

**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**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

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

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

<b>B</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	<b>C</b> THE AROOSTOOK MEDICAL CENTER P.O. BOX 151 PRESQUE ISLE, ME 04769	<b>D</b> Employer Identification Number 01-0372148 <b>E</b> Telephone number 207-768-4250 <b>G</b> Gross receipts \$ <u>222,385,237.</u>
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<b>F</b> Name and address of principal officer: <u>SYLVIA GETMAN</u> Same As C Above	<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If 'No,' attach a list. (see instructions)
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**I** Tax-exempt status  501(c)(3)  501(c) ( ) (insert no.)  4947(a)(1) or  527

**J** Website: ▶ WWW.TAMC.ORG **H(c)** Group exemption number ▶ 5247

**K** Form of organization:  Corporation  Trust  Association  Other ▶ **L** Year of Formation: 1981 **M** State of legal domicile: ME

**Part I Summary**

	1 Briefly describe the organization's mission or most significant activities: <u>THE MISSION OF THE AROOSTOOK MEDICAL CENTER IS TO RESTORE, MAINTAIN, AND IMPROVE THE HEALTH OF OUR FRIENDS AND NEIGHBORS IN A COMPASSIONATE AND PROFESSIONAL ENVIRONMENT.</u>			
Activities & Governance	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		17
	4 Number of independent voting members of the governing body (Part VI, line 1b).....	4		11
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a).....	5		1,149
	6 Total number of volunteers (estimate if necessary).....	6		76
	7a Total unrelated business revenue from Part VIII, column (C), line 12.....	7a		0.
	7b Net unrelated business taxable income from Form 990-T, line 34.....	7b		0.
Revenue		<b>Prior Year</b>		<b>Current Year</b>
	8 Contributions and grants (Part VIII, line 1h).....	190,953.		110,021.
	9 Program service revenue (Part VIII, line 2g).....	214,117,508.		212,790,621.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d).....	467,532.		409,853.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....	1,872,091.		4,572,418.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12).....	216,648,084.		217,882,913.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3).....			
	14 Benefits paid to or for members (Part IX, column (A), line 4).....			
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).....	61,167,015.		66,011,877.
	16a Professional fundraising fees (Part IX, column (A), line 11e).....			
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ <u>61,396.</u>			
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....	151,729,809.		153,460,503.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....	212,896,824.		219,472,380.	
19 Revenue less expenses. Subtract line 18 from line 12.....	3,751,260.		-1,589,467.	
Net Assets or Fund Balances		<b>Beginning of Current Year</b>		<b>End of Year</b>
	20 Total assets (Part X, line 16).....	72,008,376.		76,177,731.
	21 Total liabilities (Part X, line 26).....	34,686,323.		40,281,935.
22 Net assets or fund balances. Subtract line 21 from line 20.....	37,322,053.		35,895,796.	

**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.

<b>Sign Here</b>		Date <u>8-15-13</u>
	Type or print name and title. <b>C. BRUCE SANDSTROM</b> VICE PRESIDENT, CFO	

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature <u>Self-Prepared</u>	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				
	Firm's address ▶				
				Firm's EIN ▶	
				Phone no.	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

THE MISSION OF THE AROOSTOOK MEDICAL CENTER IS TO RESTORE, MAINTAIN, AND IMPROVE THE HEALTH OF OUR FRIENDS AND NEIGHBORS IN A COMPASSIONATE AND PROFESSIONAL ENVIRONMENT.

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

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

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

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

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

4a (Code: [ ]) (Expenses \$ 192,440,205. including grants of \$ [ ]) (Revenue \$ 217,363,039.)

See Schedule O

4b (Code: [ ]) (Expenses \$ 8,679,854. including grants of \$ [ ]) (Revenue \$ [ ])

MEDICARE SHORTFALLS (AT COST). 7,763 PERSONS SERVED

4c (Code: [ ]) (Expenses \$ 4,281,461. including grants of \$ [ ]) (Revenue \$ [ ])

MEDICAID SHORTFALLS (AT COST). 6,769 PERSONS SERVED

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

(Expenses \$ 1,261,212. including grants of \$ [ ]) (Revenue \$ [ ])

4e Total program service expenses ▶ 206,662,732.

**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> (see instructions)? .....	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 <b>Section 501(c)(3) organizations.</b> 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 (see instructions).</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
20 a 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
<b>21</b> Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If 'Yes,' complete Schedule I, Parts I and II.</i> .....		X
<b>22</b> 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
<b>23</b> 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	
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, and that was issued after December 31, 2002? <i>If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25.</i> .....	X	
<b>24b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? .....		X
<b>24c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? .....		X
<b>24d</b> Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year? .....		X
<b>25a</b> <b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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>25b</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
<b>26</b> 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
<b>27</b> 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
<b>28</b> 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):		
<b>28a</b> A current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV.</i> .....		X
<b>28b</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	
<b>28c</b> 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
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If 'Yes,' complete Schedule M.</i> .....		X
<b>30</b> 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
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If 'Yes,' complete Schedule N, Part I.</i> .....		X
<b>32</b> 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
<b>33</b> 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
<b>34</b> 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	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? .....	X	
<b>35b</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	
<b>36</b> <b>Section 501(c)(3) organizations.</b> 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	
<b>37</b> 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
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O. ....	X	

BAA

Form 990 (2011)

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

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

		Yes	No
<b>1 a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. . . . .	<b>1 a</b>	139
<b>1 b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . .	<b>1 b</b>	0
<b>1 c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	<b>1 c</b>	X
<b>2 a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return. . . . .	<b>2 a</b>	1,149
<b>2 b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? . . . . .	<b>2 b</b>	X
<b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file. (see instructions)			
<b>3 a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .	<b>3 a</b>	X
<b>3 b</b>	If 'Yes' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O. . . . .	<b>3 b</b>	
<b>4 a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .	<b>4 a</b>	X
<b>4 b</b>	If 'Yes,' enter the name of the foreign country: ▶ _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5 a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . .	<b>5 a</b>	X
<b>5 b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . . . .	<b>5 b</b>	X
<b>5 c</b>	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T? . . . . .	<b>5 c</b>	
<b>6 a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? . . . . .	<b>6 a</b>	X
<b>6 b</b>	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	<b>6 b</b>	
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>7 a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? . . . . .	<b>7 a</b>	X
<b>7 b</b>	If 'Yes,' did the organization notify the donor of the value of the goods or services provided? . . . . .	<b>7 b</b>	
<b>7 c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .	<b>7 c</b>	X
<b>7 d</b>	If 'Yes,' indicate the number of Forms 8282 filed during the year. . . . .	<b>7 d</b>	
<b>7 e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .	<b>7 e</b>	X
<b>7 f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .	<b>7 f</b>	X
<b>7 g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . .	<b>7 g</b>	
<b>7 h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . .	<b>7 h</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .	<b>8</b>	
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>9 a</b>	Did the organization make any taxable distributions under section 4966? . . . . .	<b>9 a</b>	
<b>9 b</b>	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .	<b>9 b</b>	
<b>10 Section 501(c)(7) organizations. Enter:</b>			
<b>10 a</b>	Initiation fees and capital contributions included on Part VIII, line 12. . . . .	<b>10 a</b>	
<b>10 b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. . . . .	<b>10 b</b>	
<b>11 Section 501(c)(12) organizations. Enter:</b>			
<b>11 a</b>	Gross income from members or shareholders. . . . .	<b>11 a</b>	
<b>11 b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) . . . . .	<b>11 b</b>	
<b>12 a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? . . . . .	<b>12 a</b>	
<b>12 b</b>	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year. . . . .	<b>12 b</b>	
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
<b>13 a</b>	Is the organization licensed to issue qualified health plans in more than one state? . . . . .	<b>13 a</b>	
<b>Note.</b> See the instructions for additional information the organization must report on Schedule O.			
<b>13 b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans. . . . .	<b>13 b</b>	
<b>13 c</b>	Enter the amount of reserves on hand . . . . .	<b>13 c</b>	
<b>14 a</b>	Did the organization receive any payments for indoor tanning services during the tax year? . . . . .	<b>14 a</b>	X
<b>14 b</b>	If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O. . . . .	<b>14 b</b>	

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

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

**Section A. Governing Body and Management**

		Yes	No
<b>1 a</b>	Enter the number of voting members of the governing body at the end of the tax year. . . . . <b>1 a</b> 17 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
<b>b</b>	Enter the number of voting members included in line 1a, above, who are independent. . . . . <b>1 b</b> 11		
<b>2</b>	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
<b>3</b>	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
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .		X
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .		X
<b>6</b>	Did the organization have members or stockholders? . . . . See Schedule O . . . . .	X	
<b>7 a</b>	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . See Schedule O . . . . .	X	
<b>b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or other persons other than the governing body? . . . . . See Sch O	X	
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b>	The governing body? . . . . .	X	
<b>b</b>	Each committee with authority to act on behalf of the governing body? . . . . .	X	
<b>9</b>	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O. . . . .		X

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

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

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed ▶ ME
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
 Own website     Another's website     Upon request
- 19** Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public during the tax year. See Schedule O
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization:  
 ▶ C. BRUCE SANDSTROM, VP, CFO 140 ACADEMY STREET PRESQUE ISLE ME 04769 207-768-4250

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

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

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

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

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

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

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
See Schedule O										
(1) RICHARD DEBOWSKY, MD PRES MED STAFF	40	X					454,747.	0.	26,637.	
(2) CAROL BELL Director	2	X					0.	0.	0.	
(3) CARL FLORA Treasurer	2	X		X			0.	0.	0.	
(4) M. MICHELLE HOOD PRESIDENT EMHS	2	X					0.	886,467.	230,569.	
(5) MICHAEL FALOON, MD VICE PRES MED S	40	X					199,572.	0.	15,338.	
(6) JENNIFER SONNTAG Director	2	X					0.	0.	0.	
(7) BETTY KENT-CONANT DIRECTOR	2	X					0.	0.	0.	
(8) LEHRLE KIEFFER DIRECTOR	2	X					0.	0.	0.	
(9) JOE LALLANDE Secretary	2	X		X			0.	0.	0.	
(10) ALAN LANDEEN DIRECTOR	2	X					0.	0.	0.	
(11) LYNN LOMBARD Chairman	2	X		X			0.	0.	0.	
(12) GENE LYNCH, II VICE CHAIR	2	X		X			0.	0.	0.	
(13) SYLVIA GETMAN PRESIDENT/CEO	40	X		X			279,359.	0.	20,707.	
(14) PETER ST. JOHN Director	2	X					0.	0.	0.	

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Sch O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee			
(15) BRETT VARNUM DIRECTOR	2	X					0.	0.	0.
(16) BARRY MCCRUM DIRECTOR	2	X					0.	0.	0.
(17) STEVE ST PIERRE Director	2	X					0.	0.	0.
(18) JAY REYNOLDS, MD VP/CMO	40			X			210,657.	0.	37,126.
(19) THOMAS UMPHREY VP/HUMAN RESOUR	40			X			318,302.	0.	15,409.
(20) C. BRUCE SANDSTROM VP/CFO	40			X			194,376.	0.	57,680.
(21) ROGER PELLI, DO CMIO	40			X			244,362.	0.	20,858.
(22) JEANPIERRE MICHAUD MD SURGEON	40					X	544,108.	0.	29,850.
(23) DONALD SAWYER SURGEON	40					X	464,103.	0.	31,256.
(24) ROBERT W. RICE MD SURGEON	40					X	548,452.	0.	31,419.
(25) QUANG T. NGUYEN, MD OB/GYN	40					X	392,079.	0.	33,125.
<b>1 b Sub-total</b>							3,850,117.	886,467.	549,974.
<b>c Total from continuation sheets to Part VII, Section A</b>							602,891.	0.	21,972.
<b>d Total (add lines 1b and 1c)</b>							4,453,008.	886,467.	571,946.
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 ▶ 77									

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

**Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
R&L REAL ESTATE LLC PO BOX 4135 PRESQUE ISLE, ME 04769	PROPERTY LEASE	496,711.
FRESH AIR LLC 137 BENNETT DRIVE PRESQUE ISLE, ME 04769	AIR AMBULANCE	434,379.
NORTHERN RADIOLOGICAL ASSOC 49 SECOND STREET PRESQUE ISLE, ME 04769	CONTRACTED SERVICES	141,316.
JONATHAN HERLAND MD 36 PENN PLAZA BANGOR, ME 04401	CONSULTING	132,000.
DAUDI MANAGEMENT INC. 181 ACADEMY STREET, SUITE 3 PRESQUE ISLE, ME 04769	CONTRACTED SERVICES	346,065.
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶ 7		



**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	
<b>CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS</b>	<b>1 a</b> Federated campaigns .....	<b>1 a</b>					
	<b>b</b> Membership dues .....	<b>1 b</b>					
	<b>c</b> Fundraising events .....	<b>1 c</b>					
	<b>d</b> Related organizations .....	<b>1 d</b>	18,350.				
	<b>e</b> Government grants (contributions) .....	<b>1 e</b>	8,000.				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above .....	<b>1 f</b>	83,671.				
	<b>g</b> Noncash contributions included in lns 1a-1f: \$		11,390.				
	<b>h Total.</b> Add lines 1a-1f .....		110,021.				
<b>PROGRAM SERVICE REVENUE</b>	<b>2 a</b> PATIENT SERVICE REVENUE		Business Code				
			621990	212635473.	212635473.		
	<b>b</b> SALES & CONTRACT REVENUE		621990	155,148.	155,148.		
	<b>c</b> .....						
	<b>d</b> .....						
	<b>e</b> .....						
	<b>f</b> All other program service revenue .....						
	<b>g Total.</b> Add lines 2a-2f .....			212790621.			
<b>OTHER REVENUE</b>	<b>3</b> Investment income (including dividends, interest and other similar amounts) .....			316,624.		316,624.	
	<b>4</b> Income from investment of tax-exempt bond proceeds .....						
	<b>5</b> Royalties .....						
	<b>6 a</b> Gross rents .....	(i) Real	(ii) Personal				
				21,500.			
		<b>b</b> Less: rental expenses .....			23,345.		
		<b>c</b> Rental income or (loss) .....			-1,845.		
	<b>d</b> Net rental income or (loss) .....			-1,845.	-1,845.		
	<b>7 a</b> Gross amount from sales of assets other than inventory .....	(i) Securities	(ii) Other				
				4,071,608.	500,600.		
		<b>b</b> Less: cost or other basis and sales expenses .....			4,086,323.	392,656.	
		<b>c</b> Gain or (loss) .....			-14,715.	107,944.	
	<b>d</b> Net gain or (loss) .....			93,229.		93,229.	
	<b>8 a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 .....		<b>a</b>				
	<b>b</b> Less: direct expenses .....		<b>b</b>				
	<b>c</b> Net income or (loss) from fundraising events .....						
	<b>9 a</b> Gross income from gaming activities. See Part IV, line 19 .....		<b>a</b>				
	<b>b</b> Less: direct expenses .....		<b>b</b>				
<b>c</b> Net income or (loss) from gaming activities .....							
<b>10 a</b> Gross sales of inventory, less returns and allowances .....		<b>a</b>					
<b>b</b> Less: cost of goods sold .....		<b>b</b>					
<b>c</b> Net income or (loss) from sales of inventory .....							
Miscellaneous Revenue		Business Code					
<b>11 a</b> MEANINGFUL USE		621990	2,915,511.	2,915,511.			
<b>b</b> FOOD SERVICES		722210	420,132.	420,132.			
<b>c</b> OTHER REVENUE		900099	404,747.	404,747.			
<b>d</b> All other revenue .....			833,873.	833,873.			
<b>e Total.</b> Add lines 11a-11d .....			4,574,263.				
<b>12 Total revenue.</b> See instructions .....			217882913.	217363039.	0.	409,853.	

**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.

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A)</b> Total expenses	<b>(B)</b> Program service expenses	<b>(C)</b> Management and general expenses	<b>(D)</b> 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.	2,675,721.	776,135.	1,899,586.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0.	0.	0.	0.
7 Other salaries and wages.	51,871,400.	46,791,319.	5,080,081.	
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions).	1,736,973.	1,566,861.	170,112.	
9 Other employee benefits.	6,160,271.	5,556,958.	603,313.	
10 Payroll taxes.	3,567,512.	3,124,570.	442,942.	
11 Fees for services (non-employees):				
a Management				
b Legal	174,170.		174,170.	
c Accounting	48,617.		48,617.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17.				
f Investment management fees	4,131.		4,131.	
g Other	10,060,147.	8,465,365.	1,594,782.	
12 Advertising and promotion.	255,922.	215,352.	40,570.	
13 Office expenses.	2,618,971.	2,152,136.	405,439.	61,396.
14 Information technology.				
15 Royalties.				
16 Occupancy.	3,359,687.	2,710,550.	649,137.	
17 Travel.	902,812.	759,694.	143,118.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19 Conferences, conventions, and meetings.	46,174.		46,174.	
20 Interest.	398,091.	334,984.	63,107.	
21 Payments to affiliates.				
22 Depreciation, depletion, and amortization.	3,504,275.	2,948,761.	555,514.	
23 Insurance.	1,287,535.	1,083,429.	204,106.	
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 <u>CONTRACTUAL ALLOWANCES</u>	109,300,280.	109,300,280.		
b <u>MEDICAL SUPPLIES EXPENSE</u>	10,919,734.	10,919,734.		
c <u>PROVISION FOR BAD DEBTS</u>	3,328,288.	3,328,288.		
d <u>CHARITY CARE</u>	2,631,931.	2,631,931.		
e All other expenses.	4,619,738.	3,996,385.	623,353.	
25 Total functional expenses. Add lines 1 through 24e.	219,472,380.	206,662,732.	12,748,252.	61,396.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

**Part X Balance Sheet**

		(A) Beginning of year		(B) End of year	
ASSETS	1	Cash — non-interest-bearing	4,530.	1	5,133.
	2	Savings and temporary cash investments	13,842,188.	2	12,947,225.
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	8,057,257.	4	9,747,478.
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	1,922,720.	8	1,788,058.
	9	Prepaid expenses and deferred charges	1,975,375.	9	1,287,625.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 79,076,162.		
	b	Less: accumulated depreciation	10b 50,928,580.	27,791,135.	10c 28,147,582.
	11	Investments — publicly traded securities	3,365,252.	11	4,297,772.
	12	Investments — other securities. See Part IV, line 11	620,691.	12	124,320.
	13	Investments — program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	14,429,228.	15	17,832,538.
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	72,008,376.	16	76,177,731.	
LIABILITIES	17	Accounts payable and accrued expenses	8,885,346.	17	11,108,930.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	11,688,982.	20	10,632,879.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	14,111,995.	25	18,540,126.
	26	<b>Total liabilities.</b> Add lines 17 through 25	34,686,323.	26	40,281,935.
NET ASSETS OR FUND BALANCES	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29 and lines 33 and 34.</b>				
	27	Unrestricted net assets	35,712,819.	27	33,996,280.
	28	Temporarily restricted net assets	932,519.	28	1,218,188.
	29	Permanently restricted net assets	676,715.	29	681,328.
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>				
	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	<b>Total net assets or fund balances.</b>	37,322,053.	33	35,895,796.
34	<b>Total liabilities and net assets/fund balances.</b>	72,008,376.	34	76,177,731.	

BAA

Form 990 (2011)

**Part XI Reconciliation of Net Assets**

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	217,882,913.
2	Total expenses (must equal Part IX, column (A), line 25)	2	219,472,380.
3	Revenue less expenses. Subtract line 2 from line 1	3	-1,589,467.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	37,322,053.
5	Other changes in net assets or fund balances (explain in Schedule O). See Schedule O	5	163,210.
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	35,895,796.

**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.		

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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**

<b>Name of the organization</b> THE AROOSTOOK MEDICAL CENTER	<b>Employer identification number</b> 01-0372148
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**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

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

- 1  A church, convention of churches or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions – subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a  Type I
  - b  Type II
  - c  Type III – Functionally integrated
  - d  Type III – Other
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box.
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?.....		
(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?.....		

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

**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 <b>Total.</b> 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 <b>Public support.</b> 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 <b>Total support.</b> Add lines 7 through 10.						
12 Gross receipts from related activities, etc (see instructions).					12	
13 <b>First five years.</b> 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 <b>stop here</b> .						<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 <b>33-1/3% support test – 2011.</b> If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization.		<input type="checkbox"/>
b <b>33-1/3% support test – 2010.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization.		<input type="checkbox"/>
17a <b>10%-facts-and-circumstances test – 2011.</b> 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 <b>stop here.</b> 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 <b>10%-facts-and-circumstances test – 2010.</b> 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 <b>stop here.</b> 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 <b>Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions.		<input type="checkbox"/>

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

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

**Section A. Public Support**

Calendar year (or fiscal yr beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
<b>1</b> Gifts, grants, contributions and membership fees received. (Do not include any 'unusual grants'.)						
<b>2</b> 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.						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513.						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf.						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge.						
<b>6 Total.</b> Add lines 1 through 5.						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons.						
<b>b</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.						
<b>c</b> Add lines 7a and 7b.						
<b>8 Public support</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

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

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

**Section C. Computation of Public Support Percentage**

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

**Section D. Computation of Investment Income Percentage**

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

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

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

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



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

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2011**

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

▶ **Complete if the organization is described below.**

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

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

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

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

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

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

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

Name of organization <b>THE AROOSTOOK MEDICAL CENTER</b>	Employer identification number <b>01-0372148</b>
---	---

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

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

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ..... ▶ \$ \_\_\_\_\_ 0.
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ..... ▶ \$ \_\_\_\_\_ 0.
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? .....  Yes  No
- 4a Was a correction made? .....  Yes  No
- b If 'Yes,' describe in Part IV.

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

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

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

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

Schedule **C** (Form 990 or 990-EZ) 2011

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

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

<b>Limits on Lobbying Expenditures</b> (The term 'expenditures' means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
<b>1 a</b>	Total lobbying expenditures to influence public opinion (grass roots lobbying).....														
<b>b</b>	Total lobbying expenditures to influence a legislative body (direct lobbying).....														
<b>c</b>	Total lobbying expenditures (add lines 1a and 1b).....														
<b>d</b>	Other exempt purpose expenditures.....														
<b>e</b>	Total exempt purpose expenditures (add lines 1c and 1d).....														
<b>f</b>	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width: 100%;"> <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.														
<b>g</b>	Grassroots nontaxable amount (enter 25% of line 1f).....														
<b>h</b>	Subtract line 1g from line 1a. If zero or less, enter -0-.....														
<b>i</b>	Subtract line 1f from line 1c. If zero or less, enter -0-.....														
<b>j</b>	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.)

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
<b>2a</b> Lobbying non-taxable amount.....					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column (e)).....					
<b>c</b> Total lobbying expenditures.....					
<b>d</b> Grassroots nontaxable amount.....					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e)).....					
<b>f</b> Grassroots lobbying expenditures.....					

**BAA**

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

	(a)		(b)
	Yes	No	Amount
For each 'Yes' response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.			
See Part IV			
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		29,317.
j Total. Add lines 1c through 1i.			29,317.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If 'Yes,' enter the amount of any tax incurred under section 4912.			
c If 'Yes,' enter the amount of any tax incurred by organization managers under section 4912.			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		X	

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

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

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

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

**Part IV Supplemental Information**

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

**Part II-B - Description of Lobbying Activity**

16.9% OF MHA DUES (\$8,015) WERE ALLOCATED TO LOBBYING.

100% OF MDH COALITION DUES (\$17,500) WERE ALLOCATED TO LOBBYING.

23.98% OF AHA DUES (\$3,802) WERE ALLOCATED TO LOBBYING.



**SCHEDULE D  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

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

OMB No. 1545-0047

**2011**

**Open to Public Inspection**

Name of the organization

Employer identification number

THE AROOSTOOK MEDICAL CENTER

01-0372148

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Revenues included in Form 990, Part VIII, line 1 . . . . . ▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X . . . . . ▶ \$ \_\_\_\_\_

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

a Revenues included in Form 990, Part VIII, line 1 . . . . . ▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X . . . . . ▶ \$ \_\_\_\_\_

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

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

- a  Public exhibition
- b  Scholarly research
- c  Preservation for future generations
- d  Loan or exchange programs
- e  Other \_\_\_\_\_

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

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

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

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

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

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

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1 a Beginning of year balance	1,465,995.	1,512,461.	1,412,036.	1,540,366.	
b Contributions					
c Net investment earnings, gains, and losses	258,319.	-32,008.	114,254.	-117,414.	
d Grants or scholarships					
e Other expenditures for facilities and programs				0.	
f Administrative expenses	14,715.	14,458.	13,829.	10,916.	
g End of year balance	1,709,599.	1,465,995.	1,512,461.	1,412,036.	

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  36.00 %
- c Temporarily restricted endowment  64.00 %

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1 a Land		194,386.		194,386.
b Buildings		42,976,759.	26,399,627.	16,577,132.
c Leasehold improvements		3,242,328.	865,981.	2,376,347.
d Equipment		31,302,284.	23,662,972.	7,639,312.
e Other		1,360,405.		1,360,405.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				28,147,582.

BAA

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

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

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

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

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

(a) Description	(b) Book value
(1) DEFERRED FINANCING COSTS, NET	137,662.
(2) DUE FROM AFFILIATES	37,185.
(3) ESTIMATED PROF LIAB CLAIMS REC	3,653,480.
(4) ESTIMATED THIRD-PARTY SETTLEMENTS	12,755,077.
(5) OTHER ASSETS, NET	684,919.
(6) OTHER RECEIVABLES	564,215.
(7)	
(8)	
(9)	
(10)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, column (B), line 15.)	17,832,538.

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

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) DEFERRED COMPENSATION	3,888,706.
(3) DUE TO AFFILIATES	616,020.
(4) ESTIMATED THIRD-PARTY SETTLEMENTS	10,203,054.
(5) OTHER LIABILITIES	178,866.
(6) RESERVE FOR PROF LIAB SELF INS	3,653,480.
(7)	
(8)	
(9)	
(10)	
(11)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, column (B) line 25.)	18,540,126.

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

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

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

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

**Part XIV Supplemental Information**

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

**Part V, Line 4 - Intended Uses Of Endowment Fund**

PART V, LINE 4: ENDOWMENT ASSETS ARE USED FOR THE CORPORATION'S CAPITAL EQUIPMENT

NEEDS

**Part X - FIN 48 Footnote**

The Aroostook Medical Center is a tax-exempt organization pursuant to Section

501(c)(3) of the Internal Revenue Code. Tax-exempt organizations could be required

to record an obligation for income taxes as the result of a tax position they have

historically taken on various tax exposure items including unrelated business income

**Part XIV** Supplemental Information (continued)

**Part X - FIN 48 Footnote (continued)**

or tax status. Under guidance issued by the Financial Accounting Standards Board, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense. The Corporation has evaluated the position taken on its filed tax return. The Corporation has concluded no uncertain income tax positions exist at September 29, 2012. The Corporation's tax years from 2009 through 2012 are open and subject to examination.



**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2011**

**Open to Public Inspection**

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

THE AROOSTOOK MEDICAL CENTER

Employer identification number

01-0372148

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

		Yes	No
<b>1 a</b> Did the organization have a financial assistance policy during the tax year? If 'No,' skip to question 6a.....	<b>1 a</b>	X	
<b>b</b> If 'Yes,' was it a written policy?.....	<b>1 b</b>	X	
<b>2</b> If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to the various hospital facilities during the tax year. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
<b>3</b> 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. <b>a</b> 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 _____ %	<b>3 a</b>	X	
<b>b</b> Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If 'Yes,' indicate which of the following was the family income limit for eligibility for discounted care:..... <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	<b>3 b</b>		X
<b>c</b> 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. See Part VI			
<b>4</b> 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'?.....	<b>4</b>	X	
<b>5 a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?.....	<b>5 a</b>	X	
<b>b</b> If 'Yes,' did the organization's financial assistance expenses exceed the budgeted amount?.....	<b>5 b</b>		X
<b>c</b> 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?.....	<b>5 c</b>		
<b>6 a</b> Did the organization prepare a community benefit report during the tax year?.....	<b>6 a</b>	X	
<b>b</b> If 'Yes,' did the organization make it available to the public?.....	<b>6 b</b>	X	

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

**7 Financial Assistance and Certain Other Community Benefits at Cost**

	(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
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheet 1).....		696	1,261,212.		1,261,212.	1.21
<b>b</b> Medicaid (from Worksheet 3, column a).....		6,769	18,209,360.	13,927,899.	4,281,461.	4.11
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b).....			1,250,529.		1,250,529.	1.20
<b>d</b> Total Financial Assistance and Means-Tested Government Programs.....	0	7,465	20,721,101.	13,927,899.	6,793,202.	6.52
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4).....	6	494	150,728.		150,728.	0.14
<b>f</b> Health professions education (from Worksheet 5).....						
<b>g</b> Subsidized health services (from Worksheet 6).....						
<b>h</b> Research (from Worksheet 7).....						
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8).....	3	31	31,440.		31,440.	0.03
<b>j</b> Total. Other Benefits.....	9	525	182,168.	0.	182,168.	0.17
<b>k</b> Total. Add line 7d and 7j.....	9	7,990	20,903,269.	13,927,899.	6,975,370.	6.69

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

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

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

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

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

2 Enter the amount of the organization's bad debt expense . . . . . **2** 1,565,498.

3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy . . . . . **3**

4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit. **Part VI**

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME) . . . . . **5** 37,248,800.

6 Enter Medicare allowable costs of care relating to payments on line 5. . . . . **6** 45,928,654.

7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . . **7** -8,679,854.

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

Cost accounting system  Cost to charge ratio  Other

**Section C. Collection Practices**

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

b If 'Yes,' did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI. . . . . **9b** **Part VI**

**Part IV Management Companies and Joint Ventures (see instructions)**

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	COUNTY PHYSICAL THERAPY	OUTPATIENT PHYSICAL THERA	50.0000		
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					



**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

Name of Hospital Facility: THE AROOSTOOK MEDICAL CENTER

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

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 7 are optional for tax year 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If 'No,' skip to line 8	1	X
If 'Yes,' indicate what the Needs Assessment describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input checked="" type="checkbox"/> Other (describe in Part VI) <span style="float: right;">Part VI</span>		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment: _____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If 'Yes,' describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	X
Part VI		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If 'Yes,' list the other hospital facilities in Part VI	4	X
Part VI		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5	X
If 'Yes,' indicate how the Needs Assessment was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input checked="" type="checkbox"/> Other (describe in Part VI) <span style="float: right;">Part VI</span>		
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 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) <span style="float: right;">Part VI</span>		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If 'No,' explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	X
Part VI		
<b>Financial Assistance Policy</b>		
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
8 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	X
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	X
If 'Yes,' indicate the FPG family income limit for eligibility for free care: <u>200</u> %		
If 'No,' explain in Part VI the criteria the hospital facility used.		

**Part V Facility Information** (continued)

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

**Billing and Collections**

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

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**Part V Facility Information** (continued)

**Policy Relating to Emergency Medical Care**

	Yes	No
<b>18</b> 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:		
<b>a</b> <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
<b>b</b> <input type="checkbox"/> The hospital facility's policy was not in writing		
<b>c</b> <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
<b>d</b> <input type="checkbox"/> Other (describe in Part VI)		

**Individuals Eligible for Financial Assistance**

<b>19</b> 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.		
<b>a</b> <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
<b>b</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		
<b>c</b> <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
<b>d</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>20</b> 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.		
<b>21</b> 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 V Facility Information** (continued)**Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**  
(list in order of size, from largest to smallest)How many non-hospital health care facilities did the organization operate during the tax year? 22

Name and address	Type of Facility (describe)
7 AROOSTOOK HEALTH CENTER 15 HIGHLAND AVENUE MARS HILL, ME 04758	NURSING HOME, OUTPATIENT CLINIC
9 ORTHOPEDICS & SPORTS MEDICINE 140 ACADEMY STREET STE 9 PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
1 GENERAL & VASCULAR SURGERY CTR 146 ACADEMY STREET STE 1A PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
6 NORTH STREET LABORATORY 23 NORTH STREET STE 3 PRESQUE ISLE, ME 04769	OUTPATIENT LABORATORY SERVICES
2 FAMILY PRACTICE & INTERNAL MEDICINE 23 NORTH STREET STE 4 PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
1 OB/GYN MIDWIFERY SERVICES 140 ACADEMY STREET STE 4 PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
3 AROOSTOOK PEDIATRICS 23 NORTH STREET STE 1 PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
4 SLEEP MEDICINE SERVICES 140 ACADEMY STREET STE 2 & 3 PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
5 AROOSTOOK CANCER CARE 140 ACADEMY STREET PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
1 TAMC EYE CARE SERVICES 140 ACADEMY STREET PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC

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Schedule H (Form 990) 2011

**Part V Facility Information** (continued)**Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**  
(list in order of size, from largest to smallest)How many non-hospital health care facilities did the organization operate during the tax year? 22

Name and address	Type of Facility (describe)
6 RADIATION ONCOLOGY 140 ACADEMY STREET PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
2 WALK IN CARE 23 NORTH STREET STE 2 PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
2 FORT FAIRFIELD HEALTH CENTER 23 HIGH STREET FORT FAIRFIELD, ME 04742	OUTPATIENT PHYSICIAN CLINIC
4 ASHLAND HEALTH CENTER 33 WALKER STREET ASHLAND, ME 04732	OUTPATIENT PHYSICIAN CLINIC
5 TAMC NEURO REHAB 146 ACADEMY STREET STE 5 PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
0 AROOSTOOK HEART & LUNG CENTER 146 ACADEMY STREET STE B PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
7 NEPHROLOGY SERVICES 19 NORTH STREET PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
8 CARIBOU HEALTH CENTER 118 BENNETT DRIVE STE 130 CARIBOU, ME 04736	OUTPATIENT PHYSICIAN CLINIC
9 WOMEN'S HEALTH CENTER 140 ACADEMY STREET STE 6 PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
0 MARS HILL HEALTH CENTER 106 MAIN STREET MARS HILL, ME 04758	OUTPATIENT PHYSICIAN CLINIC

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Schedule H (Form 990) 2011



**Part VI Supplemental Information**

Complete this part to provide the following information.

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

**Part I, Line 3c - Charity Care Eligibility Criteria (FPG Is Not Used)**

TAMC DOES NOT PROVIDE DISCOUNTED CARE TO LOW INCOME INDIVIDUALS. TAMC PROVIDES FINANCIAL ASSISTANCE/FREE CARE BASED ON THE FPL IF GROSS INCOME IS AT OR BELOW 200% OF THE FPL, IF THE PATIENT IS A RESIDENT OF THE STATE OF MAINE OR A NON MAINE RESIDENT SEEKING EMERGENCY CARE, IF THE SERVICE OR SUPPLIES ARE A MEDICAL NECESSITY AND IF ALL THIRD PARTY PAYOR SOURCES HAVE BEEN EXHAUSTED. HOWEVER, PATIENTS WITH SELF-PAY BALANCES WILL BE OFFERED A DISCOUNT OFF CHARGES.

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

Part I, line 6a - The TAMC community benefit report is contained in an annual community benefit report prepared by Eastern Maine Healthcare Systems which is the parent organization of all related organizations.

**Part I, Line 7 - Explanation of Costing Methodology**

Part I, line 7 - Worksheet 2, Ratio of Patient Care Cost-to-Charges is used in calculations.

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

Part I, line 7, Column F - \$3,328,288 of bad debt expense, \$2,631,931 of charity care, \$109,300,280 of contractual allowances is included on Form 990, Part IX, line 25, column (A).

**Part VI Supplemental Information**

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**Part III, Line 4 - Bad Debt Expense**

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

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

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

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

Eastern Maine Healthcare Systems (EMHS) has had a written billing and collections policy since September 2010. The policy applies to The Aroostook Medical Center, a related organization of EMHS.

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

1a See Part VI - Community Information.

1b The Aroostook Medical Center and its related physician practices utilize extensive electronic medical records, including disease registries, which provide a vast amount of data relative to patients in care. The needs assessment provides a

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

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 educational 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.

1c The Aroostook Medical Center engaged multiple health resource leaders in the community forum invitation list (as described in Section 1g). Additional resources and leaders needed were identified in the breakout sessions (see question for breakout participants, Section 1g). In the hospital's service area, key collaborators going forward will include Healthy Aroostook, Aroostook Area Agency on Aging, school systems, home care agencies, local hospitals, and others.

1d-1e-1f EMHS, the parent company of The Aroostook Medical Center, routinely conducts a community health needs assessment (hereafter needs assessment) across the service area of all 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

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

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.

lg See question #3.

lh On a statewide basis, the research consultants developed an advisory committee that met two times during the assessment research and drafting of the publication. These individuals represented a broad spectrum of backgrounds, and they are named: Carol Bell, Healthy Maine Partnership Director; Kelly Bentley, Healthy Maine Partnership Director; Gail Dana-Sacco, Wabanaki Center (serving tribal populations); Patricia Hart, Maine Development Foundation; Barbara Leonard, MPH, Maine Health Access Foundation (philanthropic foundation focused on access to care in Maine); Becca Matusovich, Maine Center for Disease Control; Lisa Miller, Bingham Foundation (philanthropic foundation); Dora Ann Mills, MD, Maine Center for Disease Control; Elizabeth Mitchell, Maine Health Management Coalition (representing the state's major employers, insurers and providers); Trish Riley, Governor's Office of Health Policy and Finance (GOHPF); Brian Rines, Advisory Committee for Health System Development (overseen by GOHPF); Rachel Talbot-Ross, Maine Chapter, NAACP; Ted

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

Trainer, Public Health Coordinating Council; Shawn Yardley, City of Bangor, Department of Health and Welfare. In the local area served by the assessment, multiple parties were engaged in dissemination of the assessment findings and establishment of priorities (see Section 5).

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

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

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

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

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**Part V, Line 3 - Account Input from Person Who Represent the Community (continued)**

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

The needs assessment was developed as a statewide collaborative between the state's three largest health systems: EMHS (in central, eastern and northern Maine), MaineGeneral (in central Maine) and MaineHealth (in southern Maine). Multiple collaborators were involved in the dissemination of the assessment findings and establishment of priorities (see Section 5).

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

In conjunction with EMHS, The Aroostook Medical Center hosted a community forum to present an overview of local assessment results and recommendations. Invitees included: Other area hospitals, Physician leaders, Federally Qualified Health

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

Centers, Healthy Maine Partnerships, District Liaisons linked to Maine CDC, Home Health and Long Term Care leaders, Social Service Agencies, Leaders of the tribal communities, Business leaders, Legislative leaders, Representatives of the State administration.

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

In addition to the community forums, the entire statewide assessment (both narrative and data sets) were posted to the EMHS website. After the forums, Power Point presentations used at the Forum as well as input collection 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

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

where they can request a printed assessment.

**Part V, Line 6i - Describe Other Needs Identified**

6a The Aroostook Medical Center regularly utilizes the information in the Needs Assessment to identify and prioritize community health improvement and other activities.

6b Initiatives driven in part or in full by the Needs Assessment included continued engagement with Healthy Aroostook to provide education, participation in a youth obesity collaborative, development of a senior health program, coordination of workforce development initiatives intended to ensure the long-term strength of the local healthcare workforce, implementing a program to provide scales to eligible congestive heart failure patients in order to reduce problems that could lead to hospitalization, and coordination of a bath salts awareness night with a local service organization. TAMC is also participating in the Pioneer Accountable Care pilot program designed to reduce costs and improve health outcomes, particularly among those living with chronic diseases.

6g Breakout #1 - Access, Quality and Effectiveness-Opportunities identified by a group of community stakeholders include improving access to dental health, improving transportation option, strengthening alternatives to the emergency department, increasing availability of primary care providers, improving patient education, and

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

ensuring the use of best practices.

Breakout #2 - Chronic Disease-Opportunities identified by a group of community

stakeholders include improving patient self-management, building community care

teams, continued implementation of electronic health records, enhancing the use of

telehealth services, expanding the role of behavior health providers, and using

evidence-based guidelines in chronic disease management.

Breakout #3 - Mental Health and Substance Abuse-Opportunities identified by a group

of community stakeholders include improving the integration of care, providing

continuity of services, educating the community about existing services, and

addressing barriers to integration of care, including high turnovers of providers.

Recommendations for substance abuse include building community-level prevention

programs and refining tools to help primary care and emergency departments diagnose

and treat substance abuse issues.

Breakout #4 - Prevention, Obesity-Opportunities identified by a group of community

stakeholders include addressing economic and literacy barriers to accessing

resources, creating incentives/disincentives programs in the workplace, and making

available an online resource information guide.

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**Part V, Line 7 - Explanation of Needs Not Addressed and Reasons Why**

Because the Needs Assessment examines both broad and specific health needs for the entire region and a substantial number of opportunities were identified, a regional approach is needed to achieve the best results. As such, The Aroostook Medical Center continues to work with community partners to address the needs identified in the Needs Assessment, and the priorities in the Needs Assessment are considered when the organization develops operational plans for the year.

**Part V, Line 10 - Criteria Used For Discounted Care If Not FPG**

TAMC does not provide discounted care to low income individuals. TAMC provides financial assistance/free care based on the FPL if gross income is at or below 200% of the FPL, if the patient is a resident of the State of Maine seeking emergency care, if the service or supplies are a medical necessity and if all third party payor sources have been exhausted. However, patients with self-pay balances will be offered a discount off charges.

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

Visit patient rooms for self-pay admissions and offer the applications.

**Part VI - Needs Assessment**

EMHS, THE PARENT COMPANY OF THE AROOSTOOK MEDICAL CENTER, ROUTINELY CONDUCTS A COMMUNITY HEALTH NEEDS ASSESSMENT (HEREAFTER NEEDS ASSESSMENT) ACROSS THE SERVICE AREA OF ALL OF ITS MEMBER HOSPITALS. THE MOST RECENT ASSESSMENT, PUBLISHED IN 2011,

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**Part VI - Needs Assessment (continued)**

WAS CONDUCTED UNDER A CONTRACT WITH THE UNIVERSITY OF NEW ENGLAND CENTER FOR HEALTH PLANNING, POLICY AND RESEARCH (CHPPR) AND THE UNIVERSITY OF SOUTHERN MAINE'S MUSKIE SCHOOL FOR PUBLIC HEALTH. USING A METHODOLOGY DEVELOPED BY CHPPR OVER DECADES OF WORK, THE ASSESSMENT INTEGRATES PRIMARY DATA FROM A TELEPHONE SURVEY TO HEADS OF HOUSEHOLDS WITH SECONDARY DATA RETRIEVED FROM STATE DATABASES (ED USAGE, MORTALITY, CANCER REGISTRY, ETC.). THAT DATA IS REVIEWED IN THE CONTEXT OF MULTIPLE HEALTH RELATED DOMAINS TO DEVELOP A COMPOSITE VIEW OF HEALTH STATUS, BEHAVIORAL RISKS, AND BARRIERS TO ACCESS AND CARE. RESULTS ARE COMPARED TO NATIONAL AND STATE BENCHMARKS TO PRODUCE PRIORITIES AND RECOMMENDATIONS AS PREPARED BY THE CONSULTANTS.

**Part VI - Patient Education of Eligibility for Assistance**

FINANCIAL ASSISTANCE OR FREE CARE IS AVAILABLE ONLY FOR MEDICALLY NECESSARY SERVICES. POSTERS ARE DISPLAYED IN PATIENT CARE AREAS, INFORMATION AND FORMS ARE AVAILABLE ONLINE ON THE HOSPITAL WEBSITE, AND PATIENT BILLING REPRESENTATIVES ARE ALSO AVAILABLE TO TAKE CALLS AND TO ANSWER QUESTIONS.

**Part VI - Community Information**

THE AROOSTOOK MEDICAL CENTER'S (TAMC) PRIMARY SERVICE AREA SERVES 27,000 PEOPLE AND INCLUDES 21 TOWNS AND 1 CITY IN CENTRAL AROOSTOOK COUNTY. THE NORTHERNMOST COUNTY IN MAINE AND THE LARGEST, AROOSTOOK COUNTY (POP. 71,870) SPANS 6,671 SQUARE MILES AND INCLUDES 2 CITIES, 54 TOWNS, 11 PLANTATIONS AND 108 UNORGANIZED TOWNSHIPS. U.S.

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**Part VI - Community Information (continued)**

CENSUS BUREAU DATA FROM 2010 REVEALS THE FOLLOWING AROOSTOOK COUNTY DATA:

- THE MEDIAN AGE OF AROOSTOOK COUNTY IS 45.3 YEARS. WITH 19% OF THE POPULATION 65 YEARS OF AGE OR OLDER, AROOSTOOK COUNTY HAS A HIGHER PERCENTAGE OF OLDER ADULTS THAN THE STATE OF MAINE (15.9%) AND THE UNITED STATES (13.3%). MAINE IS THE OLDEST STATE IN THE U.S.

- OVER 95% OF AROOSTOOK COUNTY IS WHITE, WHICH IS COMPARABLE WITH MAINE OVERALL. THE NEXT LARGEST RACIAL/ETHNIC GROUP IN AROOSTOOK COUNTY IS NATIVE AMERICAN (2.6%), WHICH IS MORE PROMINENT THAN IN MAINE OVERALL (1.4%).

- NEARLY 84% OF INDIVIDUALS 25 YEARS OF AGE AND OVER IN AROOSTOOK COUNTY HAVE AT LEAST A HIGH SCHOOL DIPLOMA OR EQUIVALENT AND 16.4% HAVE A BACHELOR'S DEGREE OR HIGHER. THIS IS LOWER THAN STATE (HIGH SCHOOL 90.2%, BACHELOR'S DEGREE 27.1%) AND NATIONAL AVERAGES (HIGH SCHOOL 85.4%, BACHELOR'S DEGREE 28.2%).

- THE MEDIAN HOUSEHOLD INCOME IN AROOSTOOK COUNTY (\$37,138) IS CONSIDERABLY LESS THAN STATE (\$47,898) AND NATIONAL (\$52,762) FIGURES.

**Part VI - Community Building Activities**

TAMC takes a leadership role in advancing the well-being of the people of our communities. Through public health screenings, educational activities for health professionals and the community, and other activities, we seek to provide the information and tools that the people of Aroostook County need to take charge of

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- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

**Part VI - Community Building Activities (continued)**

their health. TAMC collaborates with several organizations interested in building healthy communities, including Let's Go Aroostook, an initiative that promotes healthy lifestyle choices for children, youth, and adults; the American Cancer Society; local universities and community colleges; and the Maine Winter Sports Center.

A component of the Senior Connection program, TAMC holds a monthly educational luncheon for older adults. In order to make the program affordable for all, TAMC heavily subsidizes the cost of the lunch for all participants. Topics include exercise, nutrition, safety, and wellness.

TAMC leaders support community and economic development activities through participation on the boards of Aroostook Partnership for Progress, Leaders Encouraging Aroostook Development, United Way of Aroostook, Rotary, the Nordic Heritage Sport Club, and other organizations.

**Part VI - Explanation Of How Organization Furthers Its Exempt Purpose**

TAMC has strong ties to the Maine Winter Sports Center, an organization committed to making skiing a way of life in Northern Maine. Through direct financial and logistical support, TAMC has made it possible for youth and adults to use local facilities at a discounted rate. Many of the programs supported by TAMC are offered at no cost.

**Part VI Supplemental Information**

Complete this part to provide the following information.

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

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

TAMC provided over 1600 free flu shots to adults in Aroostook County in 2012, including many who live with chronic diseases, at clinics in Presque Isle, Caribou, Fort Fairfield, Mars Hill, and Ashland. Press releases and other promotional materials for these vaccination clinics encouraged people with chronic diseases to get vaccinated. In response to the high volume of influenza cases seen at the hospital this winter, TAMC held a special flu shot clinic in January to allow adults to get vaccinated for free. Through free flu vaccination, TAMC is helping chronic disease sufferers and others stay healthy.

Using the data in the EMHS Community Health Needs Assessment, TAMC collaborates with other hospitals in the EMHS system and with other community organizations on solutions to significant community healthcare problems, including cardiovascular disease, chronic disease self-management, diabetes, youth obesity, sedentary lifestyle and access to primary care providers. TAMC takes the lead role for EMHS in Aroostook County on these issues and EMHS provides support and additional resources as necessary.

**Part VI - Affiliated Health Care System Roles and Promotion**

TAMC USES NEEDS ASSESSMENT DATA TO COLLABORATE WITH LOCAL HOSPITALS AND OTHER EMHS MEMBER HOSPITALS TO IDENTIFY AND IMPLEMENT SOLUTIONS TO HEALTH ISSUES INCLUDING CARDIOVASCULAR DISEASE, DIABETES, YOUTH OBESITY, SUBSTANCE ABUSE, AND MORE. TAMC

**Part VI Supplemental Information**

Complete this part to provide the following information.

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

**Part VI - Affiliated Health Care System Roles and Promotion (continued)**

COORDINATES EMHS' COMMUNITY HEALTH IMPROVEMENT INITIATIVES IN AROOSTOOK COUNTY.

**Part VI - States Where Community Benefit Report Filed**

ME

**Part V - Explanation of Number of Facility Type**

N/A

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

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

OMB No. 1545-0047

**2011**

**Open to Public  
Inspection**

Name of the organization

THE AROOSTOOK MEDICAL CENTER

Employer identification number

01-0372148

**Part I Questions Regarding Compensation**

**1 a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

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

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If 'No,' complete Part III to explain.

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director. Explain in Part III.

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Compensation committee   | <input type="checkbox"/> Written employment contract                                |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment? **4a**  **X**
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? **4b**
- c** Participate in, or receive payment from, an equity-based compensation arrangement? **4c**
- If 'Yes' to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III. **Part III**

**Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization? **5a**
- b** Any related organization? **5b**
- 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**
- b** Any related organization? **6b**
- 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. **Part III**

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If 'Yes,' describe in Part III.

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

	Yes	No
<b>1b</b>		
<b>2</b>		
<b>4a</b>		<input checked="" type="checkbox"/>
<b>4b</b>	<input checked="" type="checkbox"/>	
<b>4c</b>		<input checked="" type="checkbox"/>
<b>5a</b>		<input checked="" type="checkbox"/>
<b>5b</b>		<input checked="" type="checkbox"/>
<b>6a</b>		<input checked="" type="checkbox"/>
<b>6b</b>		<input checked="" type="checkbox"/>
<b>7</b>	<input checked="" type="checkbox"/>	
<b>8</b>		<input checked="" type="checkbox"/>
<b>9</b>		

**BAA 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 columns (D) and (E) amounts for that individual.

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus and incentive compensation	(iii) Other reportable compensation				
1 RICHARD DEBOWSKY, MD	(i)	430,623.	0.	24,124.	11,025.	15,612.	481,384.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
2 M. MICHELLE HOOD	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	637,564.	235,578.	13,325.	213,458.	17,111.	1,117,036.	0.
3 MICHAEL FALON, MD	(i)	160,049.	600.	38,923.	0.	15,338.	214,910.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
4 SYLVIA GETMAN	(i)	248,621.	1,000.	29,738.	0.	20,707.	300,066.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
5 JAY REYNOLDS, MD	(i)	176,331.	1,000.	33,326.	15,878.	21,248.	247,783.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
6 THOMAS UMPHREY	(i)	95,731.	1,000.	221,571.	6,872.	8,537.	333,711.	156,406.
	(ii)	0.	0.	0.	0.	0.	0.	0.
7 C. BRUCE SANDSTROM	(i)	153,135.	1,000.	40,241.	47,138.	10,542.	252,056.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
8 ROGER PELLI, DO	(i)	217,729.	2,738.	23,895.	12,144.	8,714.	265,220.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
9 JEANPIERRE MICHAUD, MD	(i)	426,071.	79,705.	38,332.	11,025.	18,825.	573,958.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
10 DONALD SAWYER	(i)	266,738.	157,800.	39,565.	11,025.	20,231.	495,359.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
11 ROBERT W. RICE, MD	(i)	477,687.	28,882.	41,883.	11,025.	20,394.	579,871.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
12 QUANG T. NGUYEN, MD	(i)	358,298.	0.	33,781.	8,937.	24,188.	425,204.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
13 VENKATRAM NETHALA	(i)	402,991.	0.	39,607.	0.	21,972.	464,570.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
14 DAVID PETERSON	(i)	101,164.	25,000.	34,129.	0.	0.	160,293.	14,066.
	(ii)	0.	0.	0.	0.	0.	0.	0.
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, for Part II. Also complete this part for any additional information.

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

C. Bruce Sandstrom's deferred compensation account was credited with a deposit of \$37,350.

Jay Reynolds' deferred compensation account was credited with a deposit of \$5,000.

Thomas Umphrey - Compensation includes payout of \$179,211 supplemental nonqualified retirement plan. \$156,406 of the total payout was reported in prior years and does not represent additional expense beyond what was previously accrued in the company's financial statements.

David Peterson - Compensation includes payout of \$14,066 supplemental nonqualified retirement plan. Existence of the nonqualified plan was reported in prior years and this amount does not represent additional expense beyond what was previously accrued in the company's financial statements.

Mary Michelle Hood - A pension obligation satisfied through a supplemental non-qualified retirement plan is based on a percent of qualified earnings or by

**Part III Supplemental Information**

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

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

specific agreement. The portion accrued for the supplemental non-qualified retirement plan is \$196,308, based on the amounts contributed and related earnings. The supplemental non-qualified retirement benefit is subject to a substantial risk of forfeiture.

**Part I, Line 7 - Non-Fixed Payments Not Listed**

The amounts entered in Part II, B(ii) represent productivity incentive bonuses for the MD's.

**SCHEDULE K  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information on Tax Exempt Bonds**

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

OMB No. 1545-0047

**2011**

**Open to Public  
Inspection**

Name of the organization

THE AROOSTOOK MEDICAL CENTER

Employer identification number

01-0372148

**Part I Bond Issues**

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A MAINE HEALTH & HIGHER EDUC	01-0314384	560427JF4	6/24/2010	7,683,726.	REFUNDING OF 2001A BOND ISSUE		X		X	X	
B MAINE HEALTH & HIGHER EDU	01-0314384	560427EU4	6/28/2012	6,190,715.	REFUNDING OF 2002A BOND ISSUE		X		X	X	
C											
D											

**Part II Proceeds**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired								
2 Amount of bonds legally defeased								
3 Total proceeds of issue		10,166,849.		7,531,015.				
4 Gross proceeds in reserve funds		976,550.		713,650.				
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows		6,375,000.		6,085,000.				
7 Issuance costs from proceeds		87,568.		77,586.				
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds		1,379.		464.				
10 Capital expenditures from proceeds								
11 Other spent proceeds		2,726,352.		654,315.				
12 Other unspent proceeds								
13 Year of substantial completion		2001		2004				
14 Were the bonds issued as part of a current refunding issue?		X		X				
15 Were the bonds issued as part of an advance refunding issue?	X		X					
16 Has the final allocation of proceeds been made?	X		X					
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

**Part III Private Business Use**

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

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

Schedule K (Form 990) 2011

**Part III Private Business Use (Continued)**

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

**Part IV Arbitrage**

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

**Part V Procedures To Undertake Corrective Action**

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

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

**Additional Information**

Part II, line 3, column A, does not equal Part I, line A, column E as a result of other sources of funds from DSF-Interest, DSF-Principal, and DSRF balance totaling \$2,483,123. Part II, line 3, column B, does not equal Part

**Part III Private Business Use (Continued)**

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

**Part IV Arbitrage**

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

**Part V Procedures To Undertake Corrective Action**

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

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

**Additional Information (continued)**

I, line B, column E as a result of other sources of funds from DSF-Interest, DSF-Principal, and DSRF balance totaling \$1,340,300.

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

Department of the Treasury  
Internal Revenue Service

**Transactions With Interested Persons**

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

OMB No. 1545-0047

**2011**

**Open to Public Inspection**

Name of the organization

THE AROOSTOOK MEDICAL CENTER

Employer identification number

01-0372148

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

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

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

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

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

**Part II Loans to and/or From Interested Persons.**

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

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

Total ..... ▶ \$

**Part III Grants or Assistance Benefiting Interested Persons.**

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

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

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

Schedule L (Form 990 or 990-EZ) 2011



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

**Supplemental Information to Form 990 or 990-EZ**

OMB No. 1545-0047

**2011**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

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

Name of the organization

THE AROOSTOOK MEDICAL CENTER

Employer identification number

01-0372148

**Schedule K, Part 1, Column E**

The issue price listed is The Aroostook Medical Center's share of the total pool  
issue amount of \$96,755,000.

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

PROVISION OF ACUTE & SUBACUTE HOSPITAL CARE RELATED TO OUTPATIENT CLINICS AND HEALTH  
CARE SERVICES. SERVED 30,718 PATIENT DAYS OF ROUTINE SERVICES AND 86,102  
OUTPATIENTS. PROVIDED SERVICES REGARDLESS OF ABILITY TO PAY AS WELL AS EDUCATION AND  
PROMOTION OF HEALTH. PROVIDED OTHER UNCOMPENSATED CARE (AT COST) OF \$1,565,498.

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

Leadership: Sylvia Getman, CEO and Lynn M. Lombard, Chair

Location: Presque Isle, Caribou, Fort Fairfield, Mars Hill, and Ashland

Employees: 1003

Description: The Aroostook Medical Center (TAMC) is Aroostook County's largest  
healthcare organization operating an 89-bed medical center, a 72-bed nursing home, a  
regional ambulance service, and numerous primary and specialty care practices.

**TAMC highlights**

-One of only four hospitals in the state to be recognized by the Joint Commission, an  
independent nonprofit organization that accredits more than 19,000 healthcare  
organizations, as a top performer on key quality measures.

-Celebrated the hundredth baby born during the hundredth year of TAMC and presented  
parents Lisa Plourde and Adam Richardson with a special centennial cake and gift  
basket for the birth of their daughter Aiva Mae Richardson.

Name of the organization

Employer identification number

THE AROOSTOOK MEDICAL CENTER

01-0372148

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

-Unveiled a new infusion therapy room with large, comfortable chairs, a private bathroom, and a television.

-Received the highest level of recognition from the Physical Practice Connections - Patient-Centered Medical Home program for using an evidence-based, patient-centered approach to providing care.

-Became the first business in Maine and one of the first in the nation to use compressed natural gas (CNG) to heat and cool a large facility. The conversion is expected to save between \$400,000 and \$500,000 annually.

-Awarded Avatar International's 2011 Exemplary Service - Most Improved - Outpatient Surgical Award.

Total Community Benefit: \$15,655,224

Community Health Improvement Services: \$86,109

Financial and In-Kind Contributions: \$31,440

Community Benefit Operations: \$64,619

Unrecoverable interest cost on funds used to subsidize state MaineCare/Medicaid underpayments of \$11.3M; \$1,250,529

Traditional Charity Care: \$1,261,212

Unpaid Cost of Public Programs: Medicaid: \$4,281,461 Medicare: \$8,679,854

Philanthropy: \$21,377

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

CHARITY CARE PROVIDED (AT COST). 696 PERSONS SERVED

EXPENSES \$1,261,212. INCLUDING GRANTS OF \$0. REVENUE \$0.

Name of the organization

THE AROOSTOOK MEDICAL CENTER

Employer identification number

01-0372148

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

The Aroostook Medical Center (the "Corporation") is a Maine nonprofit corporation. Eastern Maine Healthcare Systems ("EMHS"), also a Maine nonprofit corporation, is the sole corporate member of the Corporation.

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

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

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

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

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

THE FORM 990 IS PROVIDED IN ADVANCE TO THE ORGANIZATION'S BOARD OF DIRECTORS' AND IS THEN REVIEWED BY THE CFO AT A MONTHLY BOARD OF DIRECTORS' MEETING.

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

A LIST OF ALL OFFICERS, DIRECTORS OR TRUSTEES AND KEY EMPLOYEES IS COMPILED EACH FISCAL YEAR. CONFLICT OF INTEREST REQUEST FORMS ARE DELIVERED TO EACH PERSON ON THE LIST. RESPONSES ARE COMPILED AND REVIEWED BY STAFF AND PRESENTED TO MANAGEMENT.

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

ANNUALLY, A COMMITTEE COMPRISED OF MEMBERS OF THE BOARD OF DIRECTORS EVALUATES THE SALARY OF THE ORGANIZATION'S CEO. THE COMMITTEE USES EXTERNAL COMPARABILITY DATA TO DETERMINE A FAIR LEVEL OF COMPENSATION.

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

NO DOCUMENTS TO THE PUBLIC.

**Form 990, Part VII - Compensation Explanation**

M. MICHELLE HOOD

Name of the organization

THE AROOSTOOK MEDICAL CENTER

Employer identification number

01-0372148

**Form 990, Part VII - Compensation Explanation (continued)**

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

Client TAMC

THE AROOSTOOK MEDICAL CENTER

01-0372148

8/15/13

07:53AM

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

Change in Temp. Restricted Net Assets.....	\$	-48,753.
Loss on early extinguishment of debt.....		-180,397.
Transfer from exempt sub-Horizons Health.....		19,804.
Transfer from exempt sub-TAMC Title Corp.....		332,945.
Transfer to exempt parent - Eastern Maine Healthcare Systems.....		-169,955.
Unrealized Gains/Losses.....		209,566.
Total	\$	<u>163,210.</u>

**SCHEDULE R**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Related Organizations and Unrelated Partnerships**

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

OMB No. 1545-0047

**2011**

**Open to Public Inspection**

Name of the organization

THE AROOSTOOK MEDICAL CENTER

Employer identification number

01-0372148

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Sec 512(b)(13) controlled entity?	
						Yes	No
(1) EASTERN MAINE HEALTHCARE SYSTEMS ( 43 WHITING HILL ROAD BREWER, ME 04412 01-0527066	SUPPORTING ORGANIZATION FOR HEALTHCARE AFFILIATES	ME	501 (C) (3)	11 TYPE II	-	X	
(2) EASTERN MAINE HEALTHCARE REAL ESTA 43 WHITING HILL ROAD BREWER, ME 04412 01-0391036	LEASES REAL ESTATE	ME	501 (C) (2)	-	EMHS	X	
(3) ACADIA HOSPITAL CORPORATION (AHC) 43 WHITING HILL ROAD BREWER, ME 04412 01-0459837	PROVIDE HEALTHCARE SERVICES	ME	501 (C) (3)	3	EMHS	X	
(4) ACADIA HEALTHCARE, INC. (AHI) 43 WHITING HILL ROAD BREWER, ME 04412 22-3183888	PROVIDE HEALTHCARE SERVICES	ME	501 (C) (3)	9	AHC	X	

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) <u>AFFILIATED HEALTHCARE SYSTEMS (AHS)</u> PO Box 940 BANGOR, ME 04402-0940 01-0385322	HOLDING CO.	ME	EMHS	C CORP	0.	0.	
(2) <u>AFFILIATED HEALTHCARE MANAGEMENT</u> PO Box 811 BANGOR, ME 04402-0811 01-0349339	HLTHCR MGMT	ME	AHS	C CORP	0.	0.	
(3) <u>AFFILIATED LABORATORY, INC.</u> PO Box 638 BANGOR, ME 04402-0638 01-0381283	CLINICAL LAB	ME	AHS	C CORP	0.	0.	

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

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

	Yes	No
<b>1</b> 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?		
<b>a</b> Receipt of <b>(i)</b> interest <b>(ii)</b> annuities <b>(iii)</b> royalties or <b>(iv)</b> rent from a controlled entity	X	
<b>b</b> Gift, grant, or capital contribution to related organization(s)		X
<b>c</b> Gift, grant, or capital contribution from related organization(s)		X
<b>d</b> Loans or loan guarantees to or for related organization(s)		X
<b>e</b> Loans or loan guarantees by related organization(s)		X
<b>f</b> Sale of assets to related organization(s)		X
<b>g</b> Purchase of assets from related organization(s)		X
<b>h</b> Exchange of assets with related organization(s)		X
<b>i</b> Lease of facilities, equipment, or other assets to related organization(s)		X
<b>j</b> Lease of facilities, equipment, or other assets from related organization(s)	X	
<b>k</b> Performance of services or membership or fundraising solicitations for related organization(s)	X	
<b>l</b> Performance of services or membership or fundraising solicitations by related organization(s)	X	
<b>m</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
<b>n</b> Sharing of paid employees with related organization(s)		X
<b>o</b> Reimbursement paid to related organization(s) for expenses	X	
<b>p</b> Reimbursement paid by related organization(s) for expenses		X
<b>q</b> Other transfer of cash or property to related organization(s)	X	
<b>r</b> Other transfer of cash or property from related organization(s)	X	

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

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) EASTERN MAINE HEALTHCARE SYSTEMS (EMHS)	l	1,887,623.	FMV
(2) EASTERN MAINE HEALTHCARE SYSTEMS (EMHS)	o	7,735,981.	FMV
(3) EASTERN MAINE HEALTHCARE SYSTEMS (EMHS)	q	169,956.	FMV
(4) EASTERN MAINE MEDICAL CENTER (EMMC)	l	288,567.	FMV
(5) EASTERN MAINE MEDICAL CENTER (EMMC)	o	233,262.	FMV
(6) EMHS FOUNDATION	l	64,619.	FMV

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

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

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



**Part II** Continuation of Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity	(G) Sec 512(b)(13) controlled entity?	
						Yes	No
MEADOW WOOD, LLC 43 WHITING HILL ROAD BREWER, ME 04412 27-2935243	PROVIDE PATIENT CARE	ME	501 (C) (3)	9	AHI	X	
EASTERN MAINE MEDICAL CENTER (EMMC) PO BOX 404, 489 STATE STREET BANGOR, ME 04402-0404 01-0211501	PROVIDE HEALTHCARE SERVICES	ME	501 (C) (3)	3	EMHS	X	
EASTERN MAINE MEDICAL CENTER AUXILIA 43 WHITING HILL ROAD BREWER, ME 04412 01-0377901	FUND RAISING FOR EXEMPT EASTERN MAINE MEDICAL CENTER	ME	501 (C) (3)	9	EMMC	X	
NORUMBEGA MEDICAL SPECIALISTS, LTD. 43 WHITING HILL ROAD, STE 400 BREWER, ME 04412 01-0465231	PROVIDE PATIENT CARE AND EDUCATION	ME	501 (C) (3)	9	EMMC	X	
EMHS FOUNDATION 43 WHITING HILL ROAD, STE 400 BREWER, ME 04412 22-2514163	RAISE AND MANAGE FUNDS FOR EXEMPT ORGANIZATIONS	ME	501 (C) (3)	11 TYPE II	EMHS	X	
ME INSTITUTE FOR HUMAN GENETICS & HE 43 WHITING HILL ROAD BREWER, ME 04412 55-0894346	BIOