

Form **990**

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

2011

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning OCT 1, 2011 and ending SEP 30, 2012

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization Northern Maine Medical Center		D Employer identification number 01-0234189
	Doing Business As		E Telephone number (207) 834-3155
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	
	City or town, state or country, and ZIP + 4 Fort Kent, ME 04743		G Gross receipts \$ 53,454,942.
F Name and address of principal officer: Peter J. Sirois same as C above		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)	
J Website: www.nmmc.org		H(c) Group exemption number ▶	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: 1948 M State of legal domicile: ME	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: Acute care & long term care hospital and mental health services facility.
	2 Check this box <input type="checkbox"/> 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 11
	4 Number of independent voting members of the governing body (Part VI, line 1b) 4 8
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) 5 582
	6 Total number of volunteers (estimate if necessary) 6 19
	7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 31,093.
b Net unrelated business taxable income from Form 990-T, line 34 7b -32,194.	

Revenue		Prior Year	Current Year
		8 Contributions and grants (Part VIII, line 1h)	183,185.
9 Program service revenue (Part VIII, line 2g)	45,886,057.	52,577,591.	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	16,282.	13,679.	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	141,455.	532,772.	
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	46,226,979.	53,450,516.	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
	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)	20,381,884.	20,365,008.
	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)	25,786,540.	24,527,970.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	46,168,424.	44,892,978.
19 Revenue less expenses. Subtract line 18 from line 12	58,555.	8,557,538.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 30,498,280.	End of Year 41,506,381.
	21 Total liabilities (Part X, line 26)	15,543,089.	17,987,370.
	22 Net assets or fund balances. Subtract line 21 from line 20	14,955,191.	23,519,011.

Part II Signature Block

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

Sign Here	Signature of officer	Date			
	Peter J. Sirois, CEO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name Barbara J. McGuan, CPA	Preparer's signature Barbara J. McGuan, C	Date 08/12/13	Check if self-employed <input type="checkbox"/>	PTIN 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) Yes No

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission: The mission of Northern Maine Medical Center is to provide, coordinate, or support access to high quality, affordable health care and to positively impact our communities' quality of life by improving health status.

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 No

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

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 \$ 35,771,164. including grants of \$) (Revenue \$ 52,964,853.) Medical care & ancillary services, nursing home & skilled services, physician services.

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 35,771,164.

Part IV Checklist of Required Schedules

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Main body of the form containing questions 1a through 14b and corresponding Yes/No columns.

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

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year (11); 1b Enter the number of voting members included in line 1a, above, who are independent (8); 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? (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? (X); 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? (X); 5 Did the organization become aware during the year of a significant diversion of the organization's assets? (X); 6 Did the organization have members or stockholders? (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? (X); 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? (X); 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: 8a The governing body? (X); 8b Each committee with authority to act on behalf of the governing body? (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 (X).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates? (X); 10b 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?; 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? (X); 11b 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 (X); 12b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? (X); 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done (X); 13 Did the organization have a written whistleblower policy? (X); 14 Did the organization have a written document retention and destruction policy? (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? 15a The organization's CEO, Executive Director, or top management official (X); 15b Other officers or key employees of the organization (X); 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? (X); 16b 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?

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: Cindy Daigle - (207)834-3155 194 East Main Street, Fort Kent, ME 04743

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)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Dan Vaillancourt President	1.00	X		X				0.	0.	0.
(2) Ronald Daigle Vice-President	1.00	X		X				0.	0.	0.
(3) Clifford Ouellette Treasurer	1.00	X		X				0.	0.	0.
(4) Frances LaBrie Secretary	1.00	X		X				0.	0.	0.
(5) Glenn Lamarr Director	1.00	X						0.	0.	0.
(6) Guy Raymond, M.D. Director	50.00	X						409,042.	0.	25,824.
(7) John Ezzy Director	1.00	X						0.	0.	0.
(8) Norman Fournier Director	1.00	X						0.	0.	0.
(9) James Thibodeau Director	1.00	X						0.	0.	0.
(10) Mark Morneault Director	1.00	X						0.	0.	0.
(11) Robert Bellefleur Director	1.00	X						3,015.	0.	0.
(12) Peter J. Sirois CEO	50.00			X				198,204.	0.	25,020.
(13) Cindy L. Daigle CFO	50.00			X				23,574.	0.	1,917.
(14) Michael Sullivan, M.D. ER Physician	50.00				X			460,694.	0.	22,185.
(15) David Jones, M.D. ER Physician	50.00				X			333,425.	0.	9,224.
(16) Scott Richards Pharmacist	45.00				X			130,818.	0.	23,506.
(17) Joanne Fortin Director of Service Excellence & Com	45.00				X			122,265.	0.	10,417.

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)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) John Nahas Pharmacist	50.00					X		120,005.	0.	8,839.
(19) Martin Bernstein Former CEO	50.00						X	151,225.	0.	5,652.
1b Sub-total								1,952,267.	0.	132,584.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								1,952,267.	0.	132,584.

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 **9**

	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	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	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		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
QIR, 105 Continental Place, Brentwood, TN 37027-1018	Management & Consulting Services	528,094.
Quest Diagnostics, 12436 Collections Center Drive, Chicago, IL 60693-2436	Off-Site Laboratory Services	350,942.
Cary Medical Center, 163 Van Buren Road, Suite #1, Caribou, ME 04736	Off-Site Laboratory Services	298,485.
Baker Newman & Noyes 280 Fore Street, Portland, ME 04101	Consulting and Auditing	277,244.
Erik St. Pierre, M.D. PO Box 32, Fort Kent, ME 04743	ER Physician Coverage	267,068.

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 **9**

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	214,755.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	111,719.				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f		326,474.				
	Program Service Revenue	2 a Patient Service Revenue	Business Code 623000	72,463,495.	72,463,495.		
b MaineCare Rural Health		623000	5000000.	5000000.			
c Meaningful Use Revenue		623000	1503185.	1503185.			
d Miscellaneous Revenue		623000	752,343.	603,104.	31,093.	118,146.	
e Contractual/Char. Adj.		623000	-27,141,432.	-27,141,432.			
f All other program service revenue							
g Total. Add lines 2a-2f			52,577,591.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		13,679.			13,679.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	94,029.				
		(ii) Personal	0.				
		c Rental income or (loss)	94,029.				
	d Net rental income or (loss)		94,029.			94,029.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other					
		b Less: cost or other basis and sales expenses					
		c Gain or (loss)					
	d Net gain or (loss)						
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a	34,530.				
b Less: direct expenses		4,426.					
c Net income or (loss) from fundraising events			30,104.			30,104.	
9 a Gross income from gaming activities. See Part IV, line 19	a						
	b Less: direct expenses						
	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						
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11 a Insurance Captive	900099	536,501.	536,501.				
b Impairment Loss	900099	-127,862.			-127862.		
c							
d All other revenue							
e Total. Add lines 11a-11d		408,639.					
12 Total revenue. See instructions.		53,450,516.	52,964,853.	31,093.	128,096.		

