$ 57,554,857	$ (741,995)	$ 1,340,160	$ (15,400)	$ (5,305)	$ 407,949	$ 1,096,441	$ (2,092,826)	$ 3,549,657	$ 72,854,590	$ 6,056,833

The above supplementary consolidating information is presented only for purposes of additional analysis and not as a presentation of the results of operations of each component of the consolidating group.

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS INFORMATION - YEAR ENDED SEPTEMBER 29, 2012
AND CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS INFORMATION - YEAR ENDED SEPTEMBER 24, 2011

UNRESTRICTED NET ASSETS:	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine Healthcare Real Estate	Eastern Maine Healthcare Systems (Consolidated)	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	EMHS Foundation	Inland Hospital (Consolidated)	Maine Institute for Human Genetics and Health	Maine Network for Health	Rosscare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2012 EMHS Consolidated	2011 EMHS Consolidated
BEGINNING BALANCES	$ 6,895,665	$ 5,274,636	$ 10,377,237	$ 2,772,209	$ 1,209,387	$ 60,522,700	$ 3,319,015	$ 209,969,701	$ 7,251,433	$ 25,345,011	$ 1,076,919	$ 243,898	$ (5,202,282)	$ 17,364,284	$ 36,333,098	$ (7,556,542)	$ 383,215,627	$ 377,158,794
Excess (deficiency) of revenue and gains over expenses and losses	2,531,966	(5,237,630)	945,913	314,123	(17,914)	(3,424,617)	16,309	61,005,750	963,959	990,964	(744,315)	(5,305)	319,944	399,173	(1,976,213)	5,237,930	61,318,557	28,739,210
Net assets released from restrictions-																		
Capital acquisition	123,633	-	3,973	233,208	-	(9,290)	-	769,736	-	145,283	-	-	-	101,415	90,341	-	1,458,199	3,329,595
Change in net unrealized gains and losses on investments	82,657	(44,729)	906,217	(2,009)	-	1,871,350	-	1,158,256	61,179	302,603	-	-	-	653,153	-	44,726	5,033,111	(3,361,432)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,000)	-	(5,000)	(10,000)
Changes in the funded status of postretirement benefit plans	509,773	539,660	(163,146)	(59,854)	-	776,772	-	3,701,869	-	-	221,059	-	93,257	-	-	(530,660)	5,047,723	(22,440,540)
Net change in funds held at affiliates	1,476	-	397	962	-	1,616	512,601	574,139	-	6,506	272	-	-	60	(5,000)	(1,003,230)	-	-
Interentity equity transfers	(91,224)	-	(50,675)	(21,860)	(1,190,473)	2,735,778	(157,604)	346,936	(1,799,732)	106,360	507,586	-	24,746	(50,380)	(104,558)	-	-	-
ENDING BALANCES	$ 10,044,166	$ 531,942	$ 20,015,494	$ 3,238,119	$ -	$ 62,473,271	$ 3,690,021	$ 277,544,328	$ 6,509,838	$ 26,665,171	$ 1,060,517	$ 238,593	$ (4,764,335)	$ 18,459,725	$ 34,272,270	$ (3,806,985)	$ 456,070,217	$ 383,215,627
