

NAME CHANGE

Form 990

Return of Organization Exempt From Income Tax

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

OMB No. 1545-0047

2011

Department of the Treasury
Internal Revenue Service

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

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 Charles A. Dean Memorial Hospital
Pritham Avenue P.O. Box 1129
Greenville, NE 04441-1129

D Employer identification number: 04-3341666

E Telephone number: (207) 695-5200

G Gross receipts \$ 19,249,893.

F Name and address of principal officer: Eugene Murray, Jr.
Same As C Above

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

I Tax-exempt status: 501(c)(3) 501(c) () (Insert no.) 4947(a)(1) or 527

J Website: www.cadean.org **K(c)** Group exemption number: 5247

K Form of organization: Corporation Trust Association Other **L** Year of formation: 1996 **M** State of legal domicile: ME

Part III Summary

1 Briefly describe the organization's mission or most significant activities: The mission of Charles A. Dean Memorial Hospital is to provide a continuum of high quality holistic healthcare services.

2 Check this box If the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	8
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	179
6	Total number of volunteers (estimate if necessary)	6	137
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
7b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.

	Prior Year	Current Year	
8	Contributions and grants (Part VIII, line 1h)	711,216.	325,613.
9	Program service revenue (Part VIII, line 2g)	16,460,352.	18,325,462.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	321,003.	38,885.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	67,487.	292,825.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	17,560,058.	18,982,785.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	500.	
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)	8,284,280.	9,183,382.
16a	Professional fundraising fees (Part IX, column (A), line 11e)		
16b	Total fundraising expenses (Part IX, column (D), line 25) <u>41,850.</u>		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	7,002,283.	9,248,198.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	15,287,063.	18,431,580.
19	Revenue less expenses. Subtract line 18 from line 12	2,272,995.	551,205.

	Beginning of Current Year	End of Year	
20	Total assets (Part X, line 16)	9,164,253.	10,725,889.
21	Total liabilities (Part X, line 26)	5,572,604.	6,649,166.
22	Net assets or fund balances. Subtract line 21 from line 20	3,591,649.	4,076,723.

Part IV 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.

Signature of officer: Eugene Murray, Jr. Date: 8/2/13

Type or print name and title: Eugene Murray, Jr. President & CEO

Preparer's Information:

Print/Type preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	<u>Self-Prepared</u>			
Firm's name	Firm's address	Firm's EIN	Phone 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 mission of Charles A. Dean Memorial Hospital is to provide a continuum of high quality holistic healthcare services.

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 \$ 15,378,778. including grants of \$) (Revenue \$ 18,618,069.)

See Schedule O

4b (Code: []) (Expenses \$ 508,543. including grants of \$) (Revenue \$)

Experienced Medicaid shortfall (at cost). 4,495 persons served.

4c (Code: []) (Expenses \$ 345,997. including grants of \$) (Revenue \$)

Provided charity care (at cost). 183 persons served.

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

(Expenses \$ 117,434. including grants of \$) (Revenue \$)

4e Total program service expenses ▶ 16,350,752.

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)? <i>If 'Yes,' complete Schedule A</i>	1 X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (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? <i>If 'Yes,' complete Schedule C, Part I</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? <i>If 'Yes,' complete Schedule C, Part II</i>	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? <i>If 'Yes,' complete Schedule C, Part III</i>	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? <i>If 'Yes,' complete Schedule D, Part I</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? <i>If 'Yes,' complete Schedule D, Part II</i>	7	X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If 'Yes,' complete Schedule D, Part III</i>	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? <i>If 'Yes,' complete Schedule D, Part IV</i>	9	X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If 'Yes,' complete Schedule D, Part V</i>	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? <i>If 'Yes,' complete Schedule D, Part VI</i>	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? <i>If 'Yes,' complete Schedule D, Part VII</i>	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? <i>If 'Yes,' complete Schedule D, Part VIII</i>	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? <i>If 'Yes,' complete Schedule D, Part IX</i>	11d X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If 'Yes,' complete Schedule D, Part X</i>	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)? <i>If 'Yes,' complete Schedule D, Part X</i>	11f X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If 'Yes,' complete Schedule D, Parts XI, XII, and XIII</i>	12a	X
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If 'Yes,' and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional</i>	12b X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If 'Yes,' complete Schedule E</i>	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? <i>If 'Yes,' complete Schedule F, Parts I and IV</i>	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? <i>If 'Yes,' complete Schedule F, Parts II and IV</i>	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? <i>If 'Yes,' complete Schedule F, Parts III and IV</i>	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? <i>If 'Yes,' complete Schedule G, Part I (see instructions)</i>	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? <i>If 'Yes,' complete Schedule G, Part II</i>	18 X	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If 'Yes,' complete Schedule G, Part III</i>	19	X
20 a Did the organization operate one or more hospital facilities? <i>If 'Yes,' complete Schedule H</i>	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? <i>If 'Yes,' complete Schedule I, Parts I and II.</i>		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? <i>If 'Yes,' complete Schedule I, Parts I and III.</i>		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? <i>If 'Yes,' complete Schedule J.</i>	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? <i>If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25.</i>		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
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?		
d	Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If 'Yes,' complete Schedule L, Part I.</i>		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? <i>If 'Yes,' complete Schedule L, Part I.</i>		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? <i>If 'Yes,' complete Schedule L, Part II.</i>		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? <i>If 'Yes,' complete Schedule L, Part III.</i>		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? <i>If 'Yes,' complete Schedule L, Part IV.</i>		X
b	A family member of a current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV.</i>	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? <i>If 'Yes,' complete Schedule L, Part IV.</i>	X	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If 'Yes,' complete Schedule M.</i>		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If 'Yes,' complete Schedule M.</i>		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If 'Yes,' complete Schedule N, Part I.</i>		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If 'Yes,' complete Schedule N, Part II.</i>		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? <i>If 'Yes,' complete Schedule R, Part I.</i>		X
34	Was the organization related to any tax-exempt or taxable entity? <i>If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1.</i>	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	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)? <i>If 'Yes,' complete Schedule R, Part V, line 2.</i>	X	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If 'Yes,' complete Schedule R, Part V, line 2.</i>		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? <i>If 'Yes,' complete Schedule R, Part VI.</i>		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.	X	

BAA

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
1 a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. 42		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
2 a	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. 179		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	X	
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file. (see instructions)			
3 a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
b	If 'Yes' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O		
4 a	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)?		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.		
5 a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T?		
6 a	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?		X
b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7 Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		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?		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			
9 Sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
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		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
12 a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			
b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year. 12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a	Is the organization licensed to issue qualified health plans in more than one state?		
Note. See the instructions for additional information the organization must report on Schedule O.			
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		
c	Enter the amount of reserves on hand		
14 a Did the organization receive any payments for indoor tanning services during the tax year?			
b	If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O		X

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

Section A. Governing Body and Management

		Yes	No
1 a Enter the number of voting members of the governing body at the end of the tax year	1 a 13		
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.			
b Enter the number of voting members included in line 1a, above, who are independent	1 b 8		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee?	2		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? See Sch. O	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	
7 a 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	7 a	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	7 b	X	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:			
a The governing body?	8 a	X	
b Each committee with authority to act on behalf of the governing body?	8 b	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
10 a Did the organization have local chapters, branches, or affiliates?	10 a		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?	10 b		
11 a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11 a	X	
b Describe in Schedule O the process, if any, used by the organization to review this Form 990. See Schedule O			
12 a Did the organization have a written conflict of interest policy? If 'No,' go to line 13.	12 a	X	
b Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12 b	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	12 c	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	15 a	X	
b Other officers of key employees of the organization.	15 b		X
If 'Yes' to line 15a or 15b, describe the process in Schedule O. (See instructions.)			
16 a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16 a		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?	16 b		

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.
 Own website Another's website 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 04412-1006 (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

1 a 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)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
See Schedule O										
(1) EE comp is for admin sv not brd respons	0	X					0.	0.	0.	
(2) Gregg M. Christensen, P Board Member	40	X					95,177.	0.	16,616.	
(3) Darin M. Peck, MD CMO	40	X					270,321.	0.	30,145.	
(4) Dwight Foote Board Member	0.5	X					0.	0.	0.	
(5) Ruth E. McLaughlin Treas (part yr)	2	X		X			0.	0.	0.	
(6) Linda D. Gilbert Treas (part yr)	2	X		X			0.	0.	0.	
(7) Geraldine H. Godson Secretary	2	X		X			0.	0.	0.	
(8) Diane K. Bartley Board Member	0.5	X					0.	0.	0.	
(9) Faye E. Booker Board Member	0.5	X					0.	0.	0.	
(10) Sharon Hastings Board Member	0.5	X					0.	0.	0.	
(11) Steve M. Pound Vice Chairman	0.5	X		X			0.	0.	0.	
(12) David S. Richards Chairman	0.5	X		X			0.	0.	0.	
(13) Stuart C. Watt Board Member	0.5	X					0.	0.	0.	
(14) Mary M. Hood, President Ex-Officio	1	X		X			0.	886,467.	230,569.	

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)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) Eugene Murray, Jr. President & CEO	40	X		X				228,252.	0.	42,360.
(16) Ronald Pelletier Board Member	0.5	X						0.	0.	0.
(17) Dennis Welsh VP of Operation	40			X				113,323.	0.	30,549.
(18) Jennifer Goodrich CFO	40			X				81,886.	0.	16,476.
(19) Paul Potvin Physician	40					X		255,429.	0.	41,321.
(20) John L. Toothaker Physician	40					X		215,408.	0.	34,926.
(21) Lawrence DuBien Physician	40					X		186,123.	0.	32,173.
(22) David T. Rideout Physician	40					X		320,699.	0.	38,669.
(23) Mario Turi Physician	40					X		244,245.	0.	3,828.
(24) Edward Olivier Former CFO	0						X	0.	171,002.	18,440.
(25)										
1 b Sub-total								2,010,863.	1,057,469.	536,072.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								2,010,863.	1,057,469.	536,072.

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 ▶ 12

	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
Nurse Anesthesia of Maine 141 Main Street, Suite 205 Brewer, ME 0441	Anesthesia Services	149,364.

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 ▶ 1

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 1,000.					
	b Membership dues.....	1b					
	c Fundraising events.....	1c 180,613.					
	d Related organizations.....	1d 143.					
	e Government grants (contributions)....	1e 20,595.					
	f All other contributions, gifts, grants, and similar amounts not included above....	1f 123,262.					
	g Noncash contributions included in lns 1a-1f: \$	2,560.					
	h Total. Add lines 1a-1f.....		325,613.				
PROGRAM SERVICE REVENUE	Business Code						
	2a Patient Care Services	621990	18,315,107.	18,315,107.			
	b Cafeteria	722210	10,355.			10,355.	
	c						
	d						
	e						
	f All other program service revenue ...						
g Total. Add lines 2a-2f.....		18,325,462.					
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts).....		18,694.			18,694.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties.....						
	6a Gross rents.....	(i) Real	(ii) Personal				
		8,004.					
		b Less: rental expenses.....	7,786.				
		c Rental income or (loss)....	218.				
	d Net rental income or (loss).....			218.		218.	
	7a Gross amount from sales of assets other than inventory.	(i) Securities	(ii) Other				
		269,089.					
		b Less: cost or other basis and sales expenses.....	247,278.	1,620.			
		c Gain or (loss).....	21,811.	-1,620.			
	d Net gain or (loss).....			20,191.		20,191.	
	8a Gross income from fundraising events (not including \$ 180,613. of contributions reported on line 1c). See Part IV, line 18.....	a	10,424.				
	b Less: direct expenses.....	b	10,424.				
c Net income or (loss) from fundraising events.....							
9a Gross income from gaming activities. See Part IV, line 19.....	a						
b Less: direct expenses.....	b						
c Net income or (loss) from gaming activities.....							
10a Gross sales of inventory, less returns and allowances.....	a						
b Less: cost of goods sold.....	b						
c Net income or (loss) from sales of inventory.....							
Miscellaneous Revenue		Business Code					
11a Meaningful Use Incentive	621990		292,607.	292,607.			
b							
c							
d All other revenue.....							
e Total. Add lines 11a-11d.....			292,607.				
12 Total revenue. See instructions.....			18,982,785.	18,607,714.	0.	49,458.	

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.