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	686,596.	434,866.	251,730.	
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	15,860,129.	11,796,491.	4,063,638.	
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions)	130,008.	96,449.	33,559.	
9 Other employee benefits	2,453,612.	1,828,649.	624,963.	
10 Payroll taxes	1,234,663.	913,651.	321,012.	
11 Fees for services (non-employees):				
a Management				
b Legal	121,460.	89,880.	31,580.	
c Accounting	95,893.	70,961.	24,932.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other	627,248.	464,164.	163,084.	
12 Advertising and promotion	29,940.	22,156.	7,784.	
13 Office expenses	8,564,605.	6,341,082.	2,223,523.	
14 Information technology				
15 Royalties				
16 Occupancy	1,530,136.	1,132,301.	397,835.	
17 Travel	70,868.	52,442.	18,426.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	424,862.	314,398.	110,464.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	2,181,452.	1,614,274.	567,178.	
23 Insurance	1,085,024.	802,918.	282,106.	
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 Valley Medical Associat	7,609,181.	7,609,181.		
b Health Care Provider Ta	1,118,556.	1,118,556.		
c Provision for Bad Debts	1,068,745.	1,068,745.		
d _____				
e All other expenses _____				
25 Total functional expenses. Add lines 1 through 24e	44,892,978.	35,771,164.	9,121,814.	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	1,452,018.	1	1,429,127.	
	2 Savings and temporary cash investments	2,046,079.	2	5,155,387.	
	3 Pledges and grants receivable, net		3		
	4 Accounts receivable, net	5,574,399.	4	5,956,715.	
	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	25,291.	7	67,585.	
	8 Inventories for sale or use	701,365.	8	785,292.	
	9 Prepaid expenses and deferred charges	484,039.	9	264,800.	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 40,392,863.			
	b Less: accumulated depreciation	10b 23,711,081.			
		15,729,827.	10c	16,681,782.	
	11 Investments - publicly traded securities	32,952.	11	73,287.	
	12 Investments - other securities. See Part IV, line 11		12		
	13 Investments - program-related. See Part IV, line 11		13		
	14 Intangible assets	28,190.	14	226,141.	
15 Other assets. See Part IV, line 11	4,424,120.	15	10,866,265.		
16 Total assets. Add lines 1 through 15 (must equal line 34)	30,498,280.	16	41,506,381.		
Liabilities	17 Accounts payable and accrued expenses	4,402,224.	17	5,326,367.	
	18 Grants payable		18		
	19 Deferred revenue		19		
	20 Tax-exempt bond liabilities		20		
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21		
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22		
	23 Secured mortgages and notes payable to unrelated third parties	7,892,499.	23	8,525,281.	
	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	3,248,366.	25	4,135,722.	
	26 Total liabilities. Add lines 17 through 25	15,543,089.	26	17,987,370.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27 Unrestricted net assets	14,570,814.	27	23,131,004.	
	28 Temporarily restricted net assets	384,377.	28	388,007.	
	29 Permanently restricted net assets		29		
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.				
	30 Capital stock or trust principal, or current funds		30		
	31 Paid-in or capital surplus, or land, building, or equipment fund		31		
	32 Retained earnings, endowment, accumulated income, or other funds		32		
	33 Total net assets or fund balances	14,955,191.	33	23,519,011.	
34 Total liabilities and net assets/fund balances	30,498,280.	34	41,506,381.		

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	53,450,516.
2	Total expenses (must equal Part IX, column (A), line 25)	2	44,892,978.
3	Revenue less expenses. Subtract line 2 from line 1	3	8,557,538.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	14,955,191.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	6,282.
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	23,519,011.

Part XII Financial Statements and Reporting

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

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

Form 990 (2011)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization: **Northern Maine Medical Center** Employer identification number: **01-0234189**

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

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

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or 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?		
(ii) A family member of a person described in (i) above?		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?		
- h 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?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
Total									

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2010 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test - 2010. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10% -facts-and-circumstances test - 2011. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10% -facts-and-circumstances test - 2010. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

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

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

Section A. Public Support

Calendar year (or fiscal 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

Northern Maine Medical Center

01-0234189

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

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

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. Schedule B (Form 990, 990-EZ, or 990-PF) (2011)

Name of organization Northern Maine Medical Center	Employer identification number 01-0234189
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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
<u>1</u>	_____ _____ _____	\$ <u>101,375.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
<u>2</u>	_____ _____ _____	\$ <u>5,200.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
<u>3</u>	_____ _____ _____	\$ <u>200,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
<u>4</u>	_____ _____ _____	\$ <u>8,755.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
<u>5</u>	_____ _____ _____	\$ <u>6,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization Northern Maine Medical Center	Employer identification number 01-0234189
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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
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____

Name of organization Northern Maine Medical Center	Employer identification number 01-0234189
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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	
_____		_____	
_____		_____	
_____		_____	
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
_____		_____	
_____		_____	
_____		_____	
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
_____		_____	
_____		_____	
_____		_____	
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
_____		_____	
_____		_____	
_____		_____	
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

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

2011

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

▶ **See separate instructions.**

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 Northern Maine Medical Center	Employer identification number 01-0234189
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$ _____
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$ _____
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? 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. Schedule C (Form 990 or 990-EZ) 2011

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

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

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

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

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		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		7,920.
j Total. Add lines 1c through 1i			7,920.
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 Hospital pays dues to various organizations, a portion of which is 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

Northern Maine Medical Center

Employer identification number

01-0234189

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

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

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

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

Preservation of land for public use (e.g., recreation or education) Preservation of an historically important land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

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

	Held at the End of the 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:

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

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

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		196,477.		196,477.
b Buildings		18,827,319.	8,245,467.	10,581,852.
c Leasehold improvements		1,769,734.	1,115,449.	654,285.
d Equipment		16,363,618.	14,350,165.	2,013,453.
e Other		3,235,715.		3,235,715.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				16,681,782.

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)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 12.)		

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) Deferred Compensation	617,833.
(2) Cash Surrender Value of Life Insurance	190,196.
(3) Interest in Synernet Reinsurance	1,339,911.
(4) Meaningful Use Receivables	1,160,430.
(5) Estimated Third-Party Payor Settlements	7,557,895.
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15.)	10,866,265.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Deferred Compensation	617,833.
(3) Estimated Third-Party Payor	
(4) Settlements	2,873,702.
(5) Due to Affiliate	644,187.
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25.)	4,135,722.

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.
Part X, Line 2:

The Medical Center and VMA are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the Medical Center's tax positions and concluded the Medical Center has maintained its tax-exempt status, does not have any significant unrelated business income and has taken no

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

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))
		2012 Cancer Fund Tour (event type)	2012 Tribute to Courage (event type)	None (total number)	
Revenue	1 Gross receipts	16,775.	17,755.		34,530.
	2 Less: Charitable contributions				
	3 Gross income (line 1 minus line 2)	16,775.	17,755.		34,530.
Direct Expenses	4 Cash prizes				
	5 Noncash prizes	3,322.			3,322.
	6 Rent/facility costs	270.			270.
	7 Food and beverages	255.			255.
	8 Entertainment				
	9 Other direct expenses	119.	460.		579.
	10 Direct expense summary. Add lines 4 through 9 in column (d)				(4,426)
	11 Net income summary. Combine line 3, column (d), and line 10				30,104.

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

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

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

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

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization **Northern Maine Medical Center** Employer identification number **01-0234189**

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	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b If "Yes," was it a written policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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"?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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?	<input type="checkbox"/>	<input type="checkbox"/>
6a Did the organization prepare a community benefit report during the tax year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If "Yes," did the organization make it available to the public?	<input type="checkbox"/>	<input type="checkbox"/>

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)			432,025.		432,025.	.99%
b Medicaid (from Worksheet 3, column a)			4,039,492.	1,881,812.	2,157,680.	4.92%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			4,471,517.	1,881,812.	2,589,705.	5.91%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			30,801.	10,026.	20,775.	.05%
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			22,102,257.	17,513,685.	4,588,572.	10.47%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits			22,133,058.	17,523,711.	4,609,347.	10.52%
k Total. Add lines 7d and 7j			26,604,575.	19,405,523.	7,199,052.	16.43%

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? 2

Name and address

1 Northern Maine Medical Center
194 East Maine Street
Fort Kent, ME 04743

2 Forest Hill
20 Bolduc Avenue
Fort Kent, ME 04743

Table with columns: Licensed hospital, General medical & surgical, Children's hospital, Teaching hospital, Critical access hospital, Research facility, ER-24 hours, ER-other, Other (describe). Row 1: X, X, ER-24 hours: X. Row 2: ER-other: X, Other (describe): Licensed Hospital Related Facility.

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: Northern Maine Medical Center

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	X	
If "Yes," indicate what the Needs Assessment describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input checked="" type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment: 20 <u>11</u>		
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	X	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	X	
5 Did the hospital facility make its Needs Assessment widely available to the public?	X	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply):		
a <input type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input checked="" type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input checked="" type="checkbox"/> Other (describe in Part VI)		
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		X
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
8 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	X	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	X	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		

Part V Facility Information (continued) Northern Maine Medical Center

	Yes	No
10 Used FPG to determine eligibility for providing <i>discounted care</i> ? If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used.	X	
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply): a <input checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	X	
12 Explained the method for applying for financial assistance?	X	
13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply): a <input type="checkbox"/> The policy was posted on the hospital facility's website b <input type="checkbox"/> The policy was attached to billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available on request g <input type="checkbox"/> Other (describe in Part VI)	X	

Billing and Collections

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

Part V Facility Information (continued) Northern Maine Medical Center

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?	X	
If "No," indicate why:			
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
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?		X
If "Yes," explain in Part VI.			
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for any service provided to that patient?		X
If "Yes," explain in Part VI.			

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

Form 990, Part I, Line 3c:

Northern Maine Medical Center uses the Federal Poverty Guidelines to determine eligibility.

Part I, Line 7: The amounts reported on Lines 7a & 7b were computed using a cost-to-charge ratio. Amounts on 7e & 7g are derived from internal financial/cost accounting systems. Subsidized health services on line 7g include physician clinics, rural health centers, a skilled nursing facility, and emergency room.

