Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No. 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning JUL 1, 2011 and ending JUN 30, 2012

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

C Name of organization: Millinocket Regional Hospital

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address): 200 Somerset Street — Room/suite

City or town, state or country, and ZIP + 4: Millinocket, ME 04462

D Employer identification number: 01-0223482

E Telephone number: 207-723-5161

G Gross receipts $ 30,163,717.

F Name and address of principal officer: Marie Vienneau, same as C above

H(a) Is this a group return for affiliates? [ ] Yes [X] No

H(b) Are all affiliates included? [ ] Yes [ ] No — If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ www.mrhme.org

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

L Year of formation: 1952 **M** State of legal domicile: ME

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: Critical Access Hospital

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	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	282
6	Total number of volunteers (estimate if necessary)	6	1
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	59,243.	146,101.
	9	Program service revenue (Part VIII, line 2g)	26,780,666.	27,163,666.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	202,841.	270,536.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,548.	-9,637.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	27,046,298.	27,570,666.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	36,900.	39,800.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	16,617,176.	17,103,221.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	9,696,489.	10,601,799.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	26,350,565.	27,744,820.
	19	Revenue less expenses. Subtract line 18 from line 12	695,733.	-174,154.
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	21,802,981.	23,423,125.
	21	Total liabilities (Part X, line 26)	7,215,364.	8,949,790.
	22	Net assets or fund balances. Subtract line 21 from line 20	14,587,617.	14,473,335.

Part II Signature Block

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

Sign Here

▶ Christine McLaughlin CFO — Signature of officer — Date 2/28/13

▶ Christine McLaughlin, Chief Financial Officer — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
Barbara J. McGuan, CPA	Barbara J. McGuan, C	02/26/13		P00219457

Firm's name ▶ Berry Dunn McNeil & Parker, LLC — Firm's EIN ▶ 01-0523282

Firm's address ▶ P.O. Box 1100, Portland, ME 04104-1100 — Phone no. (207) 775-2387

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [ ] 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:
Millinocket Regional Hospital is a 25 bed critical access hospital that serves as the primary care facility for the communities of Millinocket, Milo, Sherman, Staceyville, Patten, Island Falls and their surrounding territories.

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 $ 25,743,425. including grants of $ 39,800.) (Revenue $ 27,163,666.)
Millinocket Regional Hospital is a critical access hospital in Millinocket, ME. The hospital provided a wide range of medical services to its patients; 1,023 inpatients served, 1,367 operating room patients served, 22,847 laboratory patients served, 12,124 radiology patients served. 7,239 pharmacy patients served, 11,700 therapy patients served, 7,018 emergency room patients served, 16,829 clinic patients served.

The following seminars, promotions, advertisements, and clinics were provided to the community throughout fiscal 2012:
1. MRH held multiple flu shot and H1N1 flu shot clinics in October of 2012.
2. MRH sponsored a Jr. Pro Hoop Classic in January of 2012.

4b (Code:) (Expenses $ including grants of $) (Revenue $)

4c (Code:) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O.)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 25,743,425.

See Schedule O for Continuation(s)

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors*?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	X	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	X	
c	Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		X
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		X
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	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 any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	X	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No", go to line 25*	24a	X	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		X
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		X
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b	X	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	34	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	X	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		X
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	85		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	282		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		X
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		X
b	If "Yes," enter the name of the foreign country: ▶					
	See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter:					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter:					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state?			13a		
	Note. See the instructions for additional information the organization must report on Schedule O.					
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	16		
	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	1b	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3			X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			X
6	Did the organization have members or stockholders?	6			X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?	8a		X	
b	Each committee with authority to act on behalf of the governing body?	8b		X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9			X

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

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

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 (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

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

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

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

Christine McLaughlin - 207-723-5161
200 Somerset Street, Millinocket, ME 04462

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) Ronald Brown Past President	5.00	X						0.	0.	0.
(2) Thomas Malcolm President	5.00	X		X				0.	0.	0.
(3) Mellissa Edwards Vice President	5.00	X		X				0.	0.	0.
(4) Don Casko Secretary/Treasurer	5.00	X		X				0.	0.	0.
(5) Kwaku Owusu, M.D. Med Staff President	60.00	X		X				166,374.	0.	21,829.
(6) Herbert Clark Director	5.00	X						0.	0.	0.
(7) Barry Davis Director	5.00	X						0.	0.	0.
(8) Jack Dinsmore Director	5.00	X						0.	0.	0.
(9) Gail Fanjoy Director	5.00	X						0.	0.	0.
(10) Joyce Given Hospital Aux. President	5.00	X						0.	0.	0.
(11) Patrick Hunt, Esq. Director	5.00	X						0.	0.	0.
(12) Lee Lamson Director	5.00	X						0.	0.	0.
(13) Fred Lewis Director	5.00	X						0.	0.	0.
(14) Wallace Tapley Director	5.00	X						0.	0.	0.
(15) Jason Campbell Med Staff Vice President	60.00	X		X				375,339.	0.	50,284.
(16) Venkataraman Munusamy Med Staff Secretary	60.00	X		X				179,565.	0.	35,777.
(17) Marie Vienneau CEO	40.00			X				203,274.	0.	38,390.

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(18) Christine McLaughlin CFO	40.00			X				103,700.	0.	28,202.
(19) Daniel Herbert, M.D. Hospitalist	60.00					X		253,749.	0.	34,171.
(20) David Wexler Surgeon	60.00					X		424,596.	0.	38,674.
(21) Mark Kowalski Surgeon	60.00					X		419,361.	0.	52,765.
(22) Edward Dunstan Family Practice M.D.	60.00					X		176,569.	0.	35,116.
(23) Joswph Aquilina ER PA	48.00					X		179,103.	0.	29,862.
1b Sub-total ▶								2,481,630.	0.	365,070.
c Total from continuation sheets to Part VII, Section A ▶								0.	0.	0.
d Total (add lines 1b and 1c) ▶								2,481,630.	0.	365,070.

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 ▶ 19

		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
Sullivan & Merritt Inc. 153 U.S. Route 1, Scarborough, ME 04074	Engineering	1,385,586.
NEHE-MRI, LLC P.O. Box 6600, Newport, CA 92658	MRI Radiology	307,638.
Katahdin Shared Services, Inc. 200 Somerset Street, Millinocket, ME 04462	Ultrasound Services	299,557.
CPSI P.O. Box 850309, Mobile, AL 36685	Computer Services	237,901.
Eastern Maine Medical Center 489 State Street, Bangor, ME 04401	Professional Services	236,740.

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 10

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	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	124,346.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	21,755.				
	g Noncash contributions included in lines 1a-1f: $						
	h **Total.** Add lines 1a-1f ▶			146,101.			
			Business Code				
Program Service Revenue	2 a Ancillary Services		621400	42,112,510.	42,112,510.		
	b Routine Services		621400	2660815.	2660815.		
	c Miscellaneous Income		621400	128,789.	94,802.		33,987.
	d Provision for Bad Debt		621400	-1,113,522.	-1,113,522.		
	e Contractual/Char. Adj.		621400	-16,624,926.	-16,624,926.		
	f All other program service revenue						
	g **Total.** Add lines 2a-2f ▶			27,163,666.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶			206,991.			206,991.
	4 Income from investment of tax-exempt bond proceeds ▶						
	5 Royalties ▶						
		(i) Real	(ii) Personal				
	6 a Gross rents	36,000.					
	b Less: rental expenses	19,180.					
	c Rental income or (loss)	16,820.					
	d Net rental income or (loss) ▶			16,820.			16,820.
		(i) Securities	(ii) Other				
	7 a Gross amount from sales of assets other than inventory	2,615,416.	22,000.				
	b Less: cost or other basis and sales expenses	2,532,104.	41,767.				
	c Gain or (loss)	83,312.	-19767.				
	d Net gain or (loss) ▶			63,545.			63,545.
	8 a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c). See Part IV, line 18	a					
	b Less: direct expenses	b					
	c Net income or (loss) from fundraising events ▶						
	9 a Gross income from gaming activities. See Part IV, line 19	a					
	b Less: direct expenses	b					
	c Net income or (loss) from gaming activities ▶						
	10 a 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				
	11 a Loss on Investment of		531120	-26,457.			-26,457.
	b						
	c						
	d All other revenue						
	e **Total.** Add lines 11a-11d ▶			-26,457.			
	12 **Total revenue.** See instructions. ▶			27,570,666.	27,129,679.	0.	294,886.