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>	(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	925,105.	556,131.	368,974.	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	6,417,840.	6,148,364.	269,476.	
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions)	344,044.	320,010.	24,034.	
9 Other employee benefits	990,725.	955,076.	35,649.	
10 Payroll taxes	505,668.	470,343.	35,325.	
11 Fees for services (non-employees):				
a Management				
b Legal	13,258.		13,258.	
c Accounting	2,303.		2,303.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other	1,585,612.	723,899.	861,713.	
12 Advertising and promotion	46,007.	945.	17,122.	27,940.
13 Office expenses	475,751.	390,836.	83,169.	1,746.
14 Information technology	114,927.	72,463.	42,464.	
15 Royalties				
16 Occupancy	224,845.	161,888.	62,957.	
17 Travel	51,851.	30,675.	21,176.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	30,618.	18,094.	12,524.	
20 Interest	23,389.	23,389.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	503,245.	376,658.	126,587.	
23 Insurance	120,174.	109,882.	10,292.	
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 Contractual Allowances	3,913,272.	3,913,272.		
b Medical Supplies Expenses	743,014.	743,014.		
c Charity Care	427,580.	427,580.		
d Bad Debt Expense	363,558.	363,558.		
e All other expenses	608,794.	544,675.	51,955.	12,164.
25 Total functional expenses. Add lines 1 through 24e	18,431,580.	16,350,752.	2,038,978.	41,850.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year		
ASSETS	1	Cash -- non-interest-bearing	693.	1	784.	
	2	Savings and temporary cash investments	924,046.	2	1,137,382.	
	3	Pledges and grants receivable, net		3		
	4	Accounts receivable, net	2,851,414.	4	3,538,159.	
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5		
	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		7		
	8	Inventories for sale or use	242,111.	8	236,304.	
	9	Prepaid expenses and deferred charges	260,185.	9	216,363.	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	9,388,697.		
	b	Less: accumulated depreciation	10b	5,752,039.	10c	3,636,658.
	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	1,552,676.	15	1,960,239.	
16	Total assets. Add lines 1 through 15 (must equal line 34)	9,164,253.	16	10,725,889.		
LIABILITIES	17	Accounts payable and accrued expenses	3,857,819.	17	4,768,633.	
	18	Grants payable		18		
	19	Deferred revenue	5,000.	19		
	20	Tax-exempt bond liabilities		20		
	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	367,040.	24	339,593.	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D ..	1,342,745.	25	1,540,940.	
	26	Total liabilities. Add lines 17 through 25	5,572,604.	26	6,649,166.	
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29 and lines 33 and 34.					
	27	Unrestricted net assets	2,772,209.	27	3,236,119.	
	28	Temporarily restricted net assets	471,088.	28	487,252.	
	29	Permanently restricted net assets	348,352.	29	353,352.	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds		30		
	31	Paid-in or capital surplus, or land, building, or equipment fund		31		
	32	Retained earnings, endowment, accumulated income, or other funds		32		
33	Total net assets or fund balances.	3,591,649.	33	4,076,723.		
34	Total liabilities and net assets/fund balances	9,164,253.	34	10,725,889.		

BAA

Form 990 (2011)

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12).....	1	18,982,785.
2	Total expenses (must equal Part IX, column (A), line 25).....	2	18,431,580.
3	Revenue less expenses. Subtract line 2 from line 1.....	3	551,205.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)).....	4	3,591,649.
5	Other changes in net assets or fund balances (explain in Schedule O) ..See. Schedule O.....	5	-66,131.
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	4,076,723.

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?.....		X
2b	Were the organization's financial statements audited by an independent accountant?.....	X	
2c	If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?..... If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
2d	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: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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?.....		X
3b	If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.....		

BAA

Form 990 (2011)

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 Charles A. Dean Memorial Hospital	Employer identification number 04-3341666
--	---

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

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

- 1 A church, convention of churches or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 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?		(v) Did you notify the organization in column (i) of your support?		(vi) Is the organization in column (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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. ▶ <input type="checkbox"/>						

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. ▶ <input type="checkbox"/>		
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. ▶ <input type="checkbox"/>		
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. ▶ <input type="checkbox"/>		
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. ▶ <input type="checkbox"/>		
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. ▶ <input type="checkbox"/>		

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.

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2011

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.

Department of the Treasury
Internal Revenue Service

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

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2 a 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					

BAA

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

For each 'Yes' response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a)		(b)
	Yes	No	Amount
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		4,790.
j Total. Add lines 1c through 1i			4,790.
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. ---

**SCHEDULE D
(Form 990)**

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

Department of the Treasury
Internal Revenue Service

Name of the organization

Employer identification number

Charles A. Dean Memorial Hospital

04-3341666

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

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

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

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

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> 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.

1 a 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

2 a 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
1 a Beginning of year balance.....	823,036.	516,370.	491,863.	460,745.	
b Contributions.....	10,000.	296,827.		5,000.	
c Net investment earnings, gains, and losses.....	37,367.	13,517.	27,707.	29,108.	
d Grants or scholarships.....					
e Other expenditures for facilities and programs.....	832.	324.		0.	
f Administrative expenses.....	3,423.	3,354.	3,200.	2,990.	
g End of year balance.....	866,148.	823,036.	516,370.	491,863.	

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

- a Board designated or quasi-endowment ▶ 59.00 %
 - b Permanent endowment ▶ 41.00 %
 - c Temporarily restricted endowment ▶ _____ %
- The percentages in lines 2a, 2b, and 2c should equal 100%.

3 a 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
1 a Land.....		160,146.		160,146.
b Buildings.....		4,078,616.	2,480,774.	1,597,842.
c Leasehold improvements.....				
d Equipment.....		4,934,173.	3,271,265.	1,662,908.
e Other.....		215,762.		215,762.

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶ 3,636,658.

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)	
(2) Annuity Cash Value	
(3) Board Designated Investments	791,305.
(4) Due from Restricted Funds	161,330.
(5) Estimated Prof. Liab. Claims Receivable	161,359.
(6) Permanently Donor Restricted Funds	353,352.
(7) Self-Insurance Funds Held by Trustee	5,641.
(8) Temporarily Donor Restricted Funds	487,252.
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, column (B), line 15.)	1,960,239.

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

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Accrual for Post Retirement Benefit	1,318,007.
(3) Capital Lease Obligation	61,574.
(4) Reserve for Prof. Liab. Self Ins.	161,359.
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, column (B) line 25.)	1,540,940.

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.

Client CADEAN

Charles A. Dean Memorial Hospital

04-3341666

6/24/13

05:17PM

**Schedule D, Part XII, Line 2d
Other Revenue Included In F/S But Not Included On Form 990**

Revenues reclassified to Expense.....	\$	245.
Total	\$	<u>245.</u>

**Schedule D, Part XII, Line 4b
Other Revenue Included On Form 990 But Not Included In F/S**

Charity Care.....	\$	427,580.
Contractual Allowances.....		3,913,272.
Expenses reclassified to Revenue.....		-21,127.
Inter-entity Equity transfer.....		422.
Restricted Contributions.....		250,005.
Total	\$	<u>4,570,152.</u>

**Schedule D, Part XIII, Line 2d
Other Expenses And Losses Per Audited F/S**

Expenses reclassified to Revenue.....	\$	21,127.
Total	\$	<u>21,127.</u>

**Schedule D, Part XIII, Line 4b
Other Expenses Included On Form 990 But Not Included In F/S**

Assets released from restriction for oper.....	\$	13,345.
Charity Care.....		427,580.
Contractual Allowances.....		3,913,272.
Revenue reclassified to Expense.....		-245.
Total	\$	<u>4,353,952.</u>

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

REVENUE	(a) Event #1	(b) Event #2	(c) Other events	(d) Total events	
	Garden Party (event type)	Golf Tournamen (event type)	(total number)	(add column (a) through column (c))	
1	Gross receipts.....	175,545.	11,030.	186,575.	
2	Less: Charitable contributions.....	168,305.	8,470.	176,775.	
3	Gross income (line 1 minus line 2).....	7,240.	2,560.	9,800.	
DIRECT EXPENSES	4	Cash prizes.....			
	5	Noncash prizes.....			
	6	Rent/facility costs.....			
	7	Food and beverages.....	6,994.	1,600.	8,594.
	8	Entertainment.....			
	9	Other direct expenses.....	246.	960.	1,206.
10	Direct expense summary. Add lines 4 through 9 in column (d).....			9,800.	
11	Net income summary. Combine line 3, column (d), and line 10.....				

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

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

9 Enter the state(s) in which the organization operates gaming activities: _____
 a Is the organization licensed to operate gaming activities in each of these states?..... Yes No
 b If 'No,' explain: _____

 10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?..... Yes No
 b If 'Yes,' explain: _____

SCHEDULE H
(Form 990)

Hospitals

OMB No. 1545-0047

2011

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

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

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.	X	
1b If 'Yes,' was it a written policy?.....	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. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year. a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If 'Yes,' indicate which of the following was the FPG family income limit for eligibility for free care:..... <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	X	
b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If 'Yes,' indicate which of the following was the family income limit for eligibility for discounted care:..... <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	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'?.....	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?.....	X	
5b If 'Yes,' did the organization's financial assistance expenses exceed the budgeted amount?.....		X
5c 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?.....		
6a Did the organization prepare a community benefit report during the tax year?.....	X	
6b If 'Yes,' did the organization make it available to the public?.....	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).....		183	345,997.		345,997.	2.52
b Medicaid (from Worksheet 3, column a).....		4,495	1,866,277.	1,357,734.	508,543.	3.70
c Costs of other means-tested government programs (from Worksheet 3, column b)			130,937.		130,937.	0.95
d Total Financial Assistance and Means-Tested Government Programs...	0	4,678	2,343,211.	1,357,734.	985,477.	7.17
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4).....	7	2	112,201.		112,201.	0.82
f Health professions education (from Worksheet 5).....						
g Subsidized health services (from Worksheet 6).....	1		840.		840.	0.01
h Research (from Worksheet 7).....	1		8,755.		8,755.	0.06
i Cash and in-kind contributions for community benefit (from Worksheet 8).....	2		2,374.		2,374.	0.02
j Total. Other Benefits.....	11	2	124,170.	0.	124,170.	0.91
k Total. Add line 7d and 7j.....	11	4,680	2,467,381.	1,357,734.	1,109,647.	8.08

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

	Yes	No
1	X	
2		
3		
5		
6		
7		
9a	X	
9b	X	

2 Enter the amount of the organization's bad debt expense

2 265,014.

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 7,447,051.

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

6 7,564,485.

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

7 -117,434.

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

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

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

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 (continued)

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: C.A. Dean Memorial Hospital

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 <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input checked="" type="checkbox"/> 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.....	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.....	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 <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input checked="" type="checkbox"/> 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 <input checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input checked="" type="checkbox"/> 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: <u>200</u> %		
If 'No,' explain in Part VI the criteria the hospital facility used.		

Part V Facility Information (continued)

C.A. Dean Memorial Hospital Copy 1 of 1

	Yes	No
10 Used FPG to determine eligibility for providing <i>discounted care</i> ?..... If 'Yes,' indicate the FPG family income limit for eligibility for discounted care: <u>300</u> % If 'No,' explain in Part VI the criteria the hospital facility used.	X	
11 Explained the basis for calculating amounts charged to patients?..... If 'Yes,' indicate the factors used in determining such amounts (check all that apply):	X	
a <input checked="" type="checkbox"/> Income level		
b <input type="checkbox"/> Asset level		
c <input type="checkbox"/> Medical indigency		
d <input type="checkbox"/> Insurance status		
e <input type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
12 Explained the method for applying for financial assistance?.....	X	
13 Included measures to publicize the policy within the community served by the hospital facility?..... If 'Yes,' indicate how the hospital facility publicized the policy (check all that apply):	X	
a <input type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input checked="" type="checkbox"/> 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?.....	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 <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
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?..... If 'Yes,' check all actions in which the hospital facility or a third party engaged:		X
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in line 16 (check all that apply)		
a <input type="checkbox"/> Notified patients of the financial assistance policy on admission		
b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy		
e <input type="checkbox"/> Other (describe in Part VI)		

BAA

Schedule H (Form 990) 2011

Part V Facility Information (continued)

C.A. Dean Memorial Hospital 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 <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility's policy was not in writing			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d <input type="checkbox"/> Other (describe in Part VI)			

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 <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d <input checked="" type="checkbox"/> 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 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 I, Line 6a - Related Organization Community Benefit Report

The Charles A Dean Memorial Hospital 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

Worksheet 2, Ratio of Patient Care Cost-to-Charges is used in calculations.

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

\$363,558 of bad debt expense, \$427,580 of charity care and \$3,913,272 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

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.
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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 are screened for eligibility for charity care using an application and guidelines established by CA Dean. An account may be reconsidered for charity care at any time when new information is available about a patient's ability to pay.

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

1a CA Dean is a rural critical access hospital with health clinics in Greenville, Monson, and Sangerville. CA Dean Hospital primarily serves those communities north Monson, Maine; Greenville, east to Lily Bay and Beaver Cover, and west towards Rockwood. CA Dean also serves the unorganized territories in this region and has patients from as far North as Jackman on the Canadian Border and as far south and east as Sangerville and Dexter. The majority of CA Dean patients are from Piscataquis County but we also see patients from Somerset and Penobscot Counties.

The primary service area maintains a population of less than 2,500 and covers an area larger than 1,000 square miles. Population varies depending on season due to the regions status as a vacation destination and may swell to six times its normal

Part V Supplemental Information

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

volume in peak season. The 24-7 ER and acute care units serve the local population and the needs of travelers and second home owners. The clinics are a vital role in the delivery of health care and disease prevention and control for the region.