TEMPORARILY RESTRICTED NET ASSETS:																		
BEGINNING BALANCES	$ 369,352	$ -	$ 201,897	$ 471,066	$ -	$ 59,941	$ 495,585	$ 18,950,500	$ 24,530,203	$ 367,846	$ 238,925	$ -	$ 15,611	$ 160,129	$ 2,163,151	$ (18,684,317)	$ 27,384,891	$ 26,434,557
Restricted contributions	92,910	-	3,029	249,999	-	(7,120)	-	217,752	3,772,800	18,187	-	-	874	419,863	107,533	-	4,875,717	4,297,244
Net assets released from restrictions-																		
Capital acquisitions	(123,633)	-	(3,973)	(233,208)	-	9,290	-	(769,736)	-	(145,283)	-	-	-	(101,415)	(90,341)	-	(1,459,199)	(3,329,595)
Operations	(132,080)	-	(20,400)	(13,340)	-	(47,347)	(475,029)	(1,704,640)	(90,144)	(45,355)	(102,012)	-	(5,273)	(36,507)	(19,650)	-	(2,844,021)	(2,122,362)
Restricted investment income and realized net gains	-	-	1,097	6	-	-	-	-	276,049	89	-	-	-	-	165,071	-	443,211	1,497,148
Change in net unrealized gains and losses on investments	-	-	10,302	16,180	-	-	-	-	3,759,201	27,184	-	-	-	28,236	433,424	-	4,274,526	(1,240,633)
Other	-	-	-	-	-	-	-	-	(65,970)	-	-	-	-	-	(9,744)	-	(75,714)	(151,215)
Net change in funds held at affiliates	(103,472)	-	162,678	(3,899)	-	58,340	(187,097)	3,586,956	-	990,747	(157,733)	-	7,858	(2,430)	42,147	(4,399,902)	-	-
Interentity equity transfers	162,611	-	27,245	472	-	45,177	475,629	2,316,624	(3,385,744)	172,875	167,012	-	4,590	-	18,156	-	-	-
ENDING BALANCES	$ 265,688	$ -	$ 375,985	$ 487,252	$ -	$ 117,281	$ 308,568	$ 20,540,456	$ 28,794,385	$ 1,413,290	$ 61,192	$ -	$ 23,166	$ 465,878	$ 2,609,711	$ (23,084,219)	$ 32,598,814	$ 27,384,891
PERMANENTLY RESTRICTED NET ASSETS:																		
BEGINNING BALANCES	$ 73,162	$ -	$ 690,027	$ 348,352	$ -	$ 16,000	$ 117,269	$ 10,440,840	$ 9,904,589	$ 609,868	$ 502,136	$ -	$ 5,987,955	$ 339,527	$ 1,687,668	$ (9,431,291)	$ 21,280,090	$ 21,424,764
Restricted contributions	-	-	659,373	-	-	-	-	-	102,906	-	-	-	-	-	-	-	762,279	81,425
Change in net unrealized gains and losses on investments	-	-	22,701	-	-	-	-	245,842	-	55,531	-	-	591,192	21,212	-	-	936,538	(381,314)
Other	-	-	-	-	-	-	-	-	65,970	-	-	-	-	-	14,744	-	80,714	151,215
Net change in funds held at affiliates	7,420	-	23,900	5,000	-	1,000	15,015	88,156	-	11,809	26,009	-	-	2,500	4,612	(185,422)	-	-
ENDING BALANCES	$ 80,582	$ -	$ 1,396,001	$ 353,352	$ -	$ 17,000	$ 132,284	$ 10,774,838	$ 10,073,465	$ 677,198	$ 528,144	$ -	$ 6,579,148	$ 363,239	$ 1,707,025	$ (9,616,713)	$ 23,025,621	$ 21,285,090