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	39,800.	39,800.		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,202,734.	829,168.	373,566.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	12,657,777.	12,102,903.	554,874.	
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions)	352,248.	339,347.	12,901.	
9 Other employee benefits	2,020,130.	1,941,890.	78,240.	
10 Payroll taxes	870,332.	815,525.	54,807.	
11 Fees for services (non-employees):				
a Management				
b Legal	36,689.		36,689.	
c Accounting	34,429.		34,429.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	36,008.		36,008.	
g Other	3,158,094.	2,762,322.	395,772.	
12 Advertising and promotion	60,266.		60,266.	
13 Office expenses	447,519.	286,659.	160,860.	
14 Information technology	17,644.		17,644.	
15 Royalties				
16 Occupancy	700,863.	677,502.	23,361.	
17 Travel	44,198.	24,858.	19,340.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	243,008.	243,008.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	738,368.	738,368.		
23 Insurance	326,172.	326,172.		
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Medical Supplies	4,107,148.	3,980,766.	126,382.	
b Medicaid Tax	564,704.	564,704.		
c Dues & Subscriptions	57,245.	47,294.	9,951.	
d Miscellaneous Expenses	29,444.	23,139.	6,305.	
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	27,744,820.	25,743,425.	2,001,395.	0.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	880.	1	930.
	2	Savings and temporary cash investments	2,901,353.	2	2,658,392.
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	2,917,038.	4	2,609,103.
	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	64,139.	7	70,941.
	8	Inventories for sale or use	454,836.	8	404,073.
	9	Prepaid expenses and deferred charges	453,756.	9	476,887.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a 18,405,913.			
	b	Less: accumulated depreciation — 10b 11,692,968.	5,245,319.	10c	6,712,945.
	11	Investments - publicly traded securities	8,049,837.	11	8,681,763.
	12	Investments - other securities. See Part IV, line 11	1,684,497.	12	1,600,469.
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets	31,326.	14	28,820.
	15	Other assets. See Part IV, line 11	0.	15	178,802.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	21,802,981.	16	23,423,125.
Liabilities	17	Accounts payable and accrued expenses	3,122,937.	17	2,860,539.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	1,545,434.	20	1,443,780.
	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	1,617,348.	23	4,645,471.
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	929,645.	25	0.
	26	**Total liabilities.** Add lines 17 through 25	7,215,364.	26	8,949,790.
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	14,484,815.	27	14,365,302.
	28	Temporarily restricted net assets	97,802.	28	103,033.
	29	Permanently restricted net assets	5,000.	29	5,000.
		Organizations that do not follow SFAS 117, check here ▶ [ ] and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	14,587,617.	33	14,473,335.
	34	Total liabilities and net assets/fund balances	21,802,981.	34	23,423,125.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	27,570,666.
2	Total expenses (must equal Part IX, column (A), line 25)	2	27,744,820.
3	Revenue less expenses. Subtract line 2 from line 1	3	-174,154.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	14,587,617.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	59,872.
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	14,473,335.

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047
2011
Open to Public Inspection

Name of the organization Millinocket Regional Hospital

Employer identification number 01-0223482

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

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

1 [ ] A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
2 [ ] A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
3 [X] A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
4 [ ] A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
5 [ ] An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
6 [ ] A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
7 [ ] An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
8 [ ] A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
9 [ ] An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
10 [ ] An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
11 [ ] An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a [ ] Type I b [ ] Type II c [ ] Type III - Functionally integrated d [ ] Type III - 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 it is a Type I, Type II, or Type III supporting organization, check this box ..... [ ]

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

		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?	11g(i)		
(ii) A family member of a person described in (i) above?	11g(ii)		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(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 col. (i) listed in your governing document? Yes	No	(v) Did you notify the organization in col. (i) of your support? Yes	No	(vi) Is the organization in col. (i) organized in the U.S.? Yes	No	(vii) Amount of support
Total									

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

Schedule A (Form 990 or 990-EZ) 2011

132021
01-24-12

08360226 757052 55270 2011.05050 Millinocket Regional Hospit 55270__1

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 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 lines 9, 10c, 11, and 12.)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 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 B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF.**

OMB No. 1545-0047

2011

Name of the organization	**Employer identification number**
Millinocket Regional Hospital	01-0223482

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	[X] 501(c)(3) (enter number) organization
	[ ] 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	[ ] 527 political organization
Form 990-PF	[ ] 501(c)(3) exempt private foundation
	[ ] 4947(a)(1) nonexempt charitable trust treated as a private foundation
	[ ] 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

[X] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

[ ] For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of **(1)** $5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

[ ] For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

[ ] For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than $1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of $5,000 or more during the year. ..... ▶ $ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

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

Name of organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	National Healthcare Safety Network 286 Water Street, 8th Floor Augusta, ME 04330	$ 5,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
2	Department of Health and Human Service 286 Water Street, 6th Floor, SHS #11 Augusta, ME 04330	$ 15,755.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
3	Synernet Maine Health 110 Free Street Portland, ME 04101	$ 13,595.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
4	American Recovery & Reinvestment Act 22 State House Station Augusta, ME 04330	$ 103,591.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)

Name of organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

Name of organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

Part III *Exclusively* religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than $1,000 for the year. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of $1,000 or less for the year. (Enter this information once.) ▶ $

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

OMB No. 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of organization	Employer identification number
Millinocket Regional Hospital	01-0223482

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

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

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

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

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

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

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

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

LHA

Schedule C (Form 990 or 990-EZ) 2011

132041
01-27-12

08360226 757052 55270 2011.05050 Millinocket Regional Hospit 55270__1

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		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		7,760.
j Total. Add lines 1c through 1i			7,760.
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?			

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, Line 1, Lobbying Activities:

The Organization pays dues to various organizations, a portion of which are attributable to lobbying expenses.

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No. 1545-0047
2011
Open to Public Inspection

Name of the organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

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

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

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

Part II Conservation Easements.

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

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

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

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

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

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

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

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

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

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

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

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

a Board designated or quasi-endowment ▶ _____ %
b Permanent endowment ▶ _____ %
c Temporarily restricted endowment ▶ _____ %

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		49,951.		49,951.
b Buildings		9,055,719.	5,320,786.	3,734,933.
c Leasehold improvements				
d Equipment		7,896,428.	5,894,010.	2,002,418.
e Other		1,403,815.	478,172.	925,643.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				6,712,945.

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(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) Investment in First		
(B) Millinocket Regional		
(C) Investment Corp	1,559,913.	Cost
(D) Investment in Katahdin		
(E) Shared Services	40,556.	Cost
(F)		
(G)		
(H)		
(I)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 12.) ▶	1,600,469.	

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(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. (Col (b) must equal Form 990, Part X, col (B) line 13.) ▶		

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

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 15.)* ▶	

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25.)* ▶	

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).

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

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

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

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

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.