Diagnostic and therapeutic services support the clinics, ER, and inpatient units.

Primary industries are tourism and logging- with employees and their families'

healthcare needs being supported by CA Dean. Population is aged with >15% of

residents being 65 years or elder. The population has a high chronic disease burden

with a high population of residents having 3 or more chronic conditions.

1b CA Dean Memorial Hospital and its related physician practices utilize extensive

electronic medical records, including disease registries, which provide a vast

amount of 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 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.

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

1c CA Dean Memorial Hospital engaged multiple health resource leaders in the community forum invitation list (as described in Section 1g). Additional resources and leaders needed were identified in the breakout sessions (see question for breakout participants, Section 1g). CA Dean Hospital, Mayo Regional Hospital, Penquis District Coordinating Council, Piscataquis Public Health Council, Healthy Maine Partnerships, and other agencies are available and work actively at meeting the public health needs of the community.

1d-1e-1f EMHS, the parent company of C. A. Dean Memorial 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

Part V Supplemental Information

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

benchmarks to produce priorities and recommendations as prepared by the consultants.

1g See question #3

1h 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 individuals represented a broad spectrum of backgrounds, and they are named:

Carol Bell, Healthy Maine Partnership Director; Kelly Bentley, Healthy Maine

Partnership Director; Gail Dana-Sacco, Wabanaki Center (serving tribal populations);

Patricia Hart, Maine Development Foundation; Barbara Leonard, MPH, Maine Health

Access Foundation (philanthropic foundation focused on access to care in Maine);

Becca Matusovich, Maine Center for Disease Control; Lisa Miller, Bingham Foundation

(philanthropic foundation); Dora Ann Mills, MD, Maine Center for Disease Control;

Elizabeth Mitchell, Maine Health Management Coalition (representing the state's

major employers, insurers and providers); Trish Riley, Governor's Office of Health

Policy and Finance (GOHPF); Brian Rines, Advisory Committee for Health System

Development (overseen by GOHPF); Rachel Talbot-Ross, Maine Chapter, NAACP; Ted

Trainer, Public Health Coordinating Council Shawn Yardley, City of Bangor,

Department of Health and Welfare. In the local area served by the assessment,

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

multiple parties were engaged in dissemination of the assessment findings and establishment of priorities (see Section 5).

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 individuals represented a broad spectrum of backgrounds, and they are named: Carol Bell, Healthy Maine Partnership Director; Kelly Bentley, Healthy Maine Partnership Director; Gail Dana-Sacco, Wabanaki Center (serving tribal populations); Patricia Hart, Maine Development Foundation; Barbara Leonard, MPH, Maine Health Access Foundation (philanthropic foundation focused on access to care in Maine); Becca Matusovich, Maine Center for Disease Control; Lisa Miller, Bingham Foundation (philanthropic foundation); Dora Ann Mills, MD, Maine Center for Disease Control; Elizabeth Mitchell, Maine Health Management Coalition (representing the state's

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.
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- 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, Line 3 - Account Input from Person Who Represent the Community (continued)

major employers, insurers and providers); Trish Riley, Governor's Office of Health Policy and Finance (GOHPF); Brian Rines, Advisory Committee for Health System Development (overseen by GOHPF); Rachel Talbot-Ross, Maine Chapter, NAACP; Ted Trainer, Public Health Coordinating Council Shawn Yardley, 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 (in central Maine) and MaineHealth (in southern Maine). Multiple 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

In conjunction with EMHS, C. A. Dean Memorial Hospital hosted a community forum to present an overview of local assessment results and recommendations. Invitees included: Other area hospitals, Physician leaders, Federally Qualified Health Centers, Healthy Maine Partnerships, District Liaisons linked to Maine CDC, Home Health and Long Term Care leaders, Social Service Agencies, Leaders of the tribal communities, Business leaders, Legislative leaders, Representatives of the State administration.

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, Line 5c - Description of Making Needs Assessment Widely Available (continued)

Attendees were provided an executive summary of the assessment as well as a summary table of data reflective of the service area. A presentation was made by EMHS staff who were members of the assessment development steering committee providing selected data results, trends over time and the priorities and recommendations as suggested by the research consultants.

In addition to the community forums, the entire statewide assessment (both narrative and data sets) were posted to the EMHS website. After the forums, Power Point presentations used at the Forum as well as input collected in the breakout sessions were also posted on the website. Forum participants were encouraged to go to the website to review the assessment in detail, and access the data for local planning. Media releases were also sent to local news outlets in combination with the forums, encouraging new articles on the forum and inviting all members of the public to view the report on the website.

Instructions on the website assist viewers to download and /or print sections of the report. Individuals without computer or printer access were provided a phone number where they can request a printed assessment.

Part V 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, Line 6i - Describe Other Needs Identified

6a As part of CA Dean's strategic operations plan, several major initiatives have been adopted by the board of directors and CA Dean's leadership team and are in active development. Efforts include; working with the school to promote healthy lifestyles, working with the community and law enforcement to reduce substance abuse, developing a transportation service, and participation in multiple local, county, and state initiatives to identify and address public health concerns.

6b CA Dean and its local health partners are actively involved in implementation of strategic elements to address public health needs.

6g Breakout #2 - Chronic Disease - CA Dean is involved in the Maine Quality Counts effort which is funded through the Robert Wood Johnson Foundation and is a participant of the Quality Improvement Roundtable. Clinicians, Primary Care Teams, public health-practitioners, social workers, and hospital leadership have gathered to discuss emerging models of patient-centered healthcare and how to prepare for changes in healthcare delivery in our county.

Breakout #3 - Mental Health and Substance Abuse. Rx drug abuse is identified as a major public health issue in the CHNA. CA Dean is working with the Penquis District

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, Line 6i - Describe Other Needs Identified (continued)

Coordinating Council and the Piscataquis Public Health Council to develop and implement solutions. Solutions include provider education, public education, effective law enforcement programs, and other methods to reduce the Rx drug abuse in the region. CA Dean has worked with local, county, and federal law enforcement officials to offer Rx drug take back programs which have been largely successful. Recently, CA Dean purchased a Rx Drug Collection center for local law enforcement so that the community can safely dispose of unused or older Rx medications.

Breakout #4 - Prevention, Obesity: CA Dean has partnered with local school district to address childhood obesity and unhealthy lifestyles. Obesity and its related illnesses has been identified as a major public health concern in the CHNA as well as nationally. A team including a provider, nurse, educators, and other professionals from the school and hospital are collaborating on a number of efforts to promote health lifestyles. Response is favorable.

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.

Part V 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.
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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 V, Line 13g - Other Means Hospital Facility Publicized the Policy (continued)

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

In the past, CA Dean participated in the regional comprehensive health care needs assessment with the help of One Maine Health Collaboration. In 2011, One Maine Health will conduct the first state-wide health assessment in Maine. Focus groups have been organized to review the report findings. The work groups have carried forth work on ACO's, obesity and substance abuse. Also working with the local school on dietary, exercise and health awareness issues. Also collaborating with Mayo Regional Hospital, Piscataquis County Health District, town officials, civic groups and school leadership to follow through on these needs.

Part VI - Patient Education of Eligibility for Assistance

CA Dean offers free care and sliding scale assistance programs. We have posters and pamphlets at all patient intake areas. Patient bills and our web site also list information on the availability of these programs and the application process. CA Dean has put forth a designated position financial councilor within the organization

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

to assist with these programs

Part VI - Community Information

Located in Greenville, CA Dean is the only healthcare provider within a 35 mile radius serving the Moosehead Lake region of Maine. This area has a HPSA rating and is one of the poorest counties in the state. We have a heavy Medicare/MaineCare population. We also are the eldest populated County in Maine. Piscataquis has a population rate of 16.4%/1000 of residents 65 and older. State average is 12.4%/1000.

Part VI - Community Building Activities

In keeping with our mission statement, CA Dean actively participates by fulfilling the needs of our civic, community and faith based organizations. We offer flu clinics and blood pressure clinics just to name a few. We participate in the yearly Walk to School week and the TV Turn Off Week events held at the Greenville schools. We have a key role in our community-wide disaster preparedness program.

Part VI - Explanation Of How Organization Furthers Its Exempt Purpose

We have an Elderwell program that allows the elderly in our community to use our exercise equipment (at a very minimal fee) to promote physical activity in this population. Our 'loan closet' program provides medical equipment supplies for our community at no cost. We author educational healthcare articles for publication in

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

our local newspapers. We offer the use of our buildings, tele-med and office equipment to civic and community groups for meetings and publications. We developed 'walk-in clinic hours' to create greater access to healthcare for our patients. Participate in a bone builders program. Support Community health initiatives around diet and exercise both at the adult and the school level age.

Part VI - Affiliated Health Care System Roles and Promotion

CA Dean is a member of EMHS. EMHS serves the northern two-thirds (most rural areas) of Maine. Together, EMHS member organizations identify and meet the health priorities of the state. By working together, our members are able to share resources and information, as well as control costs and better serve our Maine communities. EMHS is addressing the changes and mandates of the new health care reform. Focus groups consisting of staff from each member organization have been formed and are actively collecting data and striving to meet or define best practices as we implement these mandated changes. The roll out and use of electronic medical records across our system is one of these initiatives that is being developed and will enhance the efficiencies of each individual member organization. We have initiated plans for an ACO medical home model and have been certified as a patient centered medical home model level 3.

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.
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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 VI - States Where Community Benefit Report Filed

ME

Part V - Explanation of Number of Facility Type

N/A

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

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

2011

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

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

Part I Questions Regarding Compensation

1 a 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.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> 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.

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?

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.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> 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?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- 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?
- b** Any related organization?
- 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?
- b** Any related organization?
- 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.

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

9 If 'Yes' to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1 a		
1 b		
2		
3		
4 a		X
4 b	X	
4 c		X
5 a		X
5 b		X
6 a		X
6 b		X
7		X
8		X
9		

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

Schedule J (Form 990) 2011

Part I 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				
1 Darin M. Peck, MD	(i) 269,098. (ii) 0. (iii) 1,223.	0.	4,197.	25,948.	300,466.	0.	
2 Mary M. Hood, President & CEO	(i) 637,564. (ii) 235,578. (iii) 13,325.	0.	213,458.	17,111.	1,117,036.	0.	
3 Eugene Murray, Jr.	(i) 226,228. (ii) 0. (iii) 2,024.	0.	13,296.	29,064.	270,612.	0.	
4 Paul Potvin	(i) 253,756. (ii) 0. (iii) 1,673.	0.	17,009.	24,312.	296,750.	0.	
5 John L. Toothaker	(i) 213,446. (ii) 0. (iii) 1,962.	0.	17,847.	17,079.	250,334.	0.	
6 Lawrence DuBien	(i) 182,194. (ii) 0. (iii) 3,929.	0.	14,919.	17,254.	218,296.	0.	
7 David T. Rideout	(i) 319,577. (ii) 0. (iii) 1,122.	0.	15,145.	23,524.	359,368.	0.	
8 Mario Turi	(i) 243,270. (ii) 0. (iii) 975.	0.	1,122.	2,706.	248,073.	0.	
9 Edward Olivier	(i) 141,456. (ii) 11,648. (iii) 17,898.	0.	9,121.	9,319.	189,442.	0.	
10							
11							
12							
13							
14							
15							
16							

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

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:

Mary M. Hood

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 Charles A. Dean Memorial Hospital.

Edward Olivier

This former officer is employed by the system parent organization, Eastern Maine Healthcare Systems and a substantial portion his time is dedicated to Blue Hill

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 NO Retirement, Equity-Based Compensation (continued)

Memorial Hospital, a related organization to Charles A. Dean Memorial Hospital.

Compensation for employees of Charles A. Dean Memorial 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.

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: **Charles A. Dean Memorial Hospital** Employer identification number: **04-3341666**

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.

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

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

1	(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)			

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) Linda D. Gilbert, VP at Ba	VP=Treasurer/d	339,593.	unsec note w/bank		X
(2) Christine Christensen	spouse of dire	59,850.	compensation		X
(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

Linda D. Gilbert, Charles A. Dean Board Treasurer until December, 2011, is a Camden National Bank VP. Camden National Bank is Charles A. Dean's primary bank, holding deposits of \$2,078,627 and a note for \$339,593.

Christine Christensen is a family member of a board member.

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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.

Name of the organization

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

Form 990, Part III, Line 4a - Program Service Accomplishments

Provided emergency, ambulance, inpatient acute care, outpatient surgery, specialty physician clinics and nursing home services to patients regardless of ability to pay.

The Charles A. Dean Memorial Hospital is a 25 bed Critical Access Hospital in rural northwestern Maine providing emergency, ambulance, inpatient acute care, outpatient surgery, specialty physician clinics and nursing home services to patients regardless of ability to pay.