Part I, Line 7, Column (f): The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is \$ 1068745.

Part II: N/A

Part III, Line 4: The allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding

Part VI Supplemental Information

balances. Management considers the age of outstanding balances and past collection efforts in determining the allowance for doubtful accounts. Accounts deemed uncollectible are charged off against the established allowance.

Form 990, Part III, Line 9b:

When a patient is referred out to collections but then applies for free or discounted care, the account is pulled back from collections when it is determined that they qualify for one of the programs. If the collection agency suspects that someone may need to apply for one of the programs, it refers the patient back to us. If a patient contacts us after being sent to collections, and qualifies for financial assistance, we then notify the agency to stop the collection process. We make every effort to screen as many people as possible before we send them to collections.

Northern Maine Medical Center:

Part V, Section B, Line 1j: Northern Maine Medical Center (NMMC) is located in Fort Kent, Maine (Aroostook County). Aroostook County is considered rural by the State of Maine and the United States Census Bureau. The hospital service area (HSA) as defined by the Maine Health Data Organization (MHDO) uses the statistical method to determine where the greatest proportion of residents received their inpatient care. The following towns make up the NMMC HSA as defined by the MHDO: Allagash, Eagle Lake, Fort Kent, Frenchville, Grand Isle, Madawaska, New Canada, St. Agatha, St. Francis, St. John Plt, Wallagrass, Winterville Plt., Big Twenty Twp and several surrounding unorganized territories. In 2009, the percentage of Fort Kent residents with income below the poverty level was

Part VI Supplemental Information

36.4%. The percentage of children below the poverty level was 36.7% in 2009. The percentage of the population aged 65 and over was 18% in Aroostook County. The unemployment rate in Aroostook County was 9.3% in 2011, which was higher than the State's rate of 7.8%. Of the individuals 25 years or older in Aroostook County, 23% do not have a high school diploma compared to 15% overall in the State.

Northern Maine Medical Center utilizes an electronic medical record system and its related physician practices abstract data for inclusion in disease registries, which provide a vast amount of data relative to patients in care. The needs assessment provides a much broader picture of the community as a whole, including the health status of individuals not in care, as well as functional health status and social demographics (such as employment, income and education levels). The local units of the State's public health infrastructure (known as "Healthy Maine Partnerships") are also integrated into the process so that their data relative to health, environmental and social measures are part of the community dissemination process.

Northern Maine Medical Center engaged multiple health resource leaders in the community forum invitation list. Additional resources and leaders needed were identified in the breakout sessions. In the Fort Kent service area, key collaborators going forward will include: Northern Maine Medical Center and its owned physician practices, Cary Medical Center, The Aroostook Medical Center, Fish River Rural Health Center, local schools, Aroostook Home Health Services/Valley Home Health Services, Aroostook Mental Health Center, UMFK, and Twin Rivers.

Part VI Supplemental Information

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

Northern Maine Medical Center:

Part V, Section B, Line 3: On a statewide basis, the research consultants developed an advisory committee that met two times during the assessment research and drafting of the publication. These individuals represented a broad spectrum of backgrounds, and include: Carol Bell, Healthy Maine Partnership director; Kelly Bentley, Healthy Maine Partnership director; Gail Dana-Sacco, Wabanaki Center (serving tribal populations); Patricia Hart, Maine Development Foundation; Barbara Leonard, MPH, Maine Health Access Foundation (philanthropic foundation focused on access to care in Maine); Becca Matusovich, Maine Center for Disease Control; Lisa Miller, Bingham Foundation (philanthropic

Part VI Supplemental Information

foundation); Dora Ann Mills, MD, Maine Center for Disease Control; Elizabeth Mitchell, Maine Health Management Coalition (representing the state's major employers, insurers and providers); Trish Riley, Governor's Office of Health Policy and Finance (GOHPF); Brian Rines, Advisory Committee for Health System Development (overseen by GOHPF); Rachel Talbot-Ross, Maine Chapter, NAACP; and, Ted Trainer, Public Health Coordinating Council Shawn Yardley, City of Bangor, Department of Health and Welfare.

Northern Maine Medical Center:

Part V, Section B, Line 4: The needs assessment was developed as a statewide collaborative between the state's three largest health systems: EMHS (in central, eastern and northern Maine), MaineGeneral (in central Maine) and MaineHealth (in southern Maine). Multiple collaborators were involved in the dissemination of the assessment findings and establishment of priorities.

Northern Maine Medical Center:

Part V, Section B, Line 5c: In conjunction with EMHS, Northern Maine Medical Center co-hosted a community forum with The Aroostook Medical Center and Cary Medical Center to present an overview of local assessment results and recommendations. Invitees included: other area hospitals, physician leaders, federally qualified health centers, healthy Maine partnerships, district liaisons linked to Maine CDC, home health and long term care leaders, social service agencies, leaders of the tribal communities, business leaders, legislative leaders, and representatives of

Part VI Supplemental Information

the State administration.

Attendees were provided an executive summary of the assessment as well as a summary table of data reflective of the service area. A presentation was made by EMHS staff who were members of the assessment development steering committee providing selected data results, trends over time and the priorities and recommendations as suggested by the research consultants. In addition to the community forums, the entire statewide assessment (both narrative and data sets) was posted to the EMHS website. After the forums, power point presentations used at the forum, as well as input collected in the breakout sessions, were also posted on the website. Forum participants were encouraged to go to the website to review the assessment in detail, and access the data for local planning. Media releases were also sent to local news outlets in combination with the forums, encouraging new articles on the forum and inviting all members of the public to view the report on the website.

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

Northern Maine Medical Center:

Part V, Section B, Line 6i: Northern Maine Medical Center made progress on the following initiatives that were undertaken to meet the prioritized needs identified by the community needs assessment:

-NMMC continues work towards implementing a wellness program. Once the results of a baseline health assessment of employees on the health

Part VI Supplemental Information

insurance is available, NMMC will be able to use the overall results to develop a wellness program appropriate to the needs of the employees.

-NMMC has obtained certification of its diabetes education program and has made strides in rebuilding its diabetes education programs and support group.

-NMMC has implemented an electronic medical record in its physician practices. The software has the ability to generate reports to better monitor patients with chronic conditions and the completion/status of recommended treatment plans. The staff have recently received training on how to generate those reports and is starting to use them to improve management of these patients with chronic conditions. In addition, the hospital has entered into an Accountable Care Strategic Contractor Agreement whereby the ACO has entered into a contract with a payor to perform population health management services for covered lives some of which receive services at NMMC.

-NMMC has collaborated with other local hospitals and providers to ensure the necessary specialty services are available. The following specialty services were obtained through agreements with other hospitals either on an interim basis or on-going: Anesthesia Director Services, Sleep Medicine professional and technical services, orthopedic surgeon coverage, and radiologist services. NMMC continues to look for opportunities to work with other hospitals to provide specialty services in our community.

-NMMC continues to make other health care providers aware of the mental health services it offers on both an inpatient and outpatient basis.

-NMMC has signed a contract with Health Info Net, Maine's Health Information Exchange to improve quality and effectiveness through better information exchange. At this time, NMMC and Health Info Net have started working on establishing integration between NMMC's information system and

Part VI Supplemental Information

Health Info Net. NMMC also has entered into an agreement with the closest tertiary facility, EMMC, for certain access to their PowerChart, which can benefit the transition of care from the tertiary back to the local, primary care providers.

Northern Maine Medical Center:

Part V, Section B, Line 7: Northern Maine Medical Center was unable to address all needs identified due to limited staff and financial resources. Certain needs, such as increased insurance coverage and improved Medicaid reimbursement for dental services, have not been addressed since NMMC can only be a portion of the solution; other entities will need to be involved to address all of the needs. NMMC is in the process of rebuilding its patient education component, so certain needs, such as community level prevention programs and primary care and ED education tools, will be addressed once the education framework is in place again.

Northern Maine Medical Center:

Part V, Section B, Line 19d: Individuals are billed at gross amounts and charges are adjusted accordingly, if they qualify for assistance.

Northern Maine Medical Center:

Part V, Section B, Line 21: Individuals are billed at gross amounts and charges are adjusted accordingly, if they qualify for assistance.

Part VI Supplemental Information

Part VI, Line 2: Please see Schedule H, Part v, Section B, Line 1 for a description of NMMC's assessment process.

Part VI, Line 3: We notify patients and customers about access to assistance in various ways. The simplest way is the signage, pamphlets, and educational material located around the Organization and in various offices. In every patient access/patient financial services area is a sign explaining the availability of free/discounted care and the Federal Poverty Guidelines. There are also pamphlets located in the outpatient areas explaining free/discounted care and providing information on Mainecare. For inpatients, there is a book in each room which provides all the information on all programs available.