BerryDunn

MILLINOCKET
REGIONAL HOSPITAL

MILLINOCKET REGIONAL HOSPITAL

CONSOLIDATED FINANCIAL STATEMENTS

and

ADDITIONAL INFORMATION

June 30, 2012 and 2011

With Independent Auditors' Report

MILLINOCKET REGIONAL HOSPITAL

Consolidated Financial Statements

June 30, 2012 and 2011

	Page
Independent Auditors' Report	1
Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Consolidated Statements of Changes in Net Assets	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 19
Additional Information	
Schedule 1 - Consolidating Statement of Operations	20
Schedule 2 - Schedule of Net Patient Service Revenue (Hospital Only)	21
Schedule 3 - Schedule of Operating Expenses (Hospital Only)	22
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	23 - 24

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Millinocket Regional Hospital

We have audited the accompanying consolidated balance sheets of Millinocket Regional Hospital as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Millinocket Regional Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. These 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 provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Millinocket Regional Hospital as of June 30, 2012 and 2011, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards,* we have also issued our report dated August 31, 2012, on our consideration of Millinocket Regional Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information contained in Schedules I - III is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
August 31, 2012

MILLINOCKET REGIONAL HOSPITAL

Consolidated Balance Sheets

June 30, 2012 and 2011

ASSETS

	2012	2011
Current assets		
Cash and equivalents	$ 966,432	$ 1,436,052
Accounts receivable, less allowances for doubtful accounts and contractual allowances of $4,497,370 in 2012 and $4,550,798 in 2011	2,515,593	2,838,736
Estimated third-party payor settlements	178,802	-
Assets limited as to use, current portion	844,863	879,296
Supplies	404,073	454,836
Prepaid expenses and other current assets	616,272	563,132
Due from related parties	70,941	64,139
Total current assets	5,596,976	6,236,191
Assets limited as to use, net of current portion	9,548,937	8,648,528
Property and equipment, net	8,212,259	6,838,235
Other assets	69,376	84,015
Total assets	$23,427,548	$21,806,969

LIABILITIES AND NET ASSETS

Current liabilities		
Current installments of long-term debt	$ 465,351	$ 260,441
Accounts payable	560,123	961,787
Accrued payroll and amounts withheld	342,209	200,219
Accrued benefit time payable	1,054,443	1,012,739
Accrued retirement payable	828,460	867,287
Other accrued expenses	79,727	84,893
Estimated third-party payor settlements	-	929,645
Total current liabilities	3,330,313	4,317,011
Long-term debt, less current installments	5,623,900	2,902,341
Total liabilities	8,954,213	7,219,352
Contingencies (Notes 7, 10, and 14)		
Net assets		
Unrestricted	14,365,302	14,484,815
Temporarily restricted	103,033	97,802
Permanently restricted	5,000	5,000
Total net assets	14,473,335	14,587,617
Total liabilities and net assets	$23,427,548	$21,806,969

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

MILLINOCKET REGIONAL HOSPITAL

Consolidated Statements of Operations

Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted revenues, gains and other support		
Patient service revenue (net of contractual allowances and discounts)	$ 28,148,399	$27,752,132
Less provision for bad debts	1,113,522	1,152,330
Net patient service revenue	27,034,877	26,599,802
Other revenue	159,999	209,075
Net assets released from restrictions for operating purposes	37,284	27,938
Total revenues, gains and other support	27,232,160	26,836,815
Expenses		
Salaries and wages	13,692,183	13,304,616
Employee benefits	3,417,192	3,119,310
Professional fees	521,208	354,137
Supplies and other expenses	9,041,993	8,751,013
Depreciation and amortization	823,729	706,089
Interest	243,008	118,522
Total expenses	27,739,313	26,353,687
Operating (loss) income	(507,153)	483,128
Other gains (losses)		
Investment income	247,733	178,202
Gain (loss) on investment in affiliate	(12,133)	8,395
Other, net	(11,423)	(5,303)
Other gains, net	224,177	181,294
(Deficiency) excess of revenues, gains and other support over expenses and losses	(282,976)	664,422
Net assets released from restrictions for purchase of property and equipment	103,591	8,098
Net unrealized gains on investments	59,872	987,387
(Decrease) increase in unrestricted net assets	$ (119,513)	$ 1,659,907

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

MILLINOCKET REGIONAL HOSPITAL

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted net assets		
Operating (loss) income	$ (507,153)	$ 483,128
Other gains, net	224,177	181,294
Net assets released from restrictions for purchase of property and equipment	103,591	8,098
Net unrealized gains on investments	59,872	987,387
(Decrease) increase in unrestricted net assets	(119,513)	1,659,907
Temporarily restricted net assets		
Contributions	146,101	59,243
Investment income	5	6
Net assets released from restrictions	(140,875)	(36,036)
Increase in temporarily restricted net assets	5,231	23,213
(Decrease) increase in net assets	(114,282)	1,683,120
Net assets, beginning of year	14,587,617	12,904,497
Net assets, end of year	$ 14,473,335	$ 14,587,617

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

MILLINOCKET REGIONAL HOSPITAL

Consolidated Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
(Decrease) increase in net assets	$ (114,282)	$ 1,683,120
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and amortization	823,729	706,089
Provision for bad debts	1,118,243	1,157,701
Loss on disposal of property and equipment	27,440	22,333
Net realized and unrealized gains on investments	(143,184)	(1,019,979)
Loss (gain) on investment in affiliate	12,133	(8,395)
Changes in assets and liabilities		
Accounts receivable	(795,100)	(1,653,336)
Estimated third-party payor settlements	(1,108,447)	(1,168,275)
Supplies	50,763	(17,899)
Prepaid expenses and other current assets	(53,140)	(138,125)
Due from related parties	(6,802)	-
Accounts payable	(401,664)	453,553
Accrued payroll and amounts withheld	141,990	(532,596)
Accrued benefit time payable	41,704	136,616
Accrued retirement payable	(38,827)	220,160
Other accrued expenses	(5,166)	(2,622)
Net cash used by operating activities	(450,610)	(161,655)
Cash flows from investing activities		
Purchases of property and equipment	(1,485,464)	(2,749,821)
Proceeds from sale of property and equipment	22,569	9,724
Proceeds from sale of investments	2,615,416	2,253,905
Purchases of investments	(3,338,208)	(3,228,391)
Net cash used by investing activities	(2,185,687)	(3,714,583)
Cash flows from financing activities		
Repayment of long-term debt	(333,323)	(249,340)
Proceeds from issuance of long-term debt	2,500,000	-
Net cash provided (used) by financing activities	2,166,677	(249,340)
Net decrease in cash and equivalents	(469,620)	(4,125,578)
Cash and equivalents, beginning of year	1,436,052	5,561,630
Cash and equivalents, end of year	$ 966,432	$ 1,436,052
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 244,707	$ 156,007

Noncash transactions:

During 2012, the Hospital entered into two capital lease obligations acquiring assets with values totaling $759,792. The lease commitments and the acquired assets have been treated as a noncash transaction.

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

Nature of Operations

Millinocket Regional Hospital (the Hospital) is a not-for-profit entity located in Millinocket, Maine, established to provide health care services through its acute care facility and its primary care practices to the Millinocket area. First Millinocket Regional Investment Company (FMRIC) operates as a lessor. The Hospital is the sole incorporator in FMRIC.

1. Financial Reporting

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital and its wholly-owned for-profit subsidiary, FMRIC. All significant intercompany balances and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents

Cash and equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. The Hospital maintains its cash in deposit accounts which, at times, may exceed federal depository insurance limits. Management believes the credit risk related to these investments is minimal. The Hospital has not experienced any losses in such accounts.

To minimize risk, the Hospital utilizes a sweep account. On a daily basis, after activity has been posted to the operating account, the bank will withdraw excess funds above $300,000 from the account and invest the funds in U.S. government securities. The bank then repurchases the securities at the beginning of the next banking day.