Additional Statistics:

Northwoods Healthcare Clinic visits 10,264

Hospital diagnostic and rehabilitation visits 17,636

Emergency room visits 2,766

Hospital admissions 397

Surgery cases 391

Ambulance runs 469

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

Experienced Medicare shortfall (at cost). 11,000 persons served.

Please see the following excerpt from the EMHS Annual Report to the Community for details of community benefit projects by C.A. Dean.

Charles A. Dean Memorial Hospital

Name of the organization

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

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

Leadership: Geno Murray, President and CEO and David S. Richards, Chair

Location: Greenville, Monson, Sangerville

Employees: 170

Description: Charles A Dean Memorial Hospital provides access to quality healthcare to the residents and visitors of the Moosehead Lake region. Our 25-bed critical access hospital provides acute, skilled, and swing facility beds. CA Dean also provides 24-hour emergency medical services, including an ambulance and a full service emergency department, three family practice locations, diagnostic services, laboratory, digital imaging, CT scan, ultrasound, mammography, rehabilitation services, urology services, as well as podiatry, general and orthopedic surgery.

CA Dean Memorial Hospital Highlights

- Received awards from the National Rural Health Association and the Hospital

Consumer Assessment of Healthcare Providers and Systems for quality and patient satisfaction.

- Received a Level II PCMH (Patient Centered Medical Home) designation in our Greenville primary care office from the National Quality Health Council.

- Acquired a state of the art 16 CT scanner, remodeled the x-ray room, and installed a new x-ray machine.

- Welcomed Jeffrey Graham, MD who is offering urology services at Greenville's Northwoods Clinic twice a month.

- Kathleen Thibault, DO joined Northwoods' Sangerville family practice office.

- Received an eHealthcare Leadership Award for Best Quality Reporting Website for a Rural Hospital, as well as a Gold Star Standards of Excellence Award by the Maine Tobacco Free Hospital Network.

Name of the organization

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

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

- Purchased new coagulation machine, allowing for decreased wait time for testing and lab results.

- Received a new 2012 ambulance, which is the hospital's primary response vehicle for all 911 emergencies.

- Raised more than \$175,000 for digital mammography and bone densitometry at the Brambletye Garden Party and dinner.

Total Community Benefit: \$1,227,081

Community Health Improvement Services: \$12,619

Subsidized Health Services: \$840

Research: \$8,755

Financial and In-Kind Contributions: \$2,374

Community Benefit Operations: \$99,582

Unrecoverable interest cost on funds used to subsidize state MaineCare/Medicaid underpayments of \$1.2M; \$130,937

Traditional Charity Care: \$345,997

Unpaid Cost of Public Programs: Medicaid: \$508,543 Medicare: \$117,434

Philanthropy: \$832

Form 990, Part VI, Line 4 - Significant Changes to Organizational Documents

The organization amended Article I of the bylaws to reflect its name change to Charles A. Dean Memorial Hospital.

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

The Charles A. Dean Memorial 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.

Name of the organization

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

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 CEO and CFO of CA Dean Memorial Hospital. It is provided to each board member either electronically or in hard copy and was reviewed at the August 1, 2013 meeting of the board of directors 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.

Name of the organization

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

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

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 The Charles A. Dean Memorial Hospital (C.A. Dean), who is employed by C.A. Dean, reports directly to the system parent, Eastern Maine Healthcare Systems (EMHS) President/CEO (President) who serves on the board ex-officio.

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, 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 serves 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.

Name of the organization

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

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

-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.

-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.

Name of the organization

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

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

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 hiring manager will determine where the employee will fall within the ranges established by the Human Resources department based on experience and credentials.

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

The Charles A. Dean Memorial 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, President & 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 Charles A. Dean Memorial Hospital - average hours worked are 50.

Jennifer Goodrich

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

Edward Olivier

Name of the organization

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

Form 990, Part VII - Compensation Explanation (continued)

This former officer is employed by the system parent organization, Eastern Maine Healthcare Systems and a substantial portion his time is dedicated to Blue Hill Memorial Hospital, a related organization to Charles A Dean Memorial Hospital - average hours worked are 50.

Client CADEAN

Charles A. Dean Memorial Hospital

04-3341666

6/24/13

05:18PM

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

Change in net assets held @EMHS Foundation.....	\$ 2,093.
Contribution to Strategic Planning Pool per Affiliation Agre.....	-22,272.
Net Unrealized Gains or Losses on Investments.....	13,491.
Post Retirement Health Benefit FAS158.....	-59,854.
Transfer from exempt subsidiaries-EMHS Foundation.....	411.
Total	\$ <u>-66,131.</u>

2011

Open to Public Inspection

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.

Name of the organization

Charles A. Dean Memorial Hospital

Employer identification number

04-3341666

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, Inc. 43 Whiting Hill Road 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 Street Bangor, ME 04402-0404 01-0211501	Provide healthcare services	ME	501(c)(3)	3	Eastern Maine Healthcare Systems		X
(3) Eastern Maine Healthcare Real Estate 43 Whiting Hill Road Brewer, ME 04412 01-0391036	Leases real estate	ME	501(c)(2)		Eastern Maine Healthcare Systems		X
(4) RossCare 43 Whiting Hill Road, Ste 400 Brewer, ME 04412 01-0391038	Provide services to elderly	ME	501(c)(3)	PF	Eastern Maine Healthcare Systems		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?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) -----												

(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) <u>Affiliated Healthcare Systems (AHS)</u> <u>PO Box 940</u> <u>Bangor, ME 0402-0940</u> <u>01-0385322</u>	<u>Holding Co.</u>	<u>ME</u>	<u>EMHS</u>	<u>C</u>	<u>0.</u>	<u>0.</u>	
(2) <u>Affiliated Healthcare Management</u> <u>PO Box 811</u> <u>Bangor, ME 0402-0811</u> <u>01-0349339</u>	<u>Hlthcr mgmnt</u>	<u>ME</u>	<u>AHS</u>	<u>C</u>	<u>0.</u>	<u>0.</u>	
(3) <u>Affiliated Laboratory, Inc.</u> <u>PO Box 638</u> <u>Bangor, ME 0402-0638</u> <u>01-0381283</u>	<u>Clinicl lab</u>	<u>ME</u>	<u>AHS</u>	<u>C</u>	<u>0.</u>	<u>0.</u>	

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.
 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?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity.....		X
b Gift, grant, or capital contribution to related organization(s).....		X
c Gift, grant, or capital contribution from related organization(s).....		X
d Loans or loan guarantees to or for related organization(s).....		X
e Loans or loan guarantees by related organization(s).....		X
f Sale of assets to related organization(s).....		X
g Purchase of assets from related organization(s).....		X
h Exchange of assets with related organization(s).....		X
i Lease of facilities, equipment, or other assets to related organization(s).....		X
j Lease of facilities, equipment, or other assets from related organization(s).....		X
k Performance of services or membership or fundraising solicitations for related organization(s).....		X
l Performance of services or membership or fundraising solicitations by related organization(s).....		X
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s).....		X
n Sharing of paid employees with related organization(s).....		X
o Reimbursement paid to related organization(s) for expenses.....		X
p Reimbursement paid by related organization(s) for expenses.....		X
q Other transfer of cash or property to related organization(s).....		X
r Other transfer of cash or property from related organization(s).....		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)	l	687,789. FMV	
(2)	Eastern Maine Healthcare Systems (EMHS)	o	1,286,120. FMV	
(3)	Eastern Maine Medical Center (EMMC)	l	157,347. FMV	
(4)	EMHS Foundation	l	99,000. FMV	
(5)	Affiliated Healthcare Management	l	55,884. FMV	
(6)	Affiliated Laboratory, Inc.	l	93,606. 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 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 Road, Ste 400 Brewer, ME 04412 01-0430751	Operation of nursing homes	ME	501(c)(3)	9	Rosscare		X
Acadia Hospital Corp. (AHC) 43 Whiting Hill Road Brewer, ME 04412 01-0459837	Provide healthcare services	ME	501(c)(3)	3	Eastern Maine Healthcare Systems		X
Eastern Maine Medical Center Auxilia 43 Whiting Hill Road Brewer, ME 04412 01-0377901	Fund raising for exempt Eastern Maine Medical Center	ME	501(c)(3)	9	Eastern Maine Medical Center		X
Acadia Healthcare, Inc. (AHI) 43 Whiting Hill Road Brewer, ME 04412 22-3183888	Provide healthcare services	ME	501(c)(3)	9	Acadia Hospital Corp.		X
EMHS Foundation 43 Whiting Hill Road, Ste 400 Brewer, ME 04412 22-2514163	Raise and manage funds for exempt organizations	ME	501(c)(3)	11, Type II	Eastern Maine Healthcare Systems		X
Norumbega Medical Specialists, LTD. 43 Whiting Hill Road, Ste 400 Brewer, ME 04412 01-0465231	Provide patient care and education	ME	501(c)(3)	9	Eastern Maine Medical Center		X
Inland Hospital 200 Kennedy Memorial Drive Waterville, ME 04901 01-0217211	Provide healthcare services	ME	501(c)(3)	3	Eastern Maine Healthcare Systems		X
Iakewood, 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
Sebasticook Valley Health (SVH) 447 North Main Street Pittsfield, ME 04967 01-0263628	Critical care hospital	ME	501(c)(3)	3	Eastern Maine Healthcare Systems		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
The Aroostook Medical Center (TAMC) PO Box 151, 140 Academy Street Presque Isle, ME 04769-0151 01-0372148	Provide healthcare services	ME	501 (c) (3)	3	Eastern Maine Healthcare Systems	X	
TAMC Title Corp. PO Box 151, 140 Academy Street Presque Isle, ME 04769-0151 01-0389226	Real estate holding company	ME	501 (c) (2)		The Aroostook Medical Center	X	
TAMC Endowments PO Box 151, 140 Academy Street Presque Isle, ME 04769-0151 01-0389222	Raise funds for exempt organizations	ME	501 (c) (3)	11, Type I	The Aroostook Medical Center	X	
Horizons Health Services PO Box 151, 140 Academy Street Presque Isle, ME 04769-0151 01-0504393	Provide patient care	ME	501 (c) (3)	3	The Aroostook Medical Center	X	
Eastern Maine HomeCare PO Box 688 Caribou, ME 04736 01-0328442	Provide home health and hospice services	ME	501 (c) (3)	9	Eastern Maine Healthcare Systems	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	Eastern Maine Healthcare Systems	X	
Blue Hill Memorial Hospital 57 Water Street Blue Hill, ME 04614-5231 01-0227195	Provide healthcare services	ME	501 (c) (3)	3	Eastern Maine Healthcare Systems	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 Associates, L 200 Kennedy Memorial Drive Waterville, ME 04901 27-2942245	Provide patient care	ME	501 (c) (3)	3	Inland Hospital	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.	0.
Affiliated Pharmacy Services 917 Union St, Suite 7 Bangor, ME 04401 01-0587230	Pharmacy	ME	AHS	C	0.	0.	0.
DE Collections D/B/A ACI PO Box 2759 Bangor, ME 04402-2759 01-0366209	Collection s	ME	AHS	C	0.	0.	0.
Meridian Mobile Health, LLC 931 Union Street, PO Box 940 Bangor, ME 04402-0940 01-0512673	Ambulance	ME	AHS	C	0.	0.	0.
Maine Network for Health PO Box 2813 Bangor, ME 04402-2813 01-0496352	Support srv	ME	EMHS	C	0.	0.	0.
Dirigo Pines Retirement Community, LLC 9 Alumni Drive Orono, ME 04473 01-0537924	Holding Co.	ME	AHS	C	0.	0.	0.
Dirigo Pines Inn, LLC 9 Alumni Drive Orono, ME 04473 02-0547749	Contin Care	ME	Rosscare	C	0.	0.	0.
Dirigo Funding, LLC 9 Alumni Drive Orono, ME 04473 01-0599968	Prov Finance	ME	AHS	C	0.	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	RetirCotta g	ME	AHS	C	0.	0.	

STATE OF MAINE
Department of the Secretary of State
Bureau of Corporations, Elections and Commissions
101 State House Station
Augusta, Maine 04333-0101

October 31, 2011

EMHS
ATTN: GLEN MARTIN
43 WHITING HILL RD
BREWER ME 04412

ATTESTED COPIES
WR DCN: 2113011401000

Enclosed please find copies of documents recently placed on file with our office. Each copy has been attested as a true copy of the original and serves as your evidence of filing. We recommend that you retain these permanently with your records.

Charter#: 19970225ND Legal Name: CHARLES A. DEAN MEMORIAL HOSPITAL

RESTATEMENT

DCN: 2113011400031 Page(s) 4

Total Pages 4

DOMESTIC
NONPROFIT CORPORATION

STATE OF MAINE

RESTATED
ARTICLES OF INCORPORATION

Charles A Dean Memorial Hospital & Nursing Home

(Name of Corporation as it appears on the records of the Secretary of State)

Minimum Filing Fee \$10.00 An additional \$10 fee if electronic purpose.