The above supplementary consolidating information is presented only for purposes of additional analysis and not as a presentation of the changes in equity and net assets of each component of the consolidating group.

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION — YEAR ENDED SEPTEMBER 29, 2012
AND CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION — YEAR ENDED SEPTEMBER 24, 2011

	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine Healthcare Real Estate	Eastern Maine Healthcare Systems (Consolidated)	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	EMHS Foundation
CASH FLOWS FROM OPERATING ACTIVITIES:									
Increase (decrease) in net assets	$ 3,061,446	$ (4,742,896)	$ 2,518,369	$ 466,074	$ (1,200,307)	$ 2,009,906	$ 198,924	$ 71,475,621	$ 3,888,463
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:									
Depreciation and amortization	1,162,637	1,326,692	1,410,103	503,245	21,589	4,531,677	96,066	22,183,495	15,791
Provision for bad debts	2,173,803	1,303,203	1,386,349	363,558	-	2,102,026	53,857	25,468,069	-
Impairment losses on investments	-	-	-	3,409	-	-	-	-	-
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	-
Loss (gain) on sale of property and equipment	-	13,962	13,261	1,620	3,467	1,103	-	7,931	-
Gain on sale of joint venture	-	-	-	-	-	-	-	-	-
Net realized and unrealized (gains) losses on investments	(84,749)	44,729	(848,193)	(30,795)	-	(6,159,605)	-	(1,721,030)	(4,032,216)
Loss in subsidiaries	-	-	-	-	-	5,237,830	-	-	-
Undistributed losses (earnings) of joint ventures	-	3,775,065	-	-	-	172,946	-	-	-
Net change in funds held at affiliates	94,578	-	(186,945)	(2,093)	-	(61,156)	(340,519)	(4,249,251)	-
Interentity equity transfer	(71,387)	-	29,730	21,436	1,190,473	(2,700,905)	(317,725)	(2,603,962)	5,152,476
Changes in the funded status of postretirement benefit plans	(508,773)	(539,660)	163,148	59,854	-	(775,772)	-	(3,701,668)	-
Restricted contributions	(92,010)	-	(682,402)	(249,699)	-	7,120	-	(217,752)	(3,875,700)
Changes in operating assets and liabilities:									
Patient and trade accounts receivable	(2,211,126)	(1,479,479)	(1,827,709)	(820,415)	-	150,619	(15,370)	(31,032,460)	-
Other current assets	704,531	(506,767)	448,515	12,560	2,945	(1,564,555)	214,370	(3,038,704)	(232,746)
Other assets	(131,665)	(1,491,226)	16,858	-	-	103,100	-	160,060	-
Estimated third-party payor settlements	(105,723)	-	(66,160)	686,633	-	-	(2,990)	(23,383,961)	-
Accounts payable, accrued expenses, and other liabilities	(221,051)	4,049,404	1,026,400	102,474	(1,046)	(4,175,131)	363,950	10,326,507	(87,840)
Accrual for self-insurance and postretirement benefits	(109,659)	(6,818)	168,432	(46,734)	-	(3,315,677)	4,663	1,271,627	-
Net cash provided by (used in) operating activities	3,678,849	1,754,193	3,488,538	659,909	9,041	(3,607,573)	445,476	60,868,432	(271,868)
CASH FLOWS FROM INVESTING ACTIVITIES:									
Purchases of property and equipment	(774,504)	(1,072,908)	(1,643,746)	(709,816)	-	(1,169,316)	(854,200)	(30,261,640)	(54,140)
Proceeds from sales of property and equipment	-	6,200	1,659	-	-	3,240,753	-	20,762	-
Proceeds from distributions of equity in joint ventures	-	-	-	-	-	-	-	-	-
Proceeds from sale of joint venture	-	-	-	-	-	-	-	-	-
Investment in joint ventures	-	(15,000)	-	-	-	(1,000,000)	-	-	-
Purchases of investments	(4,924,481)	(26,000)	(2,934,230)	(253,710)	-	(28,094,545)	-	(57,174,065)	(5,261,152)
Proceeds from sales of investments	4,887,345	42,237	1,814,319	269,008	-	33,116,733	-	47,760,671	8,269,234
Net changes in money market investments	32,597	(5,148)	231,052	(233,299)	674,201	3,822,250	(5,650)	(3,600,615)	(1,402,238)
Net cash (used in) provided by investing activities	(779,053)	(1,070,619)	(2,530,946)	(927,739)	674,201	9,916,875	(859,850)	(43,254,916)	1,551,704
CASH FLOWS FROM FINANCING ACTIVITIES:									
Proceeds from long-term debt	-	134,933	-	-	-	-	-	-	-
Repayment of long-term debt	(1,264,675)	(1,542,394)	(151,742)	(73,619)	(10,209)	(1,991,761)	(35,150)	(2,933,869)	-
Proceeds from lines-of-credit	-	24,679	-	-	-	-	-	-	-
Repayment of lines-of-credit	-	(111,657)	-	-	-	(3,438,766)	-	-	-
Payment of bond issuance costs	-	-	-	-	-	-	-	-	-
Interentity equity transfer	71,587	-	(29,730)	(21,436)	(722,093)	3,597,840	317,725	1,489,893	(5,402,476)
Restricted contributions and investment income	92,910	-	683,499	250,004	-	(7,120)	-	217,752	4,152,745
(Increase) decrease in pledges receivable	-	-	-	20,310	-	-	-	-	(29,993)
Net cash (used in) provided by financing activities	(1,100,078)	(1,494,439)	502,027	181,257	(732,302)	(1,840,029)	282,575	(1,226,224)	(1,279,724)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,799,718	(810,865)	1,440,220	213,427	(49,060)	4,568,273	(131,799)	10,407,292	10,112
CASH AND CASH EQUIVALENTS — BEGINNING OF YEAR	4,689,032	4,588,852	3,176,921	924,739	49,060	4,560,633	489,305	21,588,306	688,773
CASH AND CASH EQUIVALENTS — END OF YEAR	$ 6,488,750	$ 3,777,987	$ 4,617,141	$ 1,138,166	$ -	$ 9,128,906	$ 357,506	$ 31,995,598	$ 698,885