Patient Accounts Receivable

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

In evaluating the collectability of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purposes of estimating the appropriate amounts of the allowance for doubtful accounts and the provision for bad debts. Data in each major payor source are regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. Specifically, for receivables relating to services provided to patients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad debts are established at varying levels based on the age of the receivables and payor source. For receivables relating to self-pay patients, a provision for bad debts is made in the period services are rendered based on experience indicating the inability or unwillingness of patients to pay amounts for which they are financially responsible.

Supplies

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

Assets Limited as to Use and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues, gains and other support over expenses and losses unless the income or loss is restricted by donor or law.

Unrealized gains and losses on investments are excluded from the excess of revenues, gains, and other support over expenses and losses, and are reported as an increase or decrease in net assets, except that declines in fair value that are judged to be other than temporary are reported as realized losses. These losses are recorded as other than temporary declines in investments, and included in other gains (losses) in the statements of operations.

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, 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 balance sheets and statements of operations. Investments are periodically reviewed for impairment to determine if such declines are other than temporary. Investments were evaluated for impairment as of June 30, 2012 and 2011, and all impairments were considered temporary. At June 30, 2012, historical cost exceeded market value by approximately $12,140 for stocks purchased within the past 12 months and $12,880 for stocks held greater than 12 months.

Assets limited as to use primarily include assets designated by the Board for capital improvements and assets held by trustees under debt agreements. Amounts required to meet current liabilities of the Hospital have been classified as current assets in the balance sheet.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if contributed, at fair market value determined at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

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

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharges, reimbursed costs, fee schedules, discounted charges, and capitation. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

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

Employee Benefit Plans

The Hospital has a defined contribution retirement plan which covers all employees who have met certain eligibility requirements. Each eligible employee receives a 50% match up to 3% of their salary. There is also a 1% base contribution at year-end for employees over 21, who are employed at year-end and have worked at least 416 hours during the fiscal year. Contributions of $390,413 and $391,720 were made to the plan in 2012 and 2011, respectively.

The Hospital has a nonqualified deferred compensation plan which was established for a select group of management or highly compensated employees. The plan's assets are invested in mutual funds and were valued at $702,438 and $740,172 at June 30, 2012 and 2011, respectively and are reported in the current portion of assets limited as to use and accrued retirement payable on the balance sheet

Donor-Restricted Gifts

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

Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income. The Hospital's subsidiary, FMRIC, files a federal income tax return and a Maine income tax return.

FMRIC has net operating losses which are expected to offset future taxable income. A 100% valuation allowance has been established against the deferred tax asset associated with such carryforward due to the uncertainty as to whether the loss carryforwards will be utilized in the future.

(Deficiency) Excess of Revenues, Gains and Other Support Over Expenses and Losses

The consolidated statements of operations include (deficiency) excess of revenues, gains and other support over expenses and losses. Changes in unrestricted net assets which are excluded from this measure, consistent with industry practice, include unrealized gains and losses on investments and net assets released from restrictions used for purchase of property and equipment.

Reclassification

Certain prior year balances have been reclassified to conform to the current year presentation.

New Accounting Pronouncement

In July 2011, the Financial Accounting Standards Board (FASB) amended Accounting Standards Codification (ASC) 954, Health Care Entities, to require health care entities to change the presentation of the 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 (net of contractual allowances and discounts). Additionally, enhanced disclosures are required about the policies for recognizing revenues and assessing bad debts. The amendments also require disclosure of qualitative and quantitative information about significant changes in the allowance for doubtful accounts. The amendments to ASC 954 are effective for the first annual period ending after December 15, 2012. The Hospital elected to early adopt these amendments for fiscal year ended June 30, 2012.

Subsequent Events

For purposes of the preparation of these financial statements, the Hospital has considered transactions or events occurring through August 31, 2012, which was the date that the financial statements were available to be issued.

3. Net Patient Service Revenue and Accounts Receivable

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

- **Medicare** - The Hospital is a Critical Access Hospital (CAH) and is reimbursed at 101% of allowable costs for its inpatient and outpatient services provided to Medicare patients. The Hospital is reimbursed at tentative rates with final determination after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports under this program have been audited through June 30, 2004, and tentatively settled by the fiscal intermediary through June 30, 2010.

  MaineCare - As a CAH, services rendered to MaineCare recipients are reimbursed at 109% of allowable costs for inpatient and outpatient services. The Hospital's cost reports have been audited through June 30, 2004, and tentatively settled by the MaineCare fiscal intermediary through June 30, 2009.

Revenue from the Medicare and MaineCare programs accounted for approximately 50% and 15%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2012, and for approximately 49% and 13%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2011. Laws and regulations governing the Medicare and MaineCare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased by approximately $10,000 and $550,000 in 2012 and 2011, respectively, due to differences in retroactive adjustments compared to amounts previously estimated.

The Hospital also has entered into payment agreements with certain commercial insurance carriers. The payment to the Hospital under these agreements is primarily based on discounts from established charges.

The allowance for doubtful accounts was $1,629,100 and $1,343,900 at June 30, 2012 and 2011, respectively, and relates almost entirely to self-pay accounts. Gross self-accounts receivable were $2,165,513 and $1,838,407 at June 30, 2012 and 2011, respectively. During 2012, self-pay write-offs increased from $738,011 to $787,507.

Revenue related to self-pay patients was $1,857,000 and $1,671,400 for the years ended June 30, 2012 and 2011, respectively.

4. Charity Care

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

	2012	2011
Charges forgone, based on established rates	**$ 1,289,639**	$ 1,079,671
Estimated costs and expenses incurred to provide charity care	**798,117**	632,440
Equivalent percentage of charity care charges to all Hospital patient charges	**2.88 %**	2.40 %

Costs of providing charity care services have been estimated based on an overall financial statement ratio of costs to charges applied to charges for the services.

5. Assets Limited as to Use

The composition of assets limited as to use at June 30, 2012 and 2011, is shown below.

	2012	2011
Under Board designation for capital improvements		
Cash and cash equivalents	$ 1,195,689	$ 1,116,967
U.S. Government bonds	598,117	534,089
Corporate bonds	1,184,526	1,151,325
Equity securities	5,167,624	4,204,093
Mutual funds	1,029,058	1,420,158
	9,175,014	8,426,632
Under debt agreements		
Cash and cash equivalents	516,348	361,020
Deferred compensation plan		
Mutual funds	702,438	740,172
	10,393,800	9,527,824
Less current portion	844,863	879,296
	$ 9,548,937	$ 8,648,528

Investment income and gains (losses) for assets limited as to use and long-term investments are comprised of the following:

	2012	2011
Interest and dividend income	$ 164,421	$ 158,885
Realized gain on sales of securities	83,312	32,591
	247,733	178,202
Unrealized gain on securities	59,872	987,387
	$ 307,605	$ 1,165,589

6. Line of Credit

On November 10, 2011, the Hospital extended the maturity date of its $700,000 line of credit with a bank to October 30, 2012. The line of credit has a variable rate equal to the Wall Street Journal prime, with a rate floor of 3.75%. There was no outstanding balance as of June 30, 2012 and 2011.

7. Property and Equipment

The details of property and equipment at June 30, 2012 and 2011, were as follows:

	2012	2011
Land and improvements	$ 810,779	$ 813,731
Buildings and fixed equipment	13,506,329	11,170,574
Major movable equipment	5,931,436	6,375,473
Construction in progress	767,172	2,246,771
	21,015,716	20,606,549
Less accumulated depreciation and amortization	12,803,457	13,768,314
	$ 8,212,259	$ 6,838,235

Construction in progress at June 30, 2011 consisted of amounts expended for general building renovations. Renovations began in July 2010, and were completed in September 2011 with a total cost of approximately $2,440,000. The Hospital financed $2,500,000 of the renovations with a Rural Development loan that closed on August 4, 2011. The loan is being repaid over a 30-year period at a rate of 4.25%.