File No 19970225ND Pages 4
Fee Paid \$ 10
DCN 2113011400031 REST
-----FILED-----
10/25/2011

Julie R Flynn
Deputy Secretary of State

A True Copy When Attested By Signature

Julie R Flynn
Deputy Secretary of State

Pursuant to 13-B MRSA §805, the undersigned corporation adopts these Articles of Restatement:

FIRST: The restatement set out in Exhibit A attached contains the same information and provisions as are required for original articles. Statements as to the incorporator or incorporators and the initial directors may be omitted. This restatement was adopted on 05/05/11 (date).

("X" one box only)

- By the members at a meeting at which a quorum was present and the restatement received at least a majority of the votes which members were entitled to cast.
- (If the Articles require more than a majority vote.) By the members at a meeting at which the restatement received at least the percentage of votes required by the Articles of Incorporation.
- By the written consent of all members entitled to vote with respect thereto.
- (If no members, or none entitled to vote thereon.) By majority vote of the board of directors.

SECOND: The Registered Agent is a: (select either a Commercial or Noncommercial Registered Agent)

Commercial Registered Agent CRA Public Number _____

(name of commercial registered agent)

Noncommercial Registered Agent

Glenn Martin, Esq.

(name of noncommercial registered agent)

EMHS, 43 Whiting Hill Road, Brower, ME 04412

(physical location, not P.O. Box - street, city, state and zip code)

(mailing address if different from above)

THIRD: Pursuant to 5 MRSA §108 3, the registered agent as listed above has consent ed to serve as t he registered agent for this nonprofit corporation.

Dated 10/18/11

*By

Geno Murray
(signature)

Geno Murray, President

(type or print name and capacity)

*By

(signature)

(type or print name and capacity)

**MUST BE COMPLETED FOR VOTE
OF MEMBERS**

I certify that I have custody of the minutes showing
the above action by the members.

Benjamin D. Nelson
(signature of clerk, secretary or asst. secretary)

*This document **MUST** be signed by any duly authorized officer (13-B MRSA §104 1 B)

Please remit your payment made payable to the Maine Secretary of State.

Submit completed form to

Secretary of State
Division of Corporations, UCC and Commissions
101 State House Station
Augusta, ME 04333-0101

Tel

phone inquiries: (207) 624-7752

Email inquiries: CBC.Corporations@Maine.gov

EXHIBIT A

FIRST: The name of the corporation is Charles A. Dean Memorial Hospital.

SECOND: The corporation is organized as a public benefit corporation for the following purposes:

It is intended that the corporation shall have and continue to have the status of a corporation which is (a) exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended, or successor provisions of federal tax law (the "Code") as an organization described in Section 501(c)(3) of the Code, and (b) contributions to which are deductible under Sections 170(e)(2) and 2055(a)(2) of the Code which is other than a private foundation as defined in Section 509(a) of the Code. The corporation shall operate exclusively for charitable purposes and in a manner consistent with Section 501(c)(3) of the Code.

Without limiting the generality of the foregoing, the objectives of the corporation shall be:

- a) To establish and maintain hospitals and associated health delivery institutions and programs for the care of any person suffering from any illness or physical injury who requires care without distinction as to race, religion, sex, or sexual orientation, age, national origin, disability or ability to pay.
- b) To promote and carry on educational activities related to rendering care to the sick and injured and to the promotion of health which the Board of Trustees may determine to be appropriate given the facilities, personnel and funds available.
- c) To promote and carry on scientific research related to the care of the sick and injured which the Board of Trustees may determine to be appropriate given the facilities, personnel and funds available.
- d) To participate, as far as circumstances may warrant, in any activity designed and carried on to promote the general health of persons residing within the hospital's service area.
- e) Such other things legally permissible under the laws of the State of Maine as are incidental or appropriate to the carrying out of the foregoing purposes, and particularly to exercise all powers granted to charitable and educational corporations by law.

THIRD: The name and registered office of the Registered Agent who must be a Maine resident, whose office is identical with the registered office:

Glenn Martin
EMHS
43 Whiting Hill Road
Brewer, ME 04412

FOURTH: Pursuant to 5 M.R.S.A. § 108(3), the registered agent as listed above has consented to serve as the registered agent for this nonprofit corporation.

FIFTH: The minimum number of directors shall be nine (9) and the maximum number of directors shall be fifteen (15).

SIXTH: There shall be a sole member, which shall be Eastern Maine Healthcare Systems or its successor. The Member shall act on any matters brought to it by the Board of Directors of the Corporation and shall exercise such powers as may be conferred on the Member bylaw, the Articles of Incorporation or the Bylaws.

SEVENTH: No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation; provided that the corporation shall have the power to make an election under Section 501(h) of the Internal Revenue Code. Likewise, the corporation shall not participate or intervene in any manner or to any extent in any political campaign on behalf of any candidate for public office. Furthermore, the corporation shall not engage in any activities that are unlawful under applicable federal, state or local laws.

EIGHTH: If the corporation is dissolved or its legal existence terminated, either voluntarily or involuntarily, or upon final liquidation of the corporation, none of its assets shall inure to the benefit of any private individual, and all of its assets remaining after payment of all of its liabilities shall be distributed to one or more organizations which the Board of Trustees then determines is qualified both as an exempt organization under Section 501(c)(3) of the Code, and as an organization engaged in activities substantially similar to those of the corporation (within the meaning of 13-B M.R.S.A. § 407).

Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- 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

<p>Type or print</p> <p>File by the due date for filing your return. See instructions.</p>	<p>Name of exempt organization or other filer, see instructions.</p> <p>Charles A. Dean Memorial Hospital</p> <p>Number, street, and room or suite number. If a P.O. box, see instructions.</p> <p>Pritham Avenue P.O. Box 1129</p> <p>City, town or post office, state, and ZIP code. For a foreign address, see instructions.</p> <p>Greenville, ME 04441-1129</p>	<p>Employer identification number (EIN) or</p> <p><input checked="" type="checkbox"/> 04-3341666</p> <p>Social security number (SSN)</p> <p><input type="checkbox"/></p>
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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. . . ▶ and attach a list with the names and EINs of all members the extension is for. Charles A. Dean Memorial Hospital 04-3341666

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
- ▶ 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.

- If you are filing for an Additional (Not Automatic) 3-Month Extension, complete only Part II and check this box **X**
- 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
	Charles A. Dean Memorial Hospital	<input checked="" type="checkbox"/> 04-3341666
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)
	Pritham Avenue P.O. Box 1129	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	Greenville, ME 04441-1129	

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)	05	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. Charles A. Dean Memorial Hospital 04-3341666

- I request an additional 3-month extension of time until 8/15, 20 13.
- For calendar year _____, or other tax year beginning 9/25, 20 11, and ending 9/29, 20 12.
- If the tax year entered in line 5 is for less than 12 months, check reason: Initial return Final return Change in accounting period

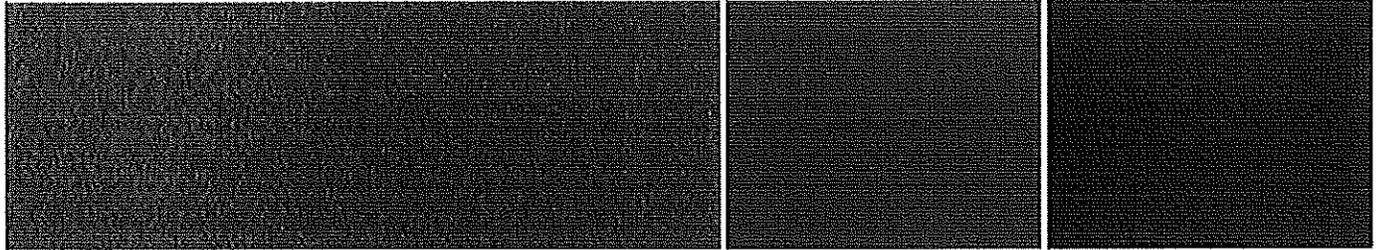
7 State in detail why you need the extension.. Taxpayer respectfully requests additional time to gather information necessary to file a complete and accurate tax return.

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 *Jeffrey A. Sanford* President & CEO Date 5-2-2013
BAA FIF20502L 07/29/11 Form 8868 (Rev 1-2012)



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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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)**

	<u>2012</u>	<u>2011</u>
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	<u>18,296</u>	<u>10,613</u>
 Total current assets	 <u>240,577</u>	 <u>212,460</u>
 PROPERTY AND EQUIPMENT — Net	 <u>338,064</u>	 <u>331,854</u>
 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	<u>10,217</u>	<u>8,702</u>
 Total noncurrent assets whose use is limited or restricted	 <u>336,726</u>	 <u>310,463</u>
 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	<u>14,920</u>	<u>16,367</u>
 Total other assets	 <u>125,464</u>	 <u>88,822</u>
 TOTAL ASSETS	 <u>\$ 1,040,831</u>	 <u>\$ 943,599</u>

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

LIABILITIES AND NET ASSETS

(Dollars in thousands)

	<u>2012</u>	<u>2011</u>
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
	<u>172,997</u>	<u>161,260</u>
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
	<u>356,139</u>	<u>350,452</u>
Total liabilities	<u>529,136</u>	<u>511,712</u>
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
	<u>511,695</u>	<u>431,887</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,040,831</u>	<u>\$ 943,599</u>

EASTERN MAINE HEALTHCARE SYSTEMS

Consolidated Statements of Operations

Years Ended September 29, 2012 and September 24, 2011

(Dollars in thousands)

	<u>2012</u>	<u>2011</u>
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	<u>2,845</u>	<u>2,122</u>
 Total revenue	 <u>1,049,392</u>	 <u>954,117</u>
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	<u>8,020</u>	<u>8,524</u>
 Total expenses	 <u>990,067</u>	 <u>934,788</u>
 INCOME FROM OPERATIONS BEFORE GAINS AND LOSSES	 <u>59,325</u>	 <u>19,329</u>
OTHER GAINS (LOSSES):		
Income tax benefit (expense)	1,175	(338)
Joint venture (loss) income	(2,806)	2,322
Investment income and other — net	<u>2,801</u>	<u>6,298</u>
 Total other gains (losses) — net	 <u>1,170</u>	 <u>8,282</u>
 EXCESS OF REVENUE AND GAINS OVER EXPENSES AND LOSSES BEFORE DISCONTINUED OPERATIONS	 <u>60,495</u>	 <u>27,611</u>
 DISCONTINUED OPERATIONS	 <u>824</u>	 <u>1,128</u>
 EXCESS OF REVENUE AND GAINS OVER EXPENSES AND LOSSES	 <u>61,319</u>	 <u>28,739</u>
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	<u>5,048</u>	<u>(22,441)</u>
 INCREASE IN UNRESTRICTED NET ASSETS	 <u>\$ 72,854</u>	 <u>\$ 6,057</u>

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)

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total Net Assets</u>
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	<u>(22,441)</u>	<u>-</u>	<u>-</u>	<u>(22,441)</u>
Increase (decrease) in net assets	<u>6,057</u>	<u>(1,050)</u>	<u>(139)</u>	<u>4,868</u>
NET ASSETS — September 24, 2011	<u>383,216</u>	<u>27,385</u>	<u>21,286</u>	<u>431,887</u>
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	<u>5,048</u>	<u>-</u>	<u>-</u>	<u>5,048</u>
Increase in net assets	<u>72,854</u>	<u>5,214</u>	<u>1,740</u>	<u>79,808</u>
NET ASSETS — September 29, 2012	<u>\$ 456,070</u>	<u>\$ 32,599</u>	<u>\$ 23,026</u>	<u>\$ 511,695</u>

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	(16,172)	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	16,089	3,770
Accrual for self-insurance and postretirement benefits	(1,593)	3,870
	<u>70,100</u>	<u>94,985</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(39,975)	(29,859)
Proceeds from sales of property and equipment	166	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)
	<u>(43,174)</u>	<u>(86,086)</u>

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
	<u>(7,882)</u>	<u>(1,322)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

NET INCREASE IN CASH AND CASH EQUIVALENTS	19,044	7,577
CASH AND CASH EQUIVALENTS — Beginning of year	<u>53,941</u>	<u>46,364</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 72,985</u>	<u>\$ 53,941</u>

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.

EASTERN MAINE HEALTHCARE SYSTEMS

Notes to Consolidated Financial Statements

September 29, 2012 and September 24, 2011

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.

EASTERN MAINE HEALTHCARE SYSTEMS

Notes to Consolidated Financial Statements

September 29, 2012 and September 24, 2011

Blue Hill Memorial Hospital (BMMH) — BMMH 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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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):

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

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.

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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.

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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.

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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):

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

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.