Through the patient accounting department, we provide information about these statements. We also counsel patients on the phone about all the programs available whether it is Medicaid or a hospital program.

Part VI, Line 4: Northern Maine Medical Center is a 94 licensed bed (29 A&P beds, 6 ICU beds, 14 Psych beds, and 45 SNF beds), full-service, acute-care, not-for profit hospital located in Fort Kent, Maine (Aroostook County). The Hospital is accredited by the joint commission and its mission is to serve its communities with excellence in health care. Its services include acute inpatient, psych inpatient, SNF, 24-hour emergency center, diagnostic, and surgical services. Along with these hospital services, the Hospital employs/contracts with the majority of primary and specialty care physicians in the area.

Form 990, Part VI, Line 5:

Part VI Supplemental Information

Northern Maine Medical Center is a local, not-for-profit hospital that serves its local communities and people regardless of their ability to pay. Northern Maine provides financial assistance and sliding scale discounts to self-pay and low-income patients. Also the Hospital participates in government-sponsored health care programs including Medicare, Medicaid, CHAMPUS, and Tricare. The volunteer board of trustees sets the strategic direction for the Hospital and is comprised of community members from the Hospital's service area. This group is made up of local business owners, professionals, and retirees. Northern Maine's non-profit status allows the Hospital to reinvest any excess of revenues over expense back into the Hospital to continuously improve the medical care it delivers. The Hospital allows access to healthcare that would otherwise be difficult. The Hospital is the main employer for the local physicians, including specialty physicians that would otherwise have to be accessed out of the area.

**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

Northern Maine Medical Center

Employer identification number

01-0234189

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. <input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	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. <input type="checkbox"/> Compensation committee <input type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations <input checked="" type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization: a Receive a severance payment or change-of-control payment?	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

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 Guy Raymond, M.D.	(i)	398,642.	0.	10,400.	3,639.	22,185.	434,866.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
2 Peter J. Sirois	(i)	158,204.	40,000.	0.	1,607.	23,413.	223,224.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
3 Michael Sullivan, M.D.	(i)	460,694.	0.	0.	0.	22,185.	482,879.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
4 David Jones, M.D.	(i)	317,559.	0.	15,866.	0.	9,224.	342,649.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
5 Scott Richards	(i)	130,818.	0.	0.	1,321.	22,185.	154,324.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
6 Martin Bernstein	(i)	141,687.	0.	9,538.	1,125.	4,527.	156,877.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III Supplemental Information

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

Part I, Line 7: CEO received bonus payments based on his performance.

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
Daigle Oil Company	Entity of which Dan	128,667.	Independent		X
Nola Sirois	Family member of Pe	21,812.	Employment		X
Michelle L. Plourde	Family member of Pe	58,230.	Employment		X
Robin Werntgen	Family member of Gl	54,993.	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: Daigle Oil Company

(b) Relationship Between Interested Person and Organization:

Entity of which Dan Vaillancourt, Board President, is an officer

(d) Description of Transaction: Independent Contractor Arrangement

(a) Name of Person: Nola Sirois

(b) Relationship Between Interested Person and Organization:

Family member of Peter Sirois, Hospital CEO

(a) Name of Person: Michelle L. Plourde

(b) Relationship Between Interested Person and Organization:

Family member of Peter Sirois, Hospital CEO

(a) Name of Person: Robin Werntgen

(b) Relationship Between Interested Person and Organization:

Family member of Glenn Lamarr, Director

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

Northern Maine Medical Center

Employer identification number

01-0234189

Form 990, Part VI, Section A, line 2: Peter Sirois and Glenn Lamarr have a family relationship.

Form 990, Part VI, Section B, line 11: The Form 990 is prepared by the Organization's independent public accounting firm and thoroughly reviewed by the CFO and Controller. The completed form was sent electronically to Board members prior to the form being filed.

Form 990, Part VI, Section B, Line 12c: The enforcement of the conflict of interest policy is achieved through annual reporting and ongoing monitoring.

Form 990, Part VI, Section B, Line 15: The Board of Directors determines the compensation of the CEO using compensation studies and comparability data. The CEO determines the compensation of other officers and key employees in a similar manner.

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 VII, Section A:

Guy Raymond shows reportable compensation on Form 990, Part VII, Section A for services performed in his capacity as an employee of Northern Maine Medical Center. His compensation does not reflect payment for his services as a board member of the Hospital or any

Name of the organization
Northern Maine Medical Center

Employer identification number
01-0234189

related organization.

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

Net unrealized gains on investments: 6,282.

Related Organizations and Unrelated Partnerships

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

Name of the organization: **Northern Maine Medical Center**
Employer identification number: **01-0234189**

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
Valley Medical Association - 22-3245434 194 East Maine Street Fort Kent, ME 04743	Medical Physician Practice	Maine	501(c)(3)	Line 3	Northern Maine Medical Center	X	

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		X
b Gift, grant, or capital contribution to related organization(s)		X
c Gift, grant, or capital contribution from related organization(s)		X
d Loans or loan guarantees to or for related organization(s)		X
e Loans or loan guarantees by related organization(s)		X
f Sale of assets to related organization(s)		X
g Purchase of assets from related organization(s)		X
h Exchange of assets with related organization(s)		X
i Lease of facilities, equipment, or other assets to related organization(s)		X
j Lease of facilities, equipment, or other assets from related organization(s)		X
k Performance of services or membership or fundraising solicitations for related organization(s)		X
l Performance of services or membership or fundraising solicitations by related organization(s)		X
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
n Sharing of paid employees with related organization(s)	X	
o Reimbursement paid to related organization(s) for expenses		X
p Reimbursement paid by related organization(s) for expenses		X
q Other transfer of cash or property to related organization(s)	X	
r Other transfer of cash or property from related organization(s)		X

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

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Valley Medical Association	Q	7,609,181.	Actual Outlay
(2)			
(3)			
(4)			
(5)			
(6)			

Application for Extension of Time To File an Exempt Organization Return

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

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box **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. Northern Maine Medical Center	Employer identification number (EIN) or <input checked="" type="checkbox"/> 01-0234189
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. 194 East Main Street	Social security number (SSN) <input type="checkbox"/>
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Fort Kent, ME 04743	

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

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

Cindy Daigle

- The books are in the care of ▶ **194 East Main Street - Fort Kent, ME 04743**
 Telephone No. ▶ **(207) 834-3155** 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 **May 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
 ▶ tax year beginning **OCT 1, 2011**, and ending **SEP 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.

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box **X**
- Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

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

Enter filer's identifying number, see instructions

Type or print	Name of exempt organization or other filer, see instructions Northern Maine Medical Center	Employer identification number (EIN) or <input checked="" type="checkbox"/> 01-0234189
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. 194 East Main Street	Social security number (SSN) <input type="checkbox"/>
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Fort Kent, ME 04743	

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

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (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.

Cindy Daigle

• The books are in the care of **194 East Main Street - Fort Kent, ME 04743**
 Telephone No. **(207) 834-3155** 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 **August 15, 2013**.

5 For calendar year , or other tax year beginning **OCT 1, 2011**, and ending **SEP 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 **05/09/2013**



NORTHERN MAINE MEDICAL CENTER AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

With Independent Auditors' Report





INDEPENDENT AUDITORS' REPORT

Board of Trustees
Northern Maine Medical Center and Subsidiary

We have audited the accompanying consolidated balance sheet of Northern Maine Medical Center and Subsidiary (the Medical Center) as of September 30, 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Medical Center's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of Northern Maine Medical Center and Subsidiary as of September 30, 2011 were audited by other auditors whose report dated December 9, 2011, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Northern Maine Medical Center and Subsidiary as of September 30, 2012, and the consolidated results of their operations, changes in their net assets and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
January 11, 2013

NORTHERN MAINE MEDICAL CENTER AND SUBSIDIARY

Consolidated Balance Sheets

September 30, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents	\$ 5,218,569	\$ 2,176,157
Accounts receivable, less allowance for doubtful accounts of approximately \$2,393,000 in 2012 and \$1,945,000 in 2011	5,928,098	5,549,798
Meaningful use receivables	1,160,430	1,506,543
Estimated third-party payor settlements	5,796,337	542,000
Notes and other amounts due from related parties, current portion	15,967	-
Supplies	785,292	701,365
Prepaid expenses and other current assets	<u>293,417</u>	<u>508,640</u>
Total current assets	<u>19,198,110</u>	<u>10,984,503</u>
Assets limited as to use or donor-restricted		
By debt agreements		
Mortgage reserve fund cash and cash equivalents	336,917	316,665
By donors or grantors for specific purposes		
Cancer, cardiac, diabetes and wellness	388,007	384,377
Internally designated foundation funds	<u>680,256</u>	<u>653,850</u>
Total assets limited as to use or donor-restricted	1,405,180	1,354,892
Other assets		
Notes and other amounts due from related parties, less current portion (net of allowance of approximately \$102,000 in 2012 and 2011)	51,618	25,291
Deferred financing costs, net	226,141	28,190
Cash surrender value of life insurance	190,196	177,744
Other assets	1,991,796	1,412,833
Estimated third-party payor settlements	<u>1,761,558</u>	<u>785,000</u>
Total other assets	4,221,309	2,429,058
Property and equipment, net	<u>16,681,782</u>	<u>15,729,827</u>
Total assets	<u>\$ 41,506,381</u>	<u>\$ 30,498,280</u>

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

LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 3,158,390	\$ 1,853,864
Payroll and related liabilities	2,812,164	2,548,360
Estimated third-party payor settlements	2,873,702	2,764,883
Current portion of long-term debt	<u>689,827</u>	<u>1,108,598</u>
Total current liabilities	9,534,083	8,275,705
Long-term debt, less current portion	7,835,454	6,783,901
Deferred compensation	<u>617,833</u>	<u>483,483</u>
Total liabilities	17,987,370	15,543,089
Commitments and contingencies (Notes 3, 9 and 12)		
Net assets		
Unrestricted	23,131,004	14,570,814
Temporarily restricted	<u>388,007</u>	<u>384,377</u>
Total net assets	<u>23,519,011</u>	<u>14,955,191</u>
Total liabilities and net assets	\$ <u>41,506,381</u>	\$ <u>30,498,280</u>

NORTHERN MAINE MEDICAL CENTER AND SUBSIDIARY

Consolidated Statements of Operations

Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted revenues and other support		
Gross patient service revenue	\$ 72,463,495	\$ 71,336,437
Contractual adjustments	(26,402,735)	(27,001,174)
Charity care	(738,697)	(638,349)
MaineCare Rural Health Center settlement	<u>5,000,000</u>	<u>-</u>
Total adjustments	<u>(22,141,432)</u>	<u>(27,639,523)</u>
Net patient service revenue	<u>50,322,063</u>	<u>43,696,914</u>
Other revenue	582,160	657,101
Meaningful use revenues	1,503,185	1,506,543
Net assets released from restrictions used for operations	<u>116,295</u>	<u>114,479</u>
Total unrestricted revenues and other support	<u>52,523,703</u>	<u>45,975,037</u>
Operating expenses		
Salaries, wages and contract services	24,103,145	25,498,381
Payroll taxes	1,136,939	1,167,111
Employee benefits	2,614,819	2,223,414
Legal, audit and consulting	841,101	894,457
Supplies and other operating expenses	11,407,785	11,254,860
Healthcare provider taxes	1,118,556	1,148,887
Depreciation and amortization	2,181,452	2,246,096
Provision for doubtful accounts	1,068,745	1,216,519
Interest	<u>424,862</u>	<u>480,592</u>
Total operating expenses	<u>44,897,404</u>	<u>46,130,317</u>
Income (loss) from operations	7,626,299	(155,280)
Nonoperating gains:		
Equity in net income of insurance captive	536,501	56,964
Other nonoperating income, net	<u>397,390</u>	<u>162,691</u>
Nonoperating gains	<u>933,891</u>	<u>219,655</u>
Excess of revenues, gains, and other support over expenses and nonoperating gains	<u>\$ 8,560,190</u>	<u>\$ 64,375</u>

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

NORTHERN MAINE MEDICAL CENTER AND SUBSIDIARY

Consolidated Statements of Changes in Net Assets

Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted net assets		
Excess of revenues, gains, and other support over expenses and nonoperating gains	\$ <u>8,560,190</u>	\$ <u>64,375</u>
Increase in unrestricted net assets	<u>8,560,190</u>	<u>64,375</u>
Temporarily restricted net assets		
Restricted contributions	111,719	105,945
Restricted investment income	1,924	2,714
Net assets released from restrictions used for operations	(116,295)	(114,479)
Change in net unrealized gains on investments	<u>6,282</u>	<u>(1,999)</u>
Increase (decrease) in temporarily restricted net assets	<u>3,630</u>	<u>(7,819)</u>
Increase in net assets	8,563,820	56,556
Net assets, beginning of year	<u>14,955,191</u>	<u>14,898,635</u>
Net assets, end of year	<u>\$23,519,011</u>	<u>\$14,955,191</u>

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

NORTHERN MAINE MEDICAL CENTER AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Increase in net assets	\$ 8,563,820	\$ 56,556
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	2,181,452	2,246,096
Equity in insurance captive	(536,501)	(56,964)
Loss (gain) on disposals and sales of property, plant and equipment	127,862	(8,755)
Change in unrealized (gains) and losses on investments	(6,282)	1,999
Restricted contributions and investment income	(113,643)	(108,659)
Provision for bad debts	1,068,745	1,216,519
Change in:		
Accounts receivable	(1,447,045)	(1,723,602)
Meaningful use receivables	346,113	(1,506,543)
Estimated third-party payor settlements	(6,122,076)	1,481,727
Supplies, prepaid expenses and other assets	84,792	83,636
Accounts payable and other operating liabilities	<u>1,568,330</u>	<u>(811,015)</u>
Net cash provided by operating activities	<u>5,715,567</u>	<u>870,995</u>
Cash flows from investing activities		
Purchases of property and equipment	(3,230,816)	(485,164)
Proceeds from sale of property and equipment	-	75,042
Distribution from insurance captive	125,943	83,027
Increase in cash and cash equivalents of mortgage reserve funds	(20,252)	(59,153)
Increase in internally designated foundation funds	(26,406)	(89,219)
Decrease in donor-restricted assets	2,652	5,820
Increase (decrease) in notes and other amounts due from related parties	<u>(42,294)</u>	<u>4,257</u>
Net cash used by investing activities	<u>(3,191,173)</u>	<u>(465,390)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	5,756,992	-
Repayment of long-term debt	(5,124,210)	(941,844)
Increase in long-term debt issuance costs	(228,407)	-
Restricted contributions and investment income	<u>113,643</u>	<u>108,659</u>
Net cash provided (used) by financing activities	<u>518,018</u>	<u>(833,185)</u>
Increase (decrease) in cash and cash equivalents	3,042,412	(427,580)
Cash and cash equivalents at beginning of year	<u>2,176,157</u>	<u>2,603,737</u>
Cash and cash equivalents at end of year	\$ <u>5,218,569</u>	\$ <u>2,176,157</u>
Supplemental disclosure of noncash investing and financing activities		
Interest paid	\$ <u>424,862</u>	\$ <u>480,592</u>

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

NORTHERN MAINE MEDICAL CENTER AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

1. Description of Organization and Summary of Significant Accounting Policies

Organization

Northern Maine Medical Center and Subsidiary (the Medical Center) is a not-for-profit entity consisting of a 49-bed licensed acute care institution and a 45-bed licensed long-term care institution located in Fort Kent, Maine. Valley Medical Association (VMA), a wholly-owned subsidiary of the Medical Center, is a not-for-profit physician practice established to serve the surrounding communities. The Medical Center and VMA are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Principles of Consolidation

The consolidated financial statements include the accounts of the Medical Center and its subsidiary, VMA. Upon consolidation, all significant intercompany accounts and transactions are eliminated.

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 disclosures 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. The most significant areas which are affected by the use of estimates include the allowance for doubtful accounts, estimated third-party payor settlements and estimated health benefit obligations.

Cash and Cash Equivalents

The Medical Center considers all highly liquid savings deposits, money market funds and certificates of deposit with maturities of three months or less when purchased to be cash equivalents, excluding assets limited as to use.

Accounts Receivable

At September 30, 2012 and 2011, significant concentrations of gross patient accounts receivable included 51% and 60%, respectively, due from government-related programs (Medicare and MaineCare).

The allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding balances. Management considers the age of outstanding balances and past collection efforts in determining the allowance for doubtful accounts. Accounts deemed uncollectible are charged off against the established allowance.

NORTHERN MAINE MEDICAL CENTER AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Supplies

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

Investments

Investments are measured at fair value in the consolidated balance sheets. Net appreciation or depreciation on investments is measured based on fair values. Investment income (including interest and dividends) and net realized gains (losses) on investments, net of related expenses, are included in other nonoperating income. Unrealized gains (losses) are presented as a separate increase or decrease to net assets. On a periodic basis, the Medical Center evaluates its investments to determine if declines in market value below cost are other than temporary. If such declines are determined to be other than temporary, an impairment charge is recognized and included in the excess of revenues, gains, and other support over expenses and nonoperating gains.

Assets Limited as to Use or Donor-Restricted

In connection with its mortgage notes payable to the U.S. Department of Agriculture/Rural Development (RD), the Medical Center is required to establish certain reserve funds.

Gifts, grants and bequests that are restricted by donors for specific operating purposes are accounted for in temporarily restricted net assets until expenditures are made for the purpose specified by the donors.

The foundation is an internally designated fund that serves as the fundraising arm of the Medical Center by way of securing, managing and distributing charitable gifts in support of the Medical Center's mission. All gifts and related income earned on these funds are designated for use in a manner to benefit residents and visitors who depend on quality health care. Donations, gifts and income earned on foundation funds are recorded in other income on the consolidated statements of operations.

Excess of Revenues, Gains, and Other Support Over Expenses and Nonoperating Gains

The consolidated statements of operations include excess of revenues, gains, and other support over expenses and nonoperating gains. Changes in unrestricted net assets which are excluded from this measure, consistent with industry practice, include unrealized gains and temporary losses on investments, and the acquisition of long-lived assets using donor-restricted contributions.

NORTHERN MAINE MEDICAL CENTER AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. 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 performed and adjusted in future periods as final settlements are determined. Changes in these estimates are reflected in the financial statements in the year in which they occur.

Laws and regulations governing the Medicare and MaineCare programs are complex and subject to interpretation. The Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and MaineCare programs.

Property and Equipment

Property and equipment is stated at cost. The Medical Center's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the life of the related assets. Provisions for depreciation are determined principally by the straight-line method at rates which are intended to amortize the cost of assets over their estimated useful lives.

Deferred Financing Costs

Deferred financing costs represent the costs incurred in obtaining financing for various construction projects that the Medical Center is currently undertaking, and the costs incurred to refinance a mortgage. These costs are being amortized on a straight-line basis over the terms of the respective debt obligations.

Charity Care and Bad Debts

The Medical Center accepts all patients regardless of their ability to pay. A patient is classified as a charity care patient by reference to certain established policies of the Medical Center. Essentially, these policies define free services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the Medical Center utilizes generally recognized poverty income levels, but also includes certain cases where incurred charges are significant when compared to income. Charity care provided is not included in net patient service revenue. Charges for services rendered to individuals from whom payment is expected and ultimately not received are written off and included as an operating expense as part of the provision for doubtful accounts.

NORTHERN MAINE MEDICAL CENTER AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Accrued Earned Time

The Medical Center has an earned time policy whereby employees are vested in earned vacation, holiday and sick pay. All pay for earned time is computed at the employee's current base pay (excluding overtime, shift and other premiums), and is accrued as earned. Accrued earned time is included in payroll and related liabilities on the consolidated balance sheets.

Income Taxes

The Medical Center and VMA are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the Medical Center's tax positions and concluded the Medical Center has maintained its tax-exempt status, does not have any significant unrelated business income and has taken no uncertain tax positions that require adjustment or disclosure in the consolidated financial statements.

Recent Accounting Pronouncements

During 2012, the Medical Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2010-23, "*Health Care Entities (Topic 954): Measuring Charity Care for Disclosure*" (ASU 2010-23), which requires that cost be used as a measurement for charity care disclosure purposes and that cost be identified as the direct and indirect cost of providing the charity care. It also requires disclosure of the method used to identify or determine such costs. The adoption of this ASU did not impact the Medical Center's September 30, 2012 consolidated financial statements.

During 2012, the Medical Center adopted FASB ASU No. 2010-24, "*Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*" (ASU 2010-24), which clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. The adoption of ASU 2010-24 did not impact the Medical Center's September 30, 2012 consolidated financial statements.

In July 2011, the FASB issued ASU No. 2011-07, "*Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*". Changes to the presentation of the provision for bad debts related to patient service revenue in the statement of operations is applied retrospectively to all prior periods presented. The ASU states that a health care entity that recognizes significant amounts of patient service revenue at the time the services are rendered, even though it does not assess the patient's ability to pay, must present bad debts as a reduction of net patient revenue and not include these as a separate item in operating expenses. The ASU is effective for the Medical Center's fiscal year ending September 30, 2013. The changes in presentation, as required by this guidance, are not expected to significantly impact the Medical Center's financial position, results of operations or cash flows.

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Notes to Consolidated Financial Statements

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Reclassifications

Certain amounts in the 2011 consolidated financial statements and notes thereto have been reclassified to conform to the 2012 presentation.

2. Investments and Assets Limited as to Use

The composition of assets limited as to use or donor-restricted at September 30, 2012 and 2011 is set forth in the following table. The balances are stated at fair value.

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 1,054,247	\$ 1,091,665
Certificates of deposit	311,698	230,275
Marketable equity securities	4,918	5,206
Mutual funds	<u>34,317</u>	<u>27,746</u>
	<u>\$ 1,405,180</u>	<u>\$ 1,354,892</u>

Investment income and gains (losses) consisted of the following for the years ended September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$13,679	\$ 7,452
Change in unrealized gains and losses on investments	6,282	(1,999)

Unrealized losses on individual investments were immaterial at September 30, 2012 and 2011.

Fair Value Measurements

Fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Medical Center uses various methods including market, income and cost approaches. Based on these approaches, the Medical Center often utilizes certain assumptions that market participants would use in pricing the asset, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Medical Center utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Medical Center is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

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Level 2 - Valuations for assets traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets.

Level 3 - Valuations for assets that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets.

For the fiscal years ended September 30, 2012 and 2011, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies for instruments measured at fair value:

Cash and cash equivalents, certificates of deposit, marketable equity securities and mutual funds are based upon quoted prices in active markets for identical assets and are reflected as Level 1.

Annuities are valued at deposits made to contracts plus earnings at guaranteed crediting rates, less withdrawals and fees, which approximates fair value.

The following table presents the balances of assets measured at fair value at September 30, 2012 and 2011 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2012</u>				
Cash and cash equivalents	\$ 1,054,247	\$ -	\$ -	\$ 1,054,247
Certificates of deposit	311,698	-	-	311,698
Marketable equity securities	4,918	-	-	4,918
Mutual funds	34,317	-	-	34,317
Investments to fund deferred compensation:				
Equity mutual funds	323,618	-	-	323,618
Fixed income mutual funds	124,777	-	-	124,777
Annuities	-	<u>169,438</u>	-	<u>169,438</u>
Total assets	<u>\$ 1,853,575</u>	<u>\$ 169,438</u>	<u>\$ -</u>	<u>\$ 2,023,013</u>
<u>2011</u>				
Cash and cash equivalents	\$ 1,091,665	\$ -	\$ -	\$ 1,091,665
Certificates of deposit	230,275	-	-	230,275
Marketable equity securities	5,206	-	-	5,206
Mutual funds	27,746	-	-	27,746
Investments to fund deferred compensation:				
Equity mutual funds	201,174	-	-	201,174
Fixed income mutual funds	77,567	-	-	77,567
Annuities	-	<u>204,742</u>	-	<u>204,742</u>
Total assets	<u>\$ 1,633,633</u>	<u>\$ 204,742</u>	<u>\$ -</u>	<u>\$ 1,838,375</u>

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3. Property and Equipment

A summary of property and equipment follows:

	<u>2012</u>	<u>2011</u>
Land and land improvements	\$ 986,603	\$ 986,603
Buildings	18,037,193	18,125,357
Equipment	16,363,618	16,256,624
Leasehold improvements	<u>1,769,734</u>	<u>1,769,734</u>
	37,157,148	37,138,318
Less accumulated depreciation and amortization	<u>(23,711,081)</u>	<u>(21,560,119)</u>
	13,446,067	15,578,199
Construction in progress	<u>3,235,715</u>	<u>151,628</u>
Property and equipment, net	<u>\$ 16,681,782</u>	<u>\$ 15,729,827</u>

During 2012, the Medical Center began construction on a "Biomass Heat Plant Conversion and Capital Plant Improvement" project totaling approximately \$3.5 million. At September 30, 2012, the Medical Center had approximately \$2.6 million of costs in construction in progress related to this project. The project is expected to be completed in 2013.

4. Long-Term Debt

A summary of long-term debt follows:

	<u>2012</u>	<u>2011</u>
7.125% loan payable to a bank, secured by assets and real estate, due in monthly installments of \$9,475, including principal and interest through October 1, 2017, 90% guaranteed by RD. Paid in 2012.	\$ -	\$ 1,081,031
6.9% loan payable to a bank, secured by assets and real estate, due in monthly installments of \$5,428, including principal and interest through March 2018, at which time final payment was due, 90% guaranteed by RD. Paid in 2012.	-	630,260
6.6% loan payable to a bank, secured by land and buildings, due in monthly installments of \$8,909, including principal and interest through June 2022, 90% guaranteed by RD. Paid in 2012.	-	822,600

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	<u>2012</u>	<u>2011</u>
Variable rate (3.75% at September 30, 2012) loan payable to a bank, due in monthly installments of \$1,838, including principal and interest through September 2012, secured by corporate assets. Paid in 2012.	-	134,750
4.5% loan payable to RD, due in monthly installments of \$14,519, including principal and interest through March 2021, secured by buildings and all corporate assets.	646,267	787,945
4.125% mortgage notes payable to RD, due in monthly installments of \$4,904, including principal and interest through March 2028 secured by buildings and all corporate assets.	671,932	702,358
7.39% equipment loan payable to a bank, secured by equipment and foundation funds, due in monthly installments of \$7,878, including principal and interest through June 2013. Paid in 2012.	-	154,680
5% mortgage note payable to RD, due in monthly installments of \$2,410, including principal and interest through September 2015, secured by buildings and all corporate assets.	81,502	105,677
7.38% mortgage note payable to a bank, due in monthly installments of \$2,574, including principal and interest through September 2021, secured by buildings and real estate. Paid in 2012.	-	216,918
Variable rate loan payable to a bank, due in monthly installments of \$10,992 through December 2013, at which time final payment was due, secured by corporate assets, including foundation funds. Paid in 2012.	-	296,784
Variable rate loan payable to a bank, due in monthly installments of \$8,333 through January 2014, at which time final payment was due, secured by corporate assets, including foundation funds. Paid in 2012.	-	233,333
7.79% loan payable to a bank, due in monthly installments of \$18,158, including principal and interest through April 2014, secured by equipment, certificates of deposit and foundation funds. Paid in 2012.	-	508,399
4.25% loan payable to RD, due in monthly installments of \$6,820, including principal and interest through December 2025, secured by buildings and all corporate assets.	826,256	871,924

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	<u>2012</u>	<u>2011</u>
Variable rate loan payable to a bank, secured by corporate assets, due in monthly installments of \$1,405, including principal and interest through September 2013 with a balloon payment was due October 2013. Paid in 2012.	-	143,877
4.25% loan payable to RD, due in monthly installments of \$614, including principal and interest through April 2024, secured by building and all corporate assets.	67,078	71,474
4.375% loan payable to RD, due in monthly installments of \$2,504, including principal and interest through April 2024, secured by building and all corporate assets.	272,558	290,252
4.375% loan payable to RD, due in monthly installments of \$2,035, including principal and interest through April 2024, secured by building and all corporate assets.	221,265	235,639
6.75% loan payable to a bank, due in monthly installments of \$4,592, including principal and interest through June 2025, secured by real estate, guaranteed by RD. Paid in 2012.	-	491,023
5.75% loan payable to a bank, due in monthly installments of \$1,175, including principal and interest through May 2025, secured by real estate.	33,781	44,575
Variable rate (4.75% at September 30, 2012) loan payable to a bank, monthly interest only payments through June 2013 with a balloon payment due July 2013, secured by substantially all corporate assets.	1,341,681	-
4.88% loan payable to a bank, due in monthly installments of \$70,176, including principal and interest through June 2013 with a balloon payment of \$3,847,577 due July 2013, secured by substantially all corporate assets.	4,311,850	-
Capitalized lease obligations	<u>51,111</u>	<u>69,000</u>
	8,525,281	7,892,499
Less current portion	<u>(689,827)</u>	<u>(1,108,598)</u>
	<u>\$ 7,835,454</u>	<u>\$ 6,783,901</u>

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The RD loan agreements place restrictions on additional long-term financing and expansion of facilities. Also, as a condition of the loan agreements, the Board of Trustees has agreed to establish, over a period of time, reserve funds totaling approximately \$410,000. The Medical Center had established \$336,917 and \$316,665 in reserve funds at September 30, 2012 and 2011, respectively. These reserve funds can be utilized for repairs and replacements necessitated by catastrophe, extensions or improvements made with written governmental approval, as well as debt service payments should the net revenue (as defined) of the Medical Center be insufficient to otherwise service the debt. The construction and RD loan agreements are collateralized by substantially all assets and assignment of income.

In February 2012, the Medical Center entered into a new loan commitment agreement with a bank to refinance the Medical Center's two new loans established during 2012 with the same bank. The refinanced loan amount will be 86.48% guaranteed by RD and carry a fixed interest rate equal to the secondary market RD rate 30 days prior to closing plus 1% per annum. This loan will be for a maximum of \$6,698,100 and will be repaid over a period of 20 years.

Certain bank loans require the Medical Center to comply with restrictive financial covenants, including, but not limited to, debt service coverage. As of September 30, 2012, the Medical Center is in compliance with all covenants.

The Medical Center leases certain equipment under leases which have been capitalized and are included in property and equipment. Assets recorded under capital leases total \$1,514,940 at September 30, 2012 with accumulated amortization of \$1,468,342. Amortization of the capital leases was \$16,944 and \$22,372, respectively, in 2012 and 2011, and has been included with depreciation and amortization expense in the consolidated statements of operations. The capital leases have been recorded as long-term obligations. Future minimum lease payments in the aggregate under capital lease obligations at September 30, 2012, are as follows:

Total remaining payments	\$ 59,205
Less amounts representing interest	<u>(8,094)</u>
Capital lease obligation	51,111
Less current portion of capital lease obligations	<u>(16,877)</u>
Long-term obligations under capital leases	<u>\$ 34,234</u>

The Medical Center has available a secured \$500,000 working capital line of credit with a local Bank, with an interest rate equivalent to the Wall Street Journal prime rate plus 1%, subject to a floor of 4.25%. The line of credit expires July 19, 2013. There was no balance outstanding under the line at September 30, 2012.

Scheduled principal repayments on long-term debt, under the new loan commitment agreement, are as follows:

2013 (included in current liabilities)	\$ 689,827
2014	644,387
2015	657,235
2016	643,877
2017	507,961
Thereafter	<u>5,381,994</u>
	<u>\$ 8,525,281</u>

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5. Deferred Compensation

The Medical Center permits certain management and highly compensated employees to defer portions of their compensation based on Internal Revenue Service guidelines. The Medical Center has recorded \$617,833 and \$483,483 at September 30, 2012 and 2011, respectively, to reflect its liability under this plan. The Medical Center has established a Rabbi Trust to finance obligations under the plan. The trust balance of \$617,833 and \$483,483 is included in other assets at September 30, 2012 and 2011, respectively. All trust earnings are allocated to plan participants.

6. Net Patient Service Revenue

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

Medicare

Inpatient and outpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based primarily on diagnosis and clinical factors. The Medical Center's final reimbursement is determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. Final settlements have been determined for all years prior to 2005.

MaineCare

MaineCare is a medical assistance program offered by the State of Maine Department of Human Services (DHHS). Inpatient and outpatient services rendered to MaineCare program beneficiaries are reimbursed under a variety of methodologies, including prospective rates, rates per discharge, fee schedules and cost reimbursement. The Medical Center's final reimbursement is determined after submission of an annual cost report by the Medical Center and audit thereof by MaineCare. Preliminary settlements have been determined for all years prior to 2009.

The State of Maine enacted legislation establishing a health care provider tax (State tax). The enactment of the State tax allowed the State of Maine to add revenues to the State of Maine General Fund while minimizing the potential lost federal matching funds in the MaineCare Program. The Medical Center's tax is based on a State of Maine formula which calculates the annual tax as a percentage of historic net patient service revenue. As a result, the Hospital was subjected to and recorded \$866,390 and \$916,051 of State tax in 2012 and 2011, respectively. Legislation was passed by the State of Maine imposing a tax on all nursing homes and residential treatment facilities. This health care provider tax was effective beginning July 1, 2002. Under this State of Maine regulation, the Medical Center is required to pay a tax of 6% of its calculated gross patient service revenue for its nursing home facility. This tax was \$252,166 and \$232,836 for fiscal 2012 and 2011, respectively. These taxes are offset through increased reimbursement which is reflected as a decrease in contractual adjustments.

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Blue Cross

All services provided to Blue Cross subscribers were reimbursed at a discount from established charges.

Other

The Medical Center has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge and discounts from established charges.

The amounts which the Medical Center charged at established rates are shown below, along with the difference between the amounts charged and the estimated amounts realizable under the third-party reimbursement formula (contractual adjustments), and the amounts classified as free care.

Net patient service revenue consists of the following at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Patient service revenue		
Routine services	\$ 8,657,157	\$ 10,670,963
Special services	46,297,047	44,130,117
Long-term care services	6,507,515	6,078,893
Medical practices	<u>11,001,776</u>	<u>10,456,464</u>
	<u>72,463,495</u>	71,336,437
Deductions from revenue		
Contractual adjustments	(26,402,735)	(27,001,174)
MaineCare Rural Health Center settlements	5,000,000	-
Charity care	<u>(738,697)</u>	<u>(638,349)</u>
	<u>(22,141,432)</u>	<u>(27,639,523)</u>
Net patient service revenue	<u>\$ 50,322,063</u>	<u>\$ 43,696,914</u>

During 2012, net patient service revenue increased by approximately \$5,629,000 due to favorable settlements and changes in prior year estimated third-party settlements. The DHHS has agreed to pay a higher reimbursement rate for the Rural Health Center for the years 2004-2012, which accounted for approximately \$5,000,000 of the total \$5,629,000 increase.

Revenues from the Medicare program accounted for approximately 56% and 54% of the Medical Center's patient service revenues for the years ended 2012 and 2011, respectively. Revenues from the MaineCare (the State of Maine's Medicaid program) accounted for approximately 14% and 18% of the Medical Center's patient service revenues for the years ended 2012 and 2011, respectively.

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7. Charity Care

The Medical Center 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, the estimated cost of those services and supplies, and equivalent service statistics. The following information measures the level of charity care provided for the year ended September 30:

	<u>2012</u>	<u>2011</u>
Charges foregone, based on established rates	\$ <u>738,697</u>	\$ <u>638,349</u>
Estimated costs incurred to provide charity care	\$ <u>458,000</u>	\$ <u>413,000</u>
Equivalent percentage of charity care services to all services	<u>1.02%</u>	<u>0.89%</u>

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

8. Defined Contribution Plan

The Medical Center and VMA have a defined contribution annuity plan which covers substantially all eligible employees. The Medical Center funds the defined contribution plan via bi-weekly contributions. The employer non-discretionary contribution was suspended February 1, 2009. Effective January 1, 2011, the Medical Center reinstated the employer non-discretionary contribution at a rate of 1% of base compensation for all eligible and participating employees. In August 2012, the Medical Center approved an employer matching contribution not to exceed 3% of employee's eligible compensation and the non-discretionary contribution was ceased. The Medical Center's contributions and expense for fiscal 2012 and 2011 totaled approximately \$162,200 and \$52,900, respectively.

9. Commitments and Contingencies

Malpractice Insurance

The Medical Center insures its medical malpractice risks through a multiprovider captive insurance company. Premiums paid are based upon actuarial determined amounts to adequately fund for expected losses. The captive retains and funds up to actuarial expected loss amounts and obtains reinsurance for aggregate claims in excess of funding in accordance with industry practices. The Medical Center's interest in the captive represents approximately 21% of the captive at September 30, 2012. The Medical Center has recorded its portion of the captive's equity, which totals approximately \$1,340,000 and \$929,000 at September 30, 2012 and 2011, respectively, which is included in other assets on the consolidated balance sheet, and the change in the Medical Center's interest (prior to distribution) is included as part of nonoperating gains in the consolidated statements of operations. The Medical Center is subject to complaints, claims, and litigation due to potential claims which arise in the normal course of business. Generally accepted accounting

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principles require the Medical Center to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected insurance recoveries are presented as a separate asset. The Medical Center has evaluated its exposure to losses arising from potential claims and determined no such accrual is necessary for the year ended September 30, 2012.

Self-Insurance Program

The Medical Center and VMA self-insure their employee health benefits and have estimated and recorded amounts to meet the expected obligations under the program. Stop loss insurance coverage is in effect which limits the Medical Center's exposure to loss on an individual basis of \$95,000 (excluding services rendered by the Medical Center to participants) and an annual aggregate basis of \$1,705,000 (excluding services rendered by the Medical Center to participants). In 2012 and 2011, total expense for health benefits was approximately \$2,200,000 and \$1,938,000, respectively. The Medical Center has accrued a liability for this program within accounts payable and accrued expenses totaling approximately \$305,000 and \$265,000 at September 30, 2012 and 2011, respectively. Gross revenues recorded by the Medical Center for services rendered to participants in the plan were approximately \$1,195,900 in 2012 and \$1,279,800 in 2011.

The Medical Center maintains its cash accounts in commercial banks and credit unions which, at times, may exceed federally insured limits. The Medical Center has experienced no losses in such accounts. The Medical Center believes it is not exposed to any significant risk with regard to cash and cash equivalents.

10. Leases

The Medical Center has various leases on a month-to-month basis. Lease expense amounted to approximately \$59,000 and \$84,000 for the years ended September 30, 2012 and 2011, respectively.

The Medical Center has entered into various long-term operating leases for office space and equipment. The leases carry varying terms and expiration dates ranging from five to ten years. Rent expense under these lease agreements amounted to approximately \$289,000 for the years ended September 30, 2012 and 2011. The approximate future minimum lease payments required under these operating leases are as follows:

2013	\$ 267,064
2014	181,284
2015	171,602
2016	166,392
2017	102,881
Thereafter	<u>50,522</u>
	<u>\$ 939,745</u>

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The Medical Center also has two leases for office space that expired in 2011 and are currently being paid on a month-to-month basis. Total monthly payments approximate \$14,000. The Medical Center intends to continue negotiating long-term leases for these spaces during fiscal 2013.

The Medical Center leases out some of its facilities and equipment on a tenant at will basis. Rental income from these leases totaled approximately \$94,000 and \$85,000 for the years ended September 30, 2012 and 2011, respectively, and is included in other revenue in the consolidated statements of operations.

11. Functional Expense

The Medical Center provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended September 30:

	<u>2012</u>	<u>2011</u>
Health care services	\$ 35,771,164	\$ 36,966,380
General and administrative	<u>9,126,240</u>	<u>9,163,937</u>
	<u>\$ 44,897,404</u>	<u>\$ 46,130,317</u>

12. Related Parties

Notes and other amounts due from related parties consist of the following at September 30:

	<u>2012</u>	<u>2011</u>
Notes receivable from physicians	\$ 41,626	\$ -
Receivable from Aroostook Home Health Services	111,110	111,110
Receivable from employees	17,169	16,501
Less:		
Reserve for uncollectible accounts	(102,320)	(102,320)
Current portion of notes receivable	<u>(15,967)</u>	<u>-</u>
Notes and other amounts due from related parties, less current portion	<u>\$ 51,618</u>	<u>\$ 25,291</u>

There were two notes receivable from physicians outstanding at September 30, 2012. Notes receivable from physicians at September 30, 2012 carried interest rates of prime (3.25% at September 30, 2012) and maturities through 2015. There were no notes receivable from physicians outstanding at September 30, 2011.

The Medical Center has pledged \$100,000 of its cash and cash equivalents at September 30, 2012 and 2011 as collateral for the bank debt of Aroostook Home Health Services, for which the Medical Center appoints 50% of the Board. Due to the financial position of Aroostook Home Health Services, the Medical Center has recorded a liability for the entire amount of the pledge, \$100,000 as of September 30, 2012 and 2011.

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13. Meaningful Use

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The criteria for meaningful use will be staged in three steps from fiscal year 2011 through 2015. During 2011, the Medical Center attested to Stage 1 meaningful use certification from the Centers for Medicare and Medicaid Services (CMS) and has recorded meaningful use revenues of approximately \$1.5 million in 2011 and 2012. Stage 2 is expected to be implemented in fiscal 2013. As additional phases are completed and the Medical Center meets the required objectives, additional financial incentives are anticipated.

The Medical Center has received full payment of the meaningful use receivables outstanding at September 30, 2012 and 2011 through the date of this report.

The meaningful use attestation is subject to review/audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by the Medical Center. Management has determined that no allowance is needed against the established meaningful use receivable at September 30, 2012.

14. Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. generally accepted accounting principles, the Medical Center has considered transactions or events occurring through January 11, 2013, which was the date that the financial statements were available to be issued.

In November 2012, a building was sold by the Medical Center for \$300,000. The asset's net book value prior to the sale was approximately \$428,000, generating a loss of approximately \$128,000. This impairment loss is included in other operating revenue at September 30, 2012.

Subsequent to year-end, the Medical Center signed asset purchase agreements totaling approximately \$1.9 million for MRI, nuclear medicine and digital mammography equipment. Related five-year equipment service agreements were also signed totaling approximately \$165,000 annually.