8. Long-Term Debt

Long-term debt at June 30, 2012 and 2011, consisted of the following:

	2012	2011
4.25% mortgage note payable to the U.S. Department of Agriculture, Rural Development due in monthly principal and interest payments of $12,300 through August 2041; collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital.	$ 2,464,987	$ -
4.25% mortgage note payable to the U.S. Department of Agriculture, Rural Development due in monthly principal and interest payments of $5,658 through July 2037; collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital.	1,046,196	1,069,097

5% mortgage note payable to the U.S. Department of Agriculture, Rural Development due in monthly principal and interest payments of $12,828 through July 2015; collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital.	**400,043**	529,632
Maine Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds, Series 2003D (average coupon rate 4.4%), requiring annual debt service payments ranging from $105,000 to $170,000 through July 2023, including original issue premium of $18,899 in 2012; collateralized by a security interest in the Hospital's gross receipts, equipment, and a mortgage lien on its facility.	**1,443,780**	1,545,434
Capital lease bearing fixed interest of 5.35%, in monthly installments of $10,778, including interest through June 2017; collateralized by equipment.	**566,283**	-
Capital lease bearing fixed interest of 5.25%, in monthly installments of $4,478, including interest through August 2015; collateralized by equipment.	**156,466**	-
Other	**11,496**	18,619
	6,089,251	3,162,782
Less current installments	**465,351**	260,441
Long-term debt, excluding current installments	**$ 5,623,900**	$ 2,902,341

A debt service fund of $154,000 is maintained in accordance with the provisions of the 5% mortgage note payable maturing in 2015. A debt service fund in accordance with the provisions of the 4.25% mortgage note payable, maturing in 2037, was $67,896, and a debt service fund in accordance with the provisions of the 4.25% mortgage note payable, maturing in 2041, was $147,600 at June 30, 2012. Additional debt and interest funds of $142,425 are recorded as current portion of assets limited as to use.

The indentures related to the revenue bond contain provisions regarding debt service coverage ratios, limitations on additional indebtedness, liens on property and equipment and restrictions on encumbering revenues. At June 30, 2012, the Hospital was in compliance with these covenants.

Maturities of long-term debt and capital leases for the five years subsequent to June 30, 2012, are as follows:

	Long-term debt	Capital leases
2013	$ 317,213	$ 183,066
2014	324,000	183,066
2015	302,000	183,066
2016	195,000	138,286
2017	205,000	129,330
Thereafter	4,023,289	-
	$ 5,366,502	816,814
Less amount representing interest under capital leases obligations		94,065
		$ 722,749

9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2012	2011
Health care services Health services	$ 103,033	$ 97,802

Permanently restricted net assets are restricted as follows:

Investments to be held in perpetuity, the income from which is expendable for the benefit of crippled and otherwise handicapped children in the Millinocket area	$ 5,000	$ 5,000

10. Malpractice Insurance

The Hospital maintains malpractice insurance coverage on a claims made basis. The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business. GAAP requires the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Hospital has evaluated its exposure to losses arising from potential claims and determined no such accrual is necessary for the year ended June 30, 2012. The Hospital intends to renew coverage on a claims made basis and anticipates that such coverage will be available.

The Hospital also participates in a self-insured workers' compensation insurance plan through an industry cooperative. Current funding levels by the Hospital and other participants in the cooperative are expected to be adequate to meet future claims. Excess insurance has been purchased to mitigate the cooperative's exposure to loss on large aggregate claims over a certain level.

11. Investment in Affiliate

The Hospital is a member of a shared services not-for-profit corporation, Katahdin Shared Services, Inc. (the "Affiliate"), which provides ultrasound, occupational therapy, and nutritional services to Millinocket Regional Hospital and another member hospital. The Hospital's share of the loss of the Affiliate, which is based proportionately on charges to each member for the year ended June 30, 2012 was $12,133 and the Hospital's share of the gain of the Affiliate at June 30, 2011 was $8,395. The Hospital's investment in the Affiliate is included in other assets and amounted to $40,556 and $52,689 at June 30, 2012 and 2011, respectively.

Ultrasound services purchased from the Affiliate by the Hospital for the years ended June 30, 2012 and 2011, were approximately $299,600 and $285,000, respectively, and are included as operating expenses in the consolidated statements of operations.

12. Concentrations

Credit Risk

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

	2012	2011
Medicare	**24.6 %**	25.9 %
MaineCare	**27.6**	24.8
Blue Cross	**3.6**	5.2
Other third-party payors	**15.0**	20.0
Patients	**29.2**	24.1
	100.0 %	100.0 %

Labor Force

The Hospital's unionized labor workforce are members of the Maine State Nurses Association Local Unit #1082. The union contract is in effect through May 14, 2014. Renegotiations will begin three months prior to the expiration date.

13. Functional Expenses

The Hospital and FMRIC provide general health care services to residents within their geographic location. Expenses related to providing these services are as follows:

	2012	2011
Health care services	$ 25,758,357	$ 24,318,410
General and administrative	2,015,756	2,067,177
	$ 27,774,113	$ 26,385,587

14. Operating Lease

On September 17, 2008, the Hospital entered into a four-year operating lease commitment with Celtic Leasing Corp. for a PACS system. The Hospital is obligated to make monthly payments of $10,958 through August 2012, at which time they have the option to purchase the system at fair market value.

15. Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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.

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

	Fair Value Measurements at June 30, 2012, Using			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 1,712,037	$ 1,712,037	$ -	$ -
U.S. Government bonds	598,117	598,117	-	-
Corporate bonds	1,184,526	-	1,184,526	-
Equity securities				
Consumer discretionary	602,494	602,494	-	-
Consumer staples	592,766	592,766	-	-
Energy	419,692	419,692	-	-
Financials	649,367	649,367	-	-
Healthcare	702,876	702,876	-	-
Industrials	502,368	502,368	-	-
Information technology	1,081,936	1,081,936	-	-
Materials	295,911	295,911	-	-
Telecommunication services	189,478	189,478	-	-
Utilities	130,736	130,736	-	-
Total equity securities	5,167,624	5,167,624	-	-
Mutual funds				
Index funds	241,975	241,975	-	-
Growth funds	315,812	315,812	-	-
Fixed income funds	471,271	471,271	-	-
Total mutual funds	1,029,058	1,029,058	-	-
Investments to fund deferred compensation	702,438	702,438	-	-
Total	$ 10,393,800	$ 9,209,274	$ 1,184,526	$ -

	Fair Value Measurements at June 30, 2011, Using			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 1,477,987	$ 1,477,987	$ -	$ -
U.S. Government bonds	534,089	534,089	-	-
Corporate bonds	1,151,325	-	1,151,325	-
Equity securities				
Consumer discretionary	499,214	499,214	-	-
Consumer staples	414,268	414,268	-	-
Energy	576,524	576,524	-	-
Financials	424,002	424,002	-	-
Healthcare	510,760	510,760	-	-
Industrials	518,577	518,577	-	-
Information technology	756,034	756,034	-	-
Materials	279,814	279,814	-	-
Telecommunication services	111,964	111,964	-	-
Utilities	112,936	112,936	-	-
Total equity securities	4,204,093	4,204,093	-	-
Mutual funds				
Index funds	288,721	288,721	-	-
Growth funds	378,977	378,977	-	-
International funds	210,732	210,732	-	-
Real estate investment trusts	108,180	108,180	-	-
Fixed income funds	433,548	433,548	-	-
Total mutual funds	1,420,158	1,420,158	-	-
Investments to fund deferred compensation	740,172	740,172	-	-
Total	$ 9,527,824	$ 8,376,499	$ 1,151,325	$ -

Corporate bonds are valued based on the yields currently available on comparable securities of issuers with similar credit ratings.

ADDITIONAL INFORMATION

Schedule I

MILLINOCKET REGIONAL HOSPITAL

Consolidating Statement of Operations

Year Ended June 30, 2012

	Millinocket Regional Hospital	First Millinocket Regional Investment Company	Eliminations	Consolidated
Unrestricted revenues, gains and other support				
Routine service	$ 2,660,815	$ -	$ -	$ 2,660,815
Ancillary services				
Inpatient	9,289,523	-	-	9,289,523
Outpatient	32,822,987	-	-	32,822,987
	44,773,325	-	-	44,773,325
Deductions from revenue				
Contractual adjustments	15,335,287	-	-	15,335,287
Charity care	1,289,639	-	-	1,289,639
Patient service revenue (net of contractual allowances and discounts)	28,148,399	-	-	28,148,399
Less provision for bad debts	1,113,522	-	-	1,113,522
Net patient service revenue	27,034,877	-	-	27,034,877
Other revenue	121,155	212,504	(173,660)	159,999
Net assets released from restrictions for operating purposes	37,284	-	-	37,284
Total revenues, gains and other support	27,193,316	212,504	(173,660)	27,232,160
Expenses				
Salaries and wages	13,692,183	-	-	13,692,183
Employee benefits	3,417,192	-	-	3,417,192
Professional fees	521,208	-	-	521,208
Supplies and other expenses	9,062,053	153,600	(173,660)	9,041,993
Depreciation and amortization	738,368	85,361	-	823,729
Interest	243,008	-	-	243,008
Total expenses	27,674,012	238,961	(173,660)	27,739,313
Operating loss	(480,696)	(26,457)	-	(507,153)
Other gains (losses)				
Investment income	247,733	-	-	247,733
Loss on investment in affiliate	(12,133)	-	-	(12,133)
Loss of subsidiary (FMRIC)	(26,457)	-	26,457	-
Other, net	(11,423)	-	-	(11,423)
Other gains, net	197,720	-	26,457	224,177
Deficiency of revenues, gains and other support over expenses and losses	(282,976)	(26,457)	26,457	(282,976)
Net assets released from restrictions for purchase of property and equipment	103,591	-	-	103,591
Net unrealized gains on investments	59,872	-	-	59,872
Decrease in unrestricted net assets	$ (119,513)	$ (26,457)	$ 26,457	$ (119,513)

Schedule II

MILLINOCKET REGIONAL HOSPITAL

Schedule of Net Patient Service Revenue
(Hospital Only)

Year Ended June 30, 2012

	Inpatient	Outpatient	Total
Adults and pediatrics	$ 2,660,815	$ -	$ 2,660,815
Operating room	1,147,666	3,181,317	4,328,983
Recovery room	54,518	186,091	240,609
Anesthesiology	674,100	933,117	1,607,217
Radiology - diagnostic	881,985	6,252,659	7,134,644
Laboratory	831,197	4,498,439	5,329,636
Respiratory therapy	152,971	553,292	706,263
Physical therapy	205,893	877,914	1,083,807
Occupational therapy	90,126	92,619	182,745
Medical supplies charged to patients	3,496,798	1,958,294	5,455,092
Drugs charged to patients	1,701,408	2,973,353	4,674,761
Other ancillary services	-	127,426	127,426
Provider-based clinics	219	5,824,239	5,824,458
Emergency	39,136	5,126,478	5,165,614
Observation beds	8,138	230,705	238,843
Speech	5,368	7,044	12,412
Total gross patient revenue	$ 11,950,338	$ 32,822,987	44,773,325
Contractual allowances			15,335,287
Charity care			1,289,639
Patient service revenue (net of contractual allowances and discounts)			28,148,399
Less provision for bad debts			1,113,522
Net patient service revenue			$ 27,034,877

Schedule III

MILLINOCKET REGIONAL HOSPITAL

Schedule of Operating Expenses
(Hospital Only)

Year Ended June 30, 2012

	Salaries	Non-salary	Total
Employee benefits	$ 142,405	$ 3,417,192	$ 3,559,597
Administrative and general	1,506,071	2,133,793	3,639,864
Maintenance and repairs	272,437	195,337	467,774
Operation of plant	-	544,799	544,799
Laundry and linen	40,497	15,874	56,371
Housekeeping	231,495	88,315	319,810
Dietary	243,252	126,189	369,441
Nursing administration	593,542	153,425	746,967
Central services and supply	-	(1,935)	(1,935)
Medical records	290,888	79,401	370,289
Social services	127,771	8,800	136,571
Adults and pediatrics	1,785,941	202,486	1,988,427
Operating room	492,148	224,540	716,688
Recovery room	89,944	-	89,944
Anesthesiology	471,681	22,330	494,011
Radiology	612,730	1,556,875	2,169,605
Laboratory	859,616	836,370	1,695,986
Cardio-pulmonary therapy	98,439	53,886	152,325
Physical therapy	457,966	19,487	477,453
Occupational therapy	52,153	1,749	53,902
Electrocardiology	20,793	100,946	121,739
Electroencephalography	591,443	78,712	670,155
Medical supplies charged to patients	-	1,138,921	1,138,921
Drugs charged to patients	202,213	1,490,027	1,692,240
Other ancillary services	118,512	8,407	126,919
Provider-based clinics	2,875,592	372,093	3,247,685
Emergency	1,495,544	86,477	1,582,021
Speech	9,480	1,020	10,500
Nonreimbursable cost centers			
Occupational health	(1,991)	-	(1,991)
Community relations	-	44,937	44,937
Other non-reimbursable services	11,621	-	11,621
	$13,692,183	$ 13,000,453	26,692,636
Depreciation and amortization			738,368
Interest			243,008
Total operating expenses			$ 27,674,012

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Millinocket Regional Hospital

We have audited the consolidated financial statements of Millinocket Regional Hospital as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Millinocket Regional Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Millinocket Regional Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Millinocket Regional Hospital's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Bangor, ME • Portland, ME • Manchester, NH
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Board of Trustees
Millinocket Regional Hospital

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Millinocket Regional Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management, and the U.S. Department of Agriculture, Rural Development, and is not intended to be, and should not be, used by anyone other than these specified parties.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
August 31, 2012

BerryDunn

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

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)			1,366,779.		1,366,779.	4.93%
b Medicaid (from Worksheet 3, column a)			755,798.	180,000.	575,798.	2.08%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			2,122,577.	180,000.	1,942,577.	7.01%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			1,410,526.	916,620.	493,906.	1.78%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			39,800.		39,800.	.14%
j **Total.** Other Benefits			1,450,326.	916,620.	533,706.	1.92%
k **Total.** Add lines 7d and 7j			3,572,903.	1,096,620.	2,476,283.	8.93%

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						

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		1	X	
2	Enter the amount of the organization's bad debt expense	2	631,884.		
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.				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	11,035,043.
6	Enter Medicare allowable costs of care relating to payments on line 5	6	11,675,257.
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-640,214.

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:

[X] Cost accounting system [ ] Cost to charge ratio [ ] Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %

Part V Facility Information

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

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

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)
1 Millinocket Regional Hospital 200 Somerset Street Millinocket, ME 04462	X				X		X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of Hospital Facility: Millinocket Regional 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		
If "Yes," indicate what the Needs Assessment describes (check all that apply):			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment: 20 ____			
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		
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		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply):			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Participation in the development of a community-wide community benefit plan			
d ☐ Participation in the execution of a community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the Needs Assessment			
g ☐ Prioritization of health needs in its community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted 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		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
8 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	X	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	9	X	
If "Yes," indicate the FPG family income limit for eligibility for free care: 150 %			
If "No," explain in Part VI the criteria the hospital facility used.			