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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):

	<u>2012</u>	<u>2011</u>
Short-term investments:		
Temporary cash investments	\$ 56	\$ 59
Institutional mutual funds and common collective trusts	7,186	6,960
Fixed-income securities	<u>687</u>	<u>653</u>
Total short-term investments	<u>\$ 7,929</u>	<u>\$ 7,672</u>
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	<u>3,423</u>	<u>935</u>
Total assets whose use is limited or restricted — current	<u>\$ 27,254</u>	<u>\$ 35,401</u>
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	<u>10,217</u>	<u>8,702</u>
Total assets whose use is limited or restricted — noncurrent	<u>\$ 336,726</u>	<u>\$ 310,463</u>

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.

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Notes to Consolidated Financial Statements

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

	<u>2012</u>	<u>2011</u>
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	<u>10,204</u>	<u>(5,184)</u>
Total	<u>\$ 19,635</u>	<u>\$ 4,101</u>

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

	<u>2012</u>	<u>2011</u>
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	<u>897</u>	<u>(381)</u>
Total	<u>\$ 19,635</u>	<u>\$ 4,101</u>

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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):

	<u>Fixed Rate Paid</u>	<u>Variable Rate Received</u>	<u>Notional Amount</u>	<u>Fair Value as of September 29, 2012</u>	<u>Fair Value as of September 24, 2011</u>	<u>Termination Date</u>	<u>Counterparty</u>
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				<u>\$ 3,679</u>	<u>\$ 3,636</u>		

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):

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

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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):

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

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.

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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):

	<u>2012</u>	<u>2011</u>
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	<u>165</u>	<u>175</u>
Total	8,166	10,746
Other receivables	2,374	1,442
Retirement community development costs	717	775
Other	<u>3,663</u>	<u>3,404</u>
Total	<u>\$ 14,920</u>	<u>\$ 16,367</u>

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.

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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):

<u>Name of Joint Venture</u>	<u>Owner</u>	2012		
		<u>Total Assets</u>	<u>Long-Term Debt</u>	<u>Net Equity</u>
Colonial Acres	RNHI	\$ 2,718	\$ 577	\$ 2,208
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	<u>3,793</u>	<u>593</u>	<u>1,670</u>
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	<u>6,584</u>	<u>5,764</u>	<u>495</u>
Total		<u>\$ 53,853</u>	<u>\$ 23,885</u>	<u>\$ 13,821</u>

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<u>Name of Joint Venture</u>	<u>Owner</u>	2011		
		<u>Total Assets</u>	<u>Long-Term Debt</u>	<u>Net Equity</u>
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	<u>3,603</u>	<u>670</u>	<u>2,004</u>
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	<u>6,762</u>	<u>5,946</u>	<u>525</u>
Total		<u>\$ 59,402</u>	<u>\$ 23,164</u>	<u>\$ 21,667</u>

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9. Debt

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

	<u>2012</u>	<u>2011</u>
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)	<u>2,643</u>	<u>2,913</u>
	<u>96,074</u>	<u>101,754</u>
Net unamortized original issue premium	<u>3,318</u>	<u>3,189</u>
Bonds payable — net	<u>99,392</u>	<u>104,943</u>
Other long-term debt:		
Installment loans and other	61,842	62,875
Capital lease obligations	<u>1,881</u>	<u>3,304</u>
Total long-term debt	<u>163,115</u>	<u>171,122</u>
Less current portion	<u>(10,327)</u>	<u>(10,360)</u>
Long-term debt — net of current portion	<u>\$152,788</u>	<u>\$ 160,762</u>

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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, BMMH 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 BMMH 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.

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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%

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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.

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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	<u>Bonds</u>	<u>Other Debt</u>	<u>Total</u>
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	<u>68,535</u>	<u>41,367</u>	<u>109,902</u>
Total	<u>\$ 96,074</u>	<u>\$ 61,842</u>	<u>\$ 157,916</u>

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.

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

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

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):

	<u>2012</u>	<u>2011</u>
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	<u>10,761</u>	<u>10,249</u>
Total	<u>\$ 32,599</u>	<u>\$ 27,385</u>

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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):

	<u>2012</u>	<u>2011</u>
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	<u>14,819</u>	<u>13,418</u>
 Total	 <u>\$ 23,026</u>	 <u>\$ 21,286</u>

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):

	<u>September 29, 2012</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Donor-restricted endowment funds	\$ -	\$ 15,608	\$ 23,026	\$ 38,634
Board-designated endowment funds	<u>2,382</u>	<u>-</u>	<u>-</u>	<u>2,382</u>
Total funds	<u>\$ 2,382</u>	<u>\$ 15,608</u>	<u>\$ 23,026</u>	<u>\$ 41,016</u>
		<u>September 24, 2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 13,098	\$ 21,286	\$ 34,384
Board-designated endowment funds	<u>2,135</u>	<u>-</u>	<u>-</u>	<u>2,135</u>
Total funds	<u>\$ 2,135</u>	<u>\$ 13,098</u>	<u>\$ 21,286</u>	<u>\$ 36,519</u>

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	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets – September 25, 2010	\$ <u>2,293</u>	\$ <u>13,979</u>	\$ <u>21,425</u>	\$ <u>37,697</u>
Investment return:				
Net (depreciation) appreciation	(65)	355	-	290
Change in beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>(381)</u>	<u>(381)</u>
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	<u>(10)</u>	<u>(58)</u>	<u>161</u>	<u>93</u>
Endowment net assets – September 24, 2011	<u>2,135</u>	<u>13,098</u>	<u>21,286</u>	<u>36,519</u>
Investment return:				
Net appreciation	334	3,861	-	4,195
Change in beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>897</u>	<u>897</u>
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	<u>(4)</u>	<u>(146)</u>	<u>81</u>	<u>(69)</u>
Endowment net assets – September 29, 2012	\$ <u>2,382</u>	\$ <u>15,608</u>	\$ <u>23,026</u>	\$ <u>41,016</u>

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.

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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.

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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.

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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):

	<u>2012</u>	<u>2011</u>
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	<u>737</u>	<u>12</u>
Benefit obligation — end of year	<u>\$ 244,353</u>	<u>\$ 221,001</u>
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	<u>737</u>	<u>12</u>
Fair value of Plan assets — end of year	<u>\$ 191,967</u>	<u>\$ 162,213</u>
Net amount recognized — accrued liability	<u>\$ (52,386)</u>	<u>\$ (58,788)</u>
Amounts recognized in other changes in unrestricted net assets:		
Prior-service costs	\$ 1,270	\$ 1,547
Actuarial loss	<u>80,783</u>	<u>83,858</u>
Total recognized in unrestricted net assets	<u>\$ 82,053</u>	<u>\$ 85,405</u>
Accumulated benefit obligation	<u>\$ 224,460</u>	<u>\$ 201,941</u>

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.

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

	<u>2012</u>	<u>2011</u>
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	<u>3,675</u>	<u>2,166</u>
Net periodic pension benefit cost	<u>\$ 10,895</u>	<u>\$ 9,350</u>

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:

	<u>2012</u>	<u>2011</u>
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:

	<u>2012</u>	<u>2011</u>
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.

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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:

Asset Class	Allocation %		
	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.

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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):

	<u>2012</u>	<u>2011</u>
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	<u>450</u>	<u>152</u>
Net periodic postretirement medical benefit cost	<u>\$ 2,615</u>	<u>\$ 2,258</u>
Amounts recognized in other changes in unrestricted net assets:		
Prior-service credit	\$ (2,833)	\$ (3,386)
Actuarial loss	<u>7,329</u>	<u>9,578</u>
Total recognized in unrestricted net assets	<u>\$ 4,496</u>	<u>\$ 6,192</u>

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.

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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):

	<u>2012</u>	<u>2011</u>
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	<u>(1,800)</u>	<u>3,983</u>
Accrued postretirement medical benefit obligation	<u>\$ 43,755</u>	<u>\$ 43,992</u>

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

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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:

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

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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:

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

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.

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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			Total
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
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

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	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

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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)	<u>(382)</u>	<u>(48)</u>	<u>(430)</u>	<u>-</u>
Balance at September 24, 2011	8,702	452	9,154	-
Contributions	659	-	659	-
Purchases	-	-	-	6,344
Unrealized gains (losses)	<u>856</u>	<u>46</u>	<u>902</u>	<u>(7)</u>
Balance at September 29, 2012	<u>\$ 10,217</u>	<u>\$ 498</u>	<u>\$ 10,715</u>	<u>\$ 6,337</u>

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.

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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):

	<u>2012</u>	<u>2011</u>
Carrying amount	\$ <u>99,392</u>	\$ <u>104,943</u>
Estimated fair value	\$ <u>106,047</u>	\$ <u>109,988</u>

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

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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				

EASTERN MAINE HEALTHCARE SYSTEMS

Notes to Consolidated Financial Statements

September 29, 2012 and September 24, 2011

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	<u>3,777</u>	None	Daily	None	1 business day
Total	<u>\$ 111,390</u>				
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	<u>3,184</u>	None	Daily	None	1 business day
Total	<u>\$ 150,713</u>				

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.

EASTERN MAINE HEALTHCARE SYSTEMS

Notes to Consolidated Financial Statements

September 29, 2012 and September 24, 2011

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
	<u>\$ 20,463</u>

EASTERN MAINE HEALTHCARE SYSTEMS

Notes to Consolidated Financial Statements

September 29, 2012 and September 24, 2011

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 30, 2012
 AND CONSOLIDATED BALANCE SHEET INFORMATION — SEPTEMBER 30, 2011

ASSETS	Amfimed Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Chelsea A. Dean Memorial Hospital	Eastern Maine Healthcare Systems (Consolidated)	Eastern Maine HomeCare	Eastern Maine Medical Center	EMHS Foundation	Inland Hospital (Consolidated)	Maine Institute for Human Genetics and Health	Maine Network for Health (Consolidated)	Roseare (Consolidated)	Sebastoock Valley Health (Consolidated)	The Arcotbook Medical Center (Consolidated)	Eliminations and Reclassifications	2012 EMHS Consolidated	2011 EMHS Consolidated
CURRENT ASSETS:																
Cash and cash equivalents	\$ 6,489,750	\$ 4,617,141	\$ 1,193,166	\$ 9,126,900	\$ 357,509	\$ 37,865,596	\$ 689,655	\$ 1,670,855	\$ 250,961	\$ 211,415	\$ 1,218,105	\$ 746,795	\$ 4,478,130	\$ -	\$ 72,865,208	\$ 53,941,439
Short-term investments	7,102,813	-	-	24,096,324	-	1,326,249	235,319	486,556	123,673	-	-	739,219	373,849	-	7,829,032	7,871,791
Accounts receivable	377,294	3,873,188	2,064,402	147,003	1,061,089	79,522,849	235,319	486,556	123,673	-	230,822	4,839,573	13,200,357	-	27,353,782	35,430,778
Prepaid expenses and other current assets	4,886,431	1,643,362	2,064,402	147,003	1,061,089	79,522,849	235,319	486,556	123,673	-	230,822	4,839,573	13,200,357	(170,300)	17,990,981	11,847,985
Notes receivable	(2,655,139)	(1,633,764)	(2,064,402)	(800)	(718,250)	(2,045,030)	-	(2,178,350)	-	-	(21,861)	(3,262,387)	(9,471,431)	(130,300)	16,550,241	17,039,740
Net receivable from related parties	4,886,431	2,064,402	2,064,402	147,003	1,061,089	79,522,849	235,319	486,556	123,673	-	230,822	4,839,573	13,200,357	(130,300)	16,550,241	17,039,740
Estimated liability payor eliminations	261,491	847,221	1,049,239	1,049,239	94,311,332	9,311,332	-	2,034,453	-	-	21,861	3,262,387	1,767,491	(739,625)	11,173,534	9,325,907
Intertitle receivables	227,154	30,325	4,749	2,429,425	390,382	1,532,312	52,861	28,070	70	15,321	9,473	9,370	1,367,188	(6,739,625)	6,678,359	8,518,874
Other receivables	122,775	1,448,892	179,101	8,846,646	287,614	2,618,110	142,128	324,191	18,500	22,042	5,216	48,055	594,215	(8,501,204)	8,741,417	10,531,081
Inventory	148,188	4,050,917	298,304	139,869	-	2,324,448	1,200	997,573	18,500	19,001	565,542	223,922	1,768,058	(9,662,921)	8,741,417	10,531,081
Prepaid expenses and other current assets	551,189	458,977	216,369	1,659,454	277,133	14,232,488	54,845	745,689	31,505	19,001	565,542	223,922	1,768,058	(9,662,921)	16,390,224	19,812,951
Total current assets	17,281,867	19,304,711	6,274,078	46,448,636	2,810,138	118,649,537	1,215,208	13,831,829	430,718	265,679	2,016,293	8,178,232	20,954,129	(20,504,950)	240,577,895	212,450,015
PROPERTY AND EQUIPMENT																
Less accumulated depreciation and amortization	31,623,761	19,997,184	26,862,643	86,402,525	3,332,514	482,609,888	271,490	49,781,738	1,362,069	48,565	22,377,335	26,727,347	76,407,594	(2,129,823)	822,544,214	787,005,042
Property and equipment - net	(21,629,655)	(18,277,653)	(15,729,058)	(69,495,928)	(2,520,076)	(260,465,547)	(154,488)	(25,960,889)	(831,351)	(2,897)	(8,261,042)	(17,549,115)	(51,208,674)	-	(484,539,159)	(455,155,829)
NONCURRENT ASSETS WHOSE USE IS LIMITED OR RESTRICTED:																
Intestinally designated by the Board of Directors:																
Fund deposits	12,049,087	5,579,563	276,884	38,078,014	288,870	57,088,077	-	9,888,930	-	-	-	1,015,918	6,785,295	-	108,549,148	123,022,021
Other designated funds	16,246	7,403,246	5,611	40,829,524	2,074,533	9,045,335	5,874,041	1,783,510	2,788	-	-	3,349,525	7,500	(3,649,843)	95,470,845	63,430,241
Securities held by trustee	27,246	40,868	5,611	40,829,524	5,637	9,045,335	-	1,783,510	43,670	-	-	407	3,888,708	-	37,350,947	54,438,918
Temporarily donated-restricted	265,889	375,365	487,252	17,000	368,588	29,540,459	28,794,385	1,413,230	81,182	-	23,183	485,879	2,800,711	(23,084,219)	32,598,814	27,354,091
Permanently donated-restricted	80,562	485,154	353,332	17,000	132,294	8,724,029	10,073,465	199,909	538,144	-	5,350	165,988	1,707,023	(9,916,713)	12,898,271	12,580,844
Beneficial interest in perpetual trusts	-	87,007	-	-	-	2,550,815	-	477,587	-	-	6,532,788	257,243	-	-	10,217,350	8,707,748
Total noncurrent assets whose use is limited or restricted	17,438,185	15,214,565	1,837,559	89,119,778	3,285,689	108,689,354	44,741,041	12,878,312	638,103	-	7,311,222	11,237,225	15,178,147	(88,358,874)	308,723,775	310,492,539
OTHER ASSETS:																
Investments in subsidiaries	-	-	-	851,942	-	-	-	-	-	-	-	-	-	(331,942)	-	-
Note receivable from affiliate	9,768,826	1,670,039	681,325	560,023	-	78,690,091	-	11,702,772	-	-	-	1,626,064	10,887,990	(1,361,285)	109,447,673	71,289,955
Estimated settlements receivable from the State of Maine	16,810	34,145	-	-	-	1,079,460	-	184,410	-	-	-	4,839,573	4,338,396	-	14,020,354	13,937,827
Deferred financing costs	1,728,071	523,252	161,589	2,015,534	40,438	26,879,453	-	2,338,120	-	173,688	5,072,514	1,481,024	4,338,396	(31,840,580)	14,020,354	16,387,827
Intangibles and other assets	7,693,657	4,137,070	922,854	4,011,101	49,433	101,560,356	-	14,229,342	-	179,880	5,072,514	3,149,381	15,483,657	(33,729,317)	125,464,276	98,822,891
Total other assets	\$ 48,005,005	\$ 34,988,688	\$ 35,004,078	\$ 172,486,113	\$ 7,157,804	\$ 570,743,588	\$ 48,074,160	\$ 63,822,950	\$ 1,620,549	\$ 471,278	\$ 30,467,835	\$ 33,180,584	\$ 79,884,780	\$ (62,708,370)	\$ 1,045,832,822	\$ 845,589,441
TOTAL ASSETS																

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 30, 2012
 AND CONSOLIDATED BALANCE SHEET INFORMATION -- SEPTEMBER 24, 2011

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:
 Accounts payable
 Accrued interest
 Accounts receivable and other current liabilities
 Estimated third-party payer settlements
 Line-of-credit borrowings
 Current portion of long-term debt
 Current portion of accrual for self-insurance
 Total current liabilities

NONCURRENT LIABILITIES:
 Long-term debt-net of current portion
 Estimated third-party payer settlements
 Other liabilities
 Total noncurrent liabilities

Total liabilities

NET ASSETS:
 Additional paid-in capital
 Retained earnings (accumulated deficit)
 Unrestricted deficit
 Permanently restricted
 Total net assets

TOTAL LIABILITIES AND NET ASSETS

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.

	Aetna Health (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Hospital, Inc.	Charles A. Dean Hospital	Eastern Maine Healthcare (Consolidated)	Eastern Maine Healthcare HomeCare	Eastern Maine Medical Center (Consolidated)	Elkins Foundation	Inland Hospital (Consolidated)	Maine Institute for Geriatrics and Health	Maine Network Health	Rosecare (Consolidated)	Substantisk Valley Health (Consolidated)	The Anesthock Medical Center (Consolidated)	Eliminations and Reclassifications	2012 EMHS Consolidated	2011 EMHS Consolidated
	\$ 652,877	\$ 5,057,989	\$ 1,121,090	\$ 361,175	\$ 2,365,262	\$ 420,679	\$ 22,132,243	\$ 45,005	\$ 2,518,059	\$ 26,858	\$ 27,293	\$ 585,298	\$ 1,089,584	\$ 4,244,625	\$ -	\$ 41,304,384	\$ 31,539,917
	3,077,525	1,350,522	2,367,885	822,225	13,082,910	2,270,201	32,461,825	121,358	3,884,558	111,042	46,136	300,979	2,185,187	6,882,979	(8,922,289)	69,652,353	57,265,739
	7,522,518	6,388,414	4,330,169	2,469,794	13,082,910	2,061,144	6,520,730	121,358	3,884,558	111,042	46,136	300,979	2,185,187	7,300,794	(8,922,289)	34,655,013	36,655,157
	1,093,133	1,321,110	100,000	57,506	7,698,104	8,389	2,956,615	-	3,655,588	-	3,865	7,698,104	484,933	1,269,500	(7,898,104)	11,622,280	10,123,655
	-	-	-	-	5,415,501	1,352,670	-	-	-	-	-	293,193	484,933	1,269,500	(7,898,104)	10,724,124	9,616,038
	12,563,880	14,332,693	8,237,293	3,791,223	32,840,979	2,852,050	69,064,755	454,678	15,429,371	136,432	61,364	8,893,237	7,746,912	20,291,627	(22,779,270)	172,009,295	161,258,739
	8,653,684	9,597,695	9,429,169	343,539	28,299,745	-	61,895,341	-	12,489,810	-	17,159	19,703,340	2,473,485	9,399,961	(1,400,689)	152,787,028	160,792,429
	10,326,114	9,524,191	1,212,337	1,479,367	44,589,280	56,565	99,433,718	-	3,815,039	12,284	-	1,473,046	7,548,705	2,896,300	(31,842,589)	149,640,963	155,193,220
	5,899,298	-	-	1,944,990	-	-	30,824,042	-	3,309,867	-	-	2,189,339	-	-	-	47,517,869	50,182,332
	-	1,626,787	-	-	2,146,882	-	1,856,122	-	107,695	-	-	-	-	779,864	-	6,107,266	6,425,543
	25,040,656	19,020,605	4,979,055	2,897,843	77,037,065	56,956	109,810,521	244,674	19,719,352	12,294	151,318	19,950,617	6,159,679	20,513,630	(63,321,270)	386,139,655	359,453,114
	37,654,984	33,653,696	13,217,469	6,548,160	106,979,501	3,007,051	201,693,876	696,522	35,146,983	150,085	232,695	25,716,854	19,697,082	40,366,797	(65,109,353)	529,137,359	511,712,873
	-	100,000	-	-	-	-	-	-	-	-	951,858	-	-	-	(1,051,356)	-	-
	-	7,432,633	-	-	-	-	-	-	-	-	770,687	-	-	-	(9,209,350)	-	-
	10,054,166	-	20,015,484	3,236,119	62,473,271	3,690,021	277,544,328	8,956,839	50,665,171	1,000,677	(1,489,940)	-	-	34,275,770	458,670,277	350,215,577	
	260,899	-	375,695	117,432	11,474,822	3,464,811	4,464,811	1,474,822	1,474,822	528,144	-	484,933	484,933	52,988,814	52,988,814	22,334,881	
	83,325	-	1,959,631	353,332	17,620	332,284	10,714,638	40,679,465	677,198	-	-	8,628,148	393,239	1,707,025	23,025,621	21,286,088	
	16,459,637	531,842	21,787,619	4,676,723	62,607,652	4,130,873	309,556,622	46,377,859	26,776,657	1,699,653	239,985	19,289,842	39,789,008	-	511,694,652	437,988,608	
	45,026,025	34,396,698	35,004,676	10,725,889	172,486,113	7,137,534	570,240,596	46,674,150	63,922,350	1,620,640	471,278	30,487,835	33,189,524	70,094,793	(182,709,370)	1,040,852,002	940,590,481

EASTERN MAINE HEALTHCARE SYSTEMS

**SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS INFORMATION - YEAR ENDED SEPTEMBER 28, 2012
AND CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS INFORMATION - YEAR ENDED SEPTEMBER 28, 2011**

	Affiliated Hospital Systems (Consolidated)	Rock Hill Hospital, Inc.	Charles A. Green Memorial Hospital	Eastern Maine Healthcare Real Estate	Eastern Maine Hospital Systems (Consolidated)	Eastern HomeCare	Eastern Maine Medical Center (Consolidated)	DNHS Foundation	Island Hospital (Consolidated)	Maine Institute for Health and Health Care	Maine Network for Health (Consolidated)	ReSource (Consolidated)	Seabrook Valley Health (Consolidated)	The Annapolis Medical Center (Consolidated)	Eliminations and Reclassifications	2012 DNHS Consolidated	2011 DNHS Consolidated
UNRESTRICTED NET ASSETS:																	
BEGINNING BALANCES	\$ 6,055,685	\$ 18,377,257	\$ 2,772,239	\$ 1,205,397	\$ 69,222,700	\$ 3,318,015	\$ 208,988,701	\$ 7,251,433	\$ 28,345,011	\$ 1,075,919	\$ 243,889	\$ (5,202,282)	\$ 17,284,284	\$ 34,353,059	\$ (7,056,542)	\$ 383,215,627	\$ 377,138,784
Excess (deficiency) of revenue and gains over expenses and losses	2,251,900	(6,297,600)	314,122	(17,614)	(5,424,817)	16,300	81,005,700	603,869	980,894	(744,315)	(5,005)	319,844	399,173	(1,870,213)	6,231,820	81,318,657	28,739,210
Net assets released from restrictions	123,633	3,029	230,208	-	(9,290)	-	789,736	-	148,293	-	-	-	101,415	90,841	44,720	1,438,199	3,329,555
Capital acquisition	(2,857)	998,217	(2,099)	-	1,971,306	-	1,150,336	61,178	352,853	-	-	-	65,159	-	-	3,015,212	1,000,000
Change in net unrealized gains and losses on investments	62,857	(44,726)	(5,099)	-	-	-	-	-	-	-	-	-	-	(5,000)	-	(8,000)	(10,000)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in the funded status of postretirement benefit plans	500,770	(163,146)	(69,854)	-	775,772	(72,601)	3,701,868	-	61,359	221,052	-	63,237	19	(253,000)	5,947,723	(22,440,040)	(22,440,040)
Net change in funds held at affiliates	1,478	307	982	-	1,818	(127,654)	574,158	-	1,030	507,536	-	24,748	(69,880)	(1,043,828)	-	-	-
Inter-entity equity transfers	(37,225)	(58,928)	(21,863)	(1,189,430)	2,233,024	-	(3,033,828)	(1,700,732)	(109,836)	(4,053,517)	\$ 229,895	\$ (5,794,353)	\$ 16,459,728	\$ 34,577,279	\$ (5,809,385)	\$ 458,629,271	\$ 395,745,657
ENDING BALANCES	\$ 10,094,181	\$ 20,015,464	\$ 3,238,119	\$ 2,015,967	\$ 69,222,700	\$ 3,600,021	\$ 217,544,328	\$ 8,950,058	\$ 29,385,771	\$ 1,029,317	\$ 229,895	\$ (5,794,353)	\$ 16,459,728	\$ 34,577,279	\$ (5,809,385)	\$ 458,629,271	\$ 395,745,657

TEMPORARILY RESTRICTED NET ASSETS:

BEGINNING BALANCES	\$ 369,382	\$ -	\$ 291,887	\$ 471,038	\$ -	\$ 69,841	\$ 485,895	\$ 24,825,223	\$ 307,846	\$ 288,803	\$ -	\$ 15,611	\$ 100,129	\$ 2,163,151	\$ (16,054,317)	\$ 27,294,091	\$ 28,424,457
Restricted contributions	92,910	-	3,029	248,898	-	217,752	16,187	-	16,187	-	-	674	419,833	107,333	-	4,879,717	4,297,244
Net assets released from restrictions	(123,633)	(3,029)	(230,208)	-	(9,290)	-	(789,736)	-	(148,293)	-	-	-	(101,415)	(90,841)	-	(1,438,199)	(3,329,555)
Capital acquisition	(2,857)	998,217	(2,099)	-	1,971,306	-	1,150,336	61,178	352,853	-	-	-	65,159	-	-	3,015,212	1,000,000
Operations	(132,008)	-	(5,099)	-	-	-	(1,150,336)	-	-	-	-	-	-	-	-	(8,000)	(10,000)
Restricted investment income and realized net gains	-	-	-	-	-	(47,247)	(789,736)	(96,144)	(148,293)	(162,012)	-	(5,273)	(101,415)	(90,841)	-	(1,438,199)	(3,329,555)
Change in net unrealized gains and losses on investments	-	-	-	-	-	-	270,349	3,701,868	148,293	-	-	-	101,415	90,841	-	1,438,199	3,329,555
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in the funded status of postretirement benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in funds held at affiliates	(103,472)	307	982	-	1,818	(127,654)	574,158	-	1,030	507,536	-	24,748	(69,880)	(1,043,828)	-	-	-
Inter-entity equity transfers	159,814	(58,928)	(21,863)	(1,189,430)	2,233,024	-	(3,033,828)	(1,700,732)	(109,836)	(4,053,517)	\$ 229,895	\$ (5,794,353)	\$ 16,459,728	\$ 34,577,279	\$ (5,809,385)	\$ 458,629,271	\$ 395,745,657
ENDING BALANCES	\$ 265,880	\$ -	\$ 303,905	\$ 467,232	\$ 117,281	\$ 308,536	\$ 20,549,450	\$ 28,704,385	\$ 1,413,230	\$ 81,182	\$ -	\$ 23,183	\$ 485,678	\$ 2,969,711	\$ (23,044,219)	\$ 32,309,614	\$ 27,994,691

PERMANENTLY RESTRICTED NET ASSETS:

BEGINNING BALANCES	\$ 75,192	\$ -	\$ 890,027	\$ 348,332	\$ -	\$ 16,000	\$ 117,239	\$ 9,904,089	\$ 609,896	\$ 502,150	\$ -	\$ 6,097,650	\$ 399,627	\$ 1,687,808	\$ (8,431,281)	\$ 21,285,050	\$ 21,424,704
Restricted contributions	-	-	538,373	-	-	-	242,042	102,930	61,531	-	-	551,182	21,212	-	-	782,270	81,425
Change in net unrealized gains and losses on investments	-	-	22,761	-	-	-	342,042	65,670	11,800	-	-	2,509	-	-	-	698,538	(891,314)
Other	7,250	-	23,920	-	1,000	15,015	68,156	-	-	28,508	-	2,509	-	4,613	(188,522)	80,714	181,215
Net change in funds held at affiliates	-	-	285,054	-	-	-	681,240	\$ 10,072,435	\$ 877,131	\$ 28,508	\$ -	\$ 6,039,148	\$ 385,230	\$ 1,707,625	\$ (8,619,713)	\$ 23,825,657	\$ 24,280,000
ENDING BALANCES	\$ 82,442	\$ -	\$ 1,336,081	\$ 359,332	\$ 17,000	\$ 132,254	\$ 10,724,838	\$ 10,072,435	\$ 1,490,421	\$ 230,658	\$ -	\$ 6,039,148	\$ 385,230	\$ 1,707,625	\$ (8,619,713)	\$ 23,825,657	\$ 24,280,000

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 Hospitals (Consolidated)	Blue Hill Hospitals, Inc.	Charles A. Dean Hospitals	Eastern Maine Hospitals Real Estate	Eastern Maine Healthcare (Consolidated)	Eastern Maine HomeCare (Consolidated)	EMHC Foundation (Consolidated)	Inland (Consolidated)	Maine Institute for Human Services and Health	Maine Medical Center Health	Reacore (Consolidated)	Seaside Hospital (Consolidated)	The Advocate Hospital (Consolidated)	Eliminations Reclassifications	EMHC EMHC Consolidated	EMHC EMHC Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:																
Acquisitions to increase operating assets (purchase of int. assets)	\$ 3,061,640	\$ (4,752,659)	\$ 486,074	\$ (1,250,907)	\$ 2,009,900	\$ 183,924	\$ 3,888,063	\$ 2,432,844	\$ (1,471,258)	\$ (8,202)	\$ 862,708	\$ 1,424,022	\$ (1,384,911)	\$ (802,607)	\$ 70,000,044	\$ 4,800,493
Proceeds from sale of property and equipment	1,682,637	1,410,103	592,245	21,589	4,524,877	86,208	15,791	2,944,894	270,707	10,004	830,732	1,482,219	3,225,196	-	42,341,304	41,642,263
Proceeds from sale of investments	2,172,803	1,300,273	303,509	-	2,152,276	50,857	4,897	3,899,830	-	-	12,713	2,077,778	3,829,068	-	42,420,523	34,330,187
Proceeds from sale of real estate	-	-	-	-	-	-	-	4,897	-	-	-	-	-	-	3,000	34,946
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	183,280	-
Loss on sale of investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110,307	-
Gain on sale of joint venture	-	13,262	1,201	3,467	1,103	7,821	-	84,129	(110,000)	42,259	10,279	69,613	22,615	-	119,767	1,919,360
Net realized and unrealized (gains) losses on investments	(94,749)	(846,193)	(80,759)	-	(8,150,808)	-	(4,802,216)	(403,097)	-	-	(501,162)	(794,697)	(80,203)	64,231	(132,564)	266,012
Net change in receivables	54,578	(180,849)	27,021	-	172,346	(54,519)	-	(1,010,082)	131,482	(7,659)	(1,062,038)	(7,659)	(80,203)	5,071,065	5,067,723	22,440,340
Net change in payables	(50,271)	(81,168)	(81,168)	1,198,473	(81,168)	(517,228)	5,162,216	(86,474)	131,482	-	(7,659)	4,826	(41,709)	5,071,065	5,067,723	22,440,340
Net change in other assets	(50,271)	(81,168)	(81,168)	1,198,473	(81,168)	(517,228)	5,162,216	(86,474)	131,482	-	(7,659)	4,826	(41,709)	5,071,065	5,067,723	22,440,340
Net change in other liabilities	(50,271)	(81,168)	(81,168)	1,198,473	(81,168)	(517,228)	5,162,216	(86,474)	131,482	-	(7,659)	4,826	(41,709)	5,071,065	5,067,723	22,440,340
Net change in other assets and liabilities	(50,271)	(81,168)	(81,168)	1,198,473	(81,168)	(517,228)	5,162,216	(86,474)	131,482	-	(7,659)	4,826	(41,709)	5,071,065	5,067,723	22,440,340
Net change in other assets and liabilities	(50,271)	(81,168)	(81,168)	1,198,473	(81,168)	(517,228)	5,162,216	(86,474)	131,482	-	(7,659)	4,826	(41,709)	5,071,065	5,067,723	22,440,340
Net cash provided by (used in) operating activities	3,678,940	1,754,180	3,488,030	9,044	(8,088,422)	444,470	(271,880)	3,123,948	(800,254)	839	3,901	(843,900)	3,211,824	(2,379,673)	70,100,345	64,062,716
CASH FLOWS FROM INVESTING ACTIVITIES:																
Proceeds from sale of property and equipment	(774,804)	(1,073,888)	(708,418)	-	(1,189,310)	(84,449)	(84,449)	(2,996,477)	(8,000)	(800)	(268,444)	(2,848,810)	(8,271,187)	6,261,204	(88,976,260)	(20,568,270)
Proceeds from sale of investments	-	5,200	1,519	-	3,240,733	20,782	-	2,790	110,000	-	1,000,700	1,000,700	70,600	(3,231,871)	419,061	419,061
Proceeds from sale of real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,200,000	1,200,000
Proceeds from sale of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	661,000	661,000
Purchases of investments	(4,824,431)	(15,000)	(232,710)	-	(1,000,000)	-	(6,281,120)	(84,400)	-	-	(858,700)	(843,608)	(84,789)	-	(1,874,739)	(17,000)
Purchases of property and equipment	(4,897,245)	(26,000)	1,914,319	-	(29,084,549)	47,780,070	(3,800,254)	(84,400)	-	-	1,581,994	1,581,994	1,581,994	-	(103,232,918)	(11,004,078)
Net change in money market investments	(779,053)	(8,068)	(23,924)	674,204	(3,922,032)	(6,000)	(1,382,032)	(698,131)	275,242	5,890	174,891	(261,682)	(1,277,018)	2,571,483	3,770,330	3,770,330
Net cash (used in) provided by investing activities	(779,053)	(8,068)	(23,924)	674,204	(3,922,032)	(6,000)	(1,382,032)	(698,131)	275,242	5,890	174,891	(261,682)	(1,277,018)	2,571,483	(1,009,660)	(1,009,660)
CASH FLOWS FROM FINANCING ACTIVITIES:																
Proceeds from long-term debt	(1,204,870)	(134,820)	(73,610)	(10,200)	(1,491,791)	(36,106)	-	(1,626,020)	-	(11,004)	(168,100)	(531,169)	(897,110)	248,450	10,340,307	7,577,910
Proceeds from distributions of equity in joint ventures	-	-	-	-	(8,430,700)	-	-	(2,678,000)	-	-	-	-	-	-	(5,100,431)	(8,430,861)
Payment of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(78,000)	-
Payment of bond insurance costs	71,167	-	27,410	(722,609)	3,977,840	317,725	(5,402,270)	88,470	695,292	-	20,347	(53,300)	(144,800)	-	6,881,207	6,879,617
Net change in cash and cash equivalents	52,190	632,393	632,393	203,604	217,232	41,922,743	(70,883)	10,279	695,292	-	674	419,800	277,804	-	(288,177)	852,585
Net cash (used in) provided by financing activities	(1,133,673)	(1,064,426)	(872,222)	(738,300)	(1,800,959)	(1,278,724)	(1,278,724)	(822,620)	(822,620)	(11,004)	(136,054)	(632,209)	(529,984)	248,450	(7,852,121)	(1,321,144)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,766,718	(810,688)	1,444,220	213,467	4,666,278	(147,799)	10,112	(801,727)	219,200	(6,889)	87,041	(2,003,628)	(1,665,444)	-	10,340,307	7,577,910
CASH AND CASH EQUIVALENTS — BEGINNING OF YEAR	4,686,032	4,389,892	3,176,821	46,000	4,900,633	489,305	888,773	2,672,692	41,791	217,101	1,381,994	3,300,852	3,545,956	-	53,847,429	48,970,229
CASH AND CASH EQUIVALENTS — END OF YEAR	6,452,750	3,579,204	4,621,041	1,159,467	9,566,911	341,506	898,885	1,870,965	278,991	210,212	1,469,035	1,297,224	1,880,472	-	64,187,736	56,548,139

The above supplementary consolidating information is presented only for purposes of additional analysis and not as a representation 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)	Rosicare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Arcostook Medical Center (Consolidated)	Eliminations and Reclassifications	2012 EMHS Consolidated	2011 EMHS Consolidated
Daily patient services	\$ 37,328,311	\$ -	\$ 2,375,223	\$ 2,352,987	\$ -	\$ 179,477,008	\$ 15,960,288	\$ -	\$ 2,644,350	\$ 23,355,389	\$ -	\$ 264,097,546	\$ 259,616,494
Ancillary services	12,809,723	-	7,107,598	2,487,307	-	488,246,064	17,721,191	-	7,403,110	40,650,695	-	556,425,629	523,399,643
Outpatient services	29,876,160	29,189,409	42,859,963	13,412,385	11,220,478	528,573,741	96,393,944	-	45,146,540	148,632,041	-	942,824,691	882,676,150
Gross patient service revenue	79,754,194	29,189,409	52,748,814	18,252,659	11,220,478	1,174,296,813	130,075,423	-	55,194,000	212,638,076	-	1,783,347,866	1,665,862,287
Deductions from revenue:													
Contractual adjustments	(14,792,257)	(14,088,781)	(15,125,447)	(3,913,271)	(834,790)	(913,246,799)	(47,528,251)	158	(18,499,488)	(108,308,301)	-	(737,417,228)	(712,106,357)
Charity care	(15,968,602)	(40,732)	(1,531,464)	(227,380)	-	(23,648,543)	(2,938,659)	-	(1,860,037)	(2,631,951)	-	(69,037,687)	(52,106,315)
Total deductions	(30,760,859)	(14,129,513)	(16,656,911)	(4,140,651)	(834,790)	(936,895,342)	(50,467,059)	158	(20,359,526)	(111,940,252)	-	(796,454,915)	(764,212,672)
Net patient service revenue	\$ 49,000,335	\$ 15,059,896	\$ 36,091,903	\$ 13,911,808	\$ 10,285,688	\$ 537,401,471	\$ 79,608,374	\$ 158	\$ 34,834,474	\$ 100,697,824	\$ -	\$ 976,892,951	\$ 901,649,615

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.