	Inland Hospital (Consolidated)	Maine Institute for Human Genetics and Health	Maine Network for Health	Rosscare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2012 EMHS Consolidated	2011 EMHS Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:									
Increase (decrease) in net assets	$ 2,432,944	$ (147,126)	$ (5,305)	$ 966,796	$ 1,404,002	$ (1,394,911)	$ (936,667)	$ 79,806,044	$ 4,888,483
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:									
Depreciation and amortization	2,964,991	270,707	10,064	836,742	1,482,269	3,626,196	-	40,341,394	41,464,203
Provision for bad debts	3,859,835	-	-	6,273	2,377,779	3,329,569	-	42,426,923	34,358,197
Impairment losses on investments	4,697	-	-	-	-	-	-	8,106	34,940
Loss on extinguishment of debt	-	-	-	-	-	160,397	-	160,397	-
Loss (gain) on sale of property and equipment	64,125	(110,000)	12,259	16,026	59,613	22,610	-	116,767	1,019,590
Gain on sale of joint venture	-	-	-	-	-	(130,504)	-	(130,504)	-
Net realized and unrealized (gains) losses on investments	(483,067)	-	-	(651,192)	(754,607)	(608,495)	(44,726)	(15,171,029)	266,512
Loss in subsidiaries	-	-	-	-	-	-	(5,237,830)	-	-
Undistributed losses (earnings) of joint ventures	-	-	-	(1,062,036)	-	(60,323)	-	2,806,663	(2,322,194)
Net change in funds held at affiliates	(1,015,062)	131,462	-	(7,056)	(150)	(41,700)	5,079,583	-	-
Interentity equity transfer	(66,479)	(669,598)	-	(29,347)	58,360	146,806	-	-	-
Changes in the funded status of postretirement benefit plans	-	(221,055)	-	(63,257)	-	-	539,660	(9,047,723)	22,440,540
Restricted contributions	(18,167)	-	-	(674)	(419,663)	(107,533)	-	(5,037,800)	(4,378,609)
Changes in operating assets and liabilities:									
Patient and trade accounts receivable	(4,568,539)	-	-	(169,923)	(3,296,279)	(4,996,682)	(29,451)	(50,397,836)	(42,828,679)
Other current assets	560,673	283,704	(636)	(203,584)	262,667	671,472	(4,700,102)	(7,145,347)	1,273,349
Other assets	281,113	-	(42,406)	(37,425)	-	-	(158,480)	(1,260,355)	360,563
Estimated third-party payor settlements	(332,948)	-	-	-	(1,165,264)	240,510	-	(24,269,931)	30,778,197
Accounts payable, accrued expenses, and other liabilities	(885,340)	(532,537)	26,662	296,636	(453,822)	2,496,521	2,671,463	16,087,452	3,770,300
Accrual for self-insurance and postretirement benefits	346,812	25,159	-	(4,382)	(169,644)	747,001	-	(1,590,000)	3,870,768
Net cash provided by (used in) operating activities	3,125,948	(969,294)	638	5,601	(643,999)	3,511,824	(2,375,670)	70,100,345	64,985,216
CASH FLOWS FROM INVESTING ACTIVITIES:									
Purchases of property and equipment	(2,066,477)	(9,000)	(956)	(206,444)	(2,643,810)	(3,571,187)	5,361,204	(39,970,950)	(29,859,271)
Proceeds from sales of property and equipment	2,700	110,000	-	-	6,051	-	(3,231,581)	156,544	419,651
Proceeds from distributions of equity in joint ventures	-	-	-	1,009,700	-	70,000	-	1,079,700	1,079,036
Proceeds from sale of joint venture	-	-	-	-	-	500,600	-	500,600	-
Investment in joint ventures	-	-	-	(659,700)	-	-	-	(1,674,700)	(17,000)
Purchases of investments	(545,406)	-	-	-	(3,439,056)	(591,789)	-	(103,235,016)	(111,064,978)
Proceeds from sales of investments	589,241	-	-	-	4,545,426	552,998	-	101,867,292	75,071,302
Net changes in money market investments	(485,118)	275,242	5,636	174,668	201,672	(1,577,916)	-	(1,801,806)	(21,774,902)
Net cash (used in) provided by investing activities	(2,505,060)	376,242	4,680	318,224	(1,330,117)	(4,617,274)	2,129,623	(43,174,426)	(86,085,162)
CASH FLOWS FROM FINANCING ACTIVITIES:									
Proceeds from long-term debt	-	-	-	-	-	-	-	134,933	20,457
Repayment of long-term debt	(1,432,390)	-	(11,004)	(186,105)	(535,008)	(807,189)	245,947	(10,729,766)	(10,314,392)
Proceeds from lines-of-credit	2,075,012	-	-	-	-	-	-	2,099,691	8,836,030
Repayment of lines-of-credit	(1,550,000)	-	-	-	-	-	-	(5,100,436)	(6,402,637)
Payment of bond issuance costs	-	-	-	-	-	(78,603)	-	(78,603)	-
Interentity equity transfer	66,479	808,252	-	20,347	(58,380)	(146,806)	-	-	-
Restricted contributions and investment income	18,276	-	-	674	419,863	272,604	-	6,081,207	5,875,817
(Increase) decrease in pledges receivable	-	-	-	-	(285,494)	-	-	(289,177)	601,565
Net cash (used in) provided by financing activities	(822,623)	808,252	(11,004)	(165,084)	(459,019)	(759,994)	245,947	(7,862,152)	(1,321,144)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(201,737)	215,200	(5,686)	87,041	(2,633,825)	(1,865,444)	-	19,043,767	7,577,010
CASH AND CASH EQUIVALENTS — BEGINNING OF YEAR	2,072,592	41,761	217,101	1,130,164	3,380,620	6,343,580	-	53,941,439	46,364,429
CASH AND CASH EQUIVALENTS — END OF YEAR	$ 1,870,855	$ 256,961	$ 211,415	$ 1,218,105	$ 746,795	$ 4,478,136	$ -	$ 72,985,206	$ 53,941,439

The above supplementary consolidating information is presented only for purposes of additional analysis and not as a presentation of the cash flows of each component of the consolidating group.

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING SCHEDULE OF NET PATIENT SERVICE REVENUE — YEAR ENDED SEPTEMBER 29, 2012
AND CONSOLIDATED SCHEDULE OF NET PATIENT SERVICE REVENUE — YEAR ENDED SEPTEMBER 24, 2011

	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	Inland Hospital (Consolidated)	Rosscare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2012 EMHS Consolidated	2011 EMHS Consolidated
FULL CHARGES FOR SERVICES TO PATIENTS:													
Daily patient services	$ 37,328,311	$ -	$ 2,979,223	$ 2,352,967	$ -	$ 179,477,008	$ 15,960,288	$ -	$ 2,644,350	$ 23,355,399	$ -	$ 264,097,546	$ 259,616,494
Ancillary services	12,809,723	-	7,107,598	2,487,307	-	468,246,064	17,721,191	-	7,403,110	40,650,636	-	556,425,629	523,399,643
Outpatient services	29,616,160	29,169,409	42,659,993	13,412,385	11,220,478	526,573,741	96,393,944	-	45,146,540	148,632,041	-	942,824,691	882,676,150
Gross patient service revenue	79,754,194	29,169,409	52,746,814	18,252,659	11,220,478	1,174,296,813	130,075,423	-	55,194,000	212,638,076	-	1,763,347,866	1,665,692,287
Deductions from revenue:													
Contractual adjustments	(14,792,257)	(14,068,781)	(15,125,447)	(3,913,271)	(934,790)	(513,246,799)	(47,528,251)	158	(18,499,489)	(109,308,301)	-	(737,417,228)	(712,106,357)
Charity care	(15,958,602)	(40,732)	(1,531,404)	(427,580)	-	(23,648,543)	(2,938,858)	-	(1,860,037)	(2,631,931)	-	(49,037,687)	(52,106,315)
Total deductions	(30,750,859)	(14,109,513)	(16,656,851)	(4,340,851)	(934,790)	(536,895,342)	(50,467,109)	158	(20,359,526)	(111,940,232)	-	(786,454,915)	(764,212,672)
Net patient service revenue	$ 49,003,335	$ 15,059,896	$ 36,089,963	$ 13,911,808	$ 10,285,688	$ 637,401,471	$ 79,608,314	$ 158	$ 34,834,474	$ 100,697,844	$ -	$ 976,892,951	$ 901,479,615

The above supplementary consolidating information is presented only for purposes of additional analysis and not as a presentation of the net patient service revenue of each component of the consolidating group.

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