Part V Facility Information *(continued)* Millinocket Regional Hospital

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* care?	10	X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: 400 %			
If "No," explain in Part VI the criteria the hospital facility used.			
11 Explained the basis for calculating amounts charged to patients?	11	X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a [X] Income level			
b [ ] Asset level			
c [ ] Medical indigency			
d [ ] Insurance status			
e [ ] Uninsured discount			
f [ ] Medicaid/Medicare			
g [ ] State regulation			
h [ ] Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	12		X
13 Included measures to publicize the policy within the community served by the hospital facility?	13	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a [ ] The policy was posted on the hospital facility's website			
b [X] The policy was attached to billing invoices			
c [X] The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d [X] The policy was posted in the hospital facility's admissions offices			
e [X] The policy was provided, in writing, to patients on admission to the hospital facility			
f [X] The policy was available on request			
g [ ] Other (describe in Part VI)			

Billing and Collections

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

Part V Facility Information *(continued)* Millinocket Regional Hospital

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	18	X	

If "No," indicate why:

a ☐ The hospital facility did not provide care for any emergency medical conditions

b ☐ The hospital facility's policy was not in writing

c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)

d ☐ Other (describe in Part VI)

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged

b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged

c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged

d ☒ Other (describe in Part VI)

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? If "Yes," explain in Part VI.	20		X
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? If "Yes," explain in Part VI.	21		X

Part V Facility Information *(continued)*

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

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

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

Name and address	Type of Facility (describe)

Part VI Supplemental Information

Complete this part to provide the following information.

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

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

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

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

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 3c: Income guidelines as set by Hospital Finance Rules will be used in determining eligibility. Percentage of balance discounted will be determined based on patient's income level relative to the Federal Poverty Level guidelines. These guidelines are updated annually by the Financial Counselor.

Up to 150% FPL	100% Balance Discounted
151% to 200% FPL	50% Balance Discounted
201% to 250% FPL	25% Balance Discounted
251% to 300% FPL	10% Balance Discounted
301% to 400% FPL	5% Balance Discounted

Part I, Line 7: Expenses calculated on Lines 7a & 7b were calculated using a cost-to-charge ratio while actual expenses were used in calculating the amount reported on line 7i.

Part I, Line 7g: Subsidized health services include laboratory and physician services.

Part VI Supplemental Information

Part III, Line 4: Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments. Balances that are still outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to patient accounts receivable.

In evaluating the collectability of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purposes of estimating the appropriate amounts of the allowance for doubtful accounts and the provision for bad debts. Data in each major payor source are regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. Specifically, for receivables relating to services provided to patients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad debts are established at varying levels based on the age of the receivables and payor source. For receivables relating to self-pay patients, a provision for bad debts is made in the period services are rendered based on experience indicating the inability or unwillingness of patients to pay amounts for which they are financially responsible.

Part III, Line 8: The Organization used accounting methodology prescribed by the Medicare cost report as its costing methodology to determine the amount of Medicare allowable costs.

Part VI Supplemental Information

Millinocket Regional Hospital:

Part V, Section B, Line 19d: The Hospital billed amounts to individuals who did not have insurance at cost.

Part VI, Line 2: A formal community needs assessment is done every 2-3 years. These assessments are conducted to obtain information on successes, failures, weaknesses and strengths to be used for guidance in the vision for the future of healthcare delivery in our service areas.

Part VI, Line 3: Inpatients: In order to identify those patients who would be eligible for financial assistance, all uninsured inpatients are referred to the Financial Counselor by pre-registration or registration personnel. The Financial Counselor will do an initial screening for payment options prior to the patient leaving the hospital, if possible. If the patient has left the hospital, the Financial Counselor will attempt to contact the patient for information. All inpatients are given a copy of Patient Free Care and Discount Arrangements guidelines at time of admission.

Surgical outpatients: The Financial Counselor will provide information about Patient Free Care, Discount Arrangements and term payment arrangements to all uninsured surgical outpatients. All surgical outpatients are provided a copy of Patient Free Care and Discount Arrangements guidelines at time of registration.

Emergency room patients: All emergency room patients are provided a copy of Patient Free Care and Discount Arrangements guidelines at time of

Part VI Supplemental Information

registration.

All other outpatients: All other outpatients are provided a copy of the Patient Free Care/Discount Arrangements guidelines at time of registration.

All patients will receive notice of availability of financial assistance included in their first-time statement.

Patient Financial Services employees and Physician Practice employees receive training on patient free care and discount arrangements guidelines and are expected to be able to provide contact information about free care and discount arrangements.

Part VI, Line 4: Millinocket Regional Hospital serves a tri town community, which consists of Millinocket, East Millinocket and Medway. The total population of these three communities is 8,074 and is projected to decrease 3% by 2012. The communities are rural, aging and economically challenged. The senior population is projected to grow 7.4% for our service area by 2012. The average median household income is 42% behind the state average. The largest employers in the communities are the hospital, paper mill and school system. The percent of population with post secondary education is lower than the state or nation.

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990.**

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ..... [X] Yes [ ] No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed ..... ▶ [ ]

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Health Access Network 175 W. Broadway Lincoln, ME 04457	11-3650708	501(c)(3)	0.	34,800.	FMV	Rent Forgiveness	Operational Support

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

3 Enter total number of other organizations listed in the line 1 table ..... ▶ 0.

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

Schedule I (Form 990) (2011)

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

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

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Schedule I, Part I, Line 2: Assistance provided was in the form of rent forgiveness. No additional monitoring of funds was required.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

Part I Questions Regarding Compensation

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

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

Schedule J (Form 990) 2011

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 Kwaku Owusu, M.D.	(i)	166,374.	0.	0.	6,718.	15,111.	188,203.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
2 Jason Campbell	(i)	375,339.	0.	0.	12,163.	38,121.	425,623.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
3 Venkataraman Munusamy	(i)	179,565.	0.	0.	7,600.	28,177.	215,342.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
4 Marie Vienneau	(i)	203,274.	0.	0.	7,665.	30,725.	241,664.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
5 Daniel Herbert, M.D.	(i)	221,649.	32,100.	0.	7,839.	26,332.	287,920.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
6 David Wexler	(i)	424,596.	0.	0.	11,162.	27,512.	463,270.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
7 Mark Kowalski	(i)	419,361.	0.	0.	12,553.	40,212.	472,126.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
8 Edward Dunstan	(i)	176,569.	0.	0.	7,247.	27,869.	211,685.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
9 Joswph Aquilina	(i)	179,103.	0.	0.	6,982.	22,880.	208,965.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

SCHEDULE K (Form 990)
Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

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

OMB No. 1545-0047
2011
Open to Public Inspection

Name of the organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

See Part VI for Columns (a) and (f) Continuations

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pooled financing Yes	(i) Pooled financing No
A	Maine Health and Higher Educational Facilities A	01-0314384	560425QS2	09/01/03	2320000.	To repay balance of outstanding bo		X		X		X
B												
C												
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	876,220.			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	2,320,000.			
4	Gross proceeds in reserve funds	364,321.			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	50,151.			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	2,269,849.			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2003			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations ☐ Yes ☒ No

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

See Part VI Supplemental Explanation sheet

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

Schedule K, Part I, Bond Issues:

(a) Issuer Name: Maine Health and Higher Educational Facilities Authority

(f) Description of Purpose:

To repay balance of outstanding bonds, to fund certain capital expenditures

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: Millinocket Regional Hospital

Employer identification number: 01-0223482

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
Total ▶ $										

Part III Grants or Assistance Benefiting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance

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

Schedule L (Form 990 or 990-EZ) 2011

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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
Julie Brown	Family Member of Ro	37,537.	Employment		X
Rose Ann Hunt	Family Member of Pa	129,069.	Employment		X
Dale McLaughlin	Family Member of Ch	95,667.	Employment		X
Ona McAvoy	Family Member of Me	61,844.	Employment		X
Cynthia Morneault	Family Member of Jo	29,718.	Employment		X

Part V Supplemental Information

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

Sch L, Part IV, Business Transactions Involving Interested Persons:

(a) Name of Person: Julie Brown

(b) Relationship Between Interested Person and Organization:

Family Member of Ronald Brown, Past Board President

(c) Amount of Transaction $ 37,537.

(d) Description of Transaction: Employment

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Rose Ann Hunt

(b) Relationship Between Interested Person and Organization:

Family Member of Patrick Hunt, member of Board of Directors

(c) Amount of Transaction $ 129,069.

(d) Description of Transaction: Employment

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Dale McLaughlin

(b) Relationship Between Interested Person and Organization:

Family Member of Christine McLaughlin, CFO of Organization

(c) Amount of Transaction $ 95,667.

(d) Description of Transaction: Employment

Part V Supplemental Information

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

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Ona McAvoy

(b) Relationship Between Interested Person and Organization:

Family Member of Mellissa Edwards, Board Vice President

(c) Amount of Transaction $ 61,844.

(d) Description of Transaction: Employment

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Cynthia Morneault

(b) Relationship Between Interested Person and Organization:

Family Member of Joyce Given, member of Board of Directors

(c) Amount of Transaction $ 29,718.

(d) Description of Transaction: Employment

(e) Sharing of Organization Revenues? = No

SCHEDULE O
(Form 990 or 990-EZ)
Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No. 1545-0047
2011
Open to Public Inspection

Name of the organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

Form 990, Part I, Lines 8-18:

Prior year amounts have been adjusted to reflect revenue net of provision for bad debts.

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

3. MRH provided a public awareness program about mammograms on KAT TV in September of 2011.

4. MRH provided mammograms at a reduced rate during the Breast Cancer Awareness week in October 2011.

5. MRH paid a sponsorship to Millinocket Little League in May of 2012 which paid for a team, the Yankees, and also a scoreboard sign.

6. MRH sponsored a Cardiac Support Group the first Wednesday of each month.

7. MRH sponsors a Diabetes Support Group, the first Tuesday of every month.

8. MRH sponsored the Northern Timber Cruiser's Truck Pull in July of 2011.

9. MRH sponsored the Stearns-Schenck Musical in October of 2011.

10. MRH sponsored Millinocket School System Art Program and displayed the student's pumpkins in October of 2011.

11. MRH sponsored the Millinocket Community Christmas Party.

12. MRH sponsored East Millinocket's 2011 Summer Fest.

13. MRH sponsored a chem-free party for Schenck's HS Winter Carnival in March of 2012.

14. MRH sponsored a chem-free post prom party at Stearns HS in April

Name of the organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

2012.

15. MRH purchased ad space to raise money for multiple causes including: Schenck and Stearns' High School yearbook, Millinocket Historical Society 2012 calendars, VFW Convention Ad Book, and also ads for special sections of the Bangor Daily News that covered area football and basketball teams.

16. MRH operates a grant funded Healthy Maine Partnership organization which provides education services to the community on alcohol misuse, tobacco cessation, proper nutrition and physical activity. The staff works with businesses, clubs and the schools to extend the message of healthy living and good wellness choices. The Organization uses local media to reach the large region.

17. MRH provides meeting space for non-profits at no cost, for example to the American Cancer Society, Eastern Area on Aging, Martin's Point, Diabetic Support Group, Caring Connections, AA, and Weight Watchers.

18. MRH participates in disaster preparedness regional committee with several other agencies including doctors' groups, other hospitals, local police and fire departments, schools and other organizations. The goal is to prepare for pandemic flu, natural disasters or other incidents that could affect our communites and work together to share resources to protect the community.

Form 990, Part VI, Section B, line 11: Prior to the document's filing, the Organization's finance department reviews the inital draft. After any necessary changes, the Organization's board members are presented with a copy. The finalized document is subject to the board's approval.

Form 990, Part VI, Section B, Line 12c: Each board member is required to

Name of the organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

sign a conflict of interest disclosure form on an annual basis. In connection with any actual or possible conflicts of interest, an interested individual must disclose the existence of his or her conflict annually and whenever the conflict arises for action at a meeting. After receiving all annual attestations, the CEO will provide the signed statements to the Hospital's attorney for review. After review, the attorney will determine if a conflict exists and inform the CEO and Board chair of the conflicted individuals. There is a listing of Board, Medical Staff and Manager conflicts available at all meetings for reference. The Agenda for every Board, Medical Staff or Department meeting will clearly list the discussion items that require action during the meeting. At the beginning of the meeting, the President will ask the members to review the list of action items and declare whether or not they have a conflict.

All conflicted members will be required to excuse themselves and leave the room during the discussion and vote. If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

Form 990, Part VI, Section B, Line 15: The Organization works with an independent compensation consultant to determine appropriate compensation levels. The Organization's executive committee reviews data used to determine compensation for its respective members. Any compensation related changes must be approved by the board of directors or the executive board.

Name of the organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

Form 990, Part VI, Section C, Line 19: The Organization makes its governing documents, conflict of interest policy, and financial statements available to the public upon request.

Form 990, Part XI, line 5, Changes in Net Assets:

Net unrealized gains on investments: 59,872.

Form 990, Part XI, Line 2c:

Oversight of Audit

The audit process has not changed from the prior year.

SCHEDULE R (Form 990)
Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No. 1545-0047
2011
Open to Public Inspection

Name of the organization: Millinocket Regional Hospital

Employer identification number: 01-0223482

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

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

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

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

Schedule R (Form 990) 2011

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

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

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
First Millinocket Regional Investment Corp. - 01-0396196, 200 Somerset Street, Millinocket, ME 04462	Physician Program Operations	ME	N/A	C CORP	211,842.	1,564,342.	100.00%

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

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

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

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

	(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	First Millinocket Regional Investment Corp.	J	173,660.	FMV
(2)	First Millinocket Regional Investment Corp.	P	173,660.	FMV
(3)				
(4)				
(5)				
(6)				

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 sec. 501(c)(3) orgs.?		(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	

Form **8868**
(Rev. January 2012)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

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

OMB No. 1545-1709

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

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

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

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

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

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

Type or print	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	Millinocket Regional Hospital	[X] 01-0223482
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 200 Somerset Street	Social security number (SSN) [ ]
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Millinocket, ME 04462	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

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 (sec. 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 ▶ Christine McLaughlin 200 Somerset Street - Millinocket, ME 04462
  Telephone No. ▶ 207-723-5161 FAX No. ▶
- 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) _____. 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.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until February 15, 2013, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ [ ] calendar year _____ or
▶ [X] tax year beginning JUL 1, 2011, and ending JUN 30, 2012.

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.

LHA **For Privacy Act and Paperwork Reduction Act Notice, see Instructions.**

Form **8868** (Rev. 1-2012)

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- 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 File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions Millinocket Regional Hospital	Employer identification number (EIN) or [X] 01-0223482
	Number, street, and room or suite no. If a P.O. box, see instructions. 200 Somerset Street	Social security number (SSN) [ ]
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Millinocket, ME 04462	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

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 (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

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

- The books are in the care of ▶ Christine McLaughlin 200 Somerset Street - Millinocket, ME 04462

  Telephone No. ▶ 207-723-5161 FAX No. ▶

- 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) _____. 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.

4 I request an additional 3-month extension of time until May 15, 2013.

5 For calendar year _____, or other tax year beginning JUL 1, 2011, and ending JUN 30, 2012.

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

7 State in detail why you need the extension
Information from third parties has not yet been received. Therefore, additional time is necessary to file a complete and accurate 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	$ 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 and any amount paid previously with Form 8868.	8b	$ 0.
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	$ 0.

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 ▶ Barbara J McGuan Title ▶ CPA Date ▶ 01/24/2013

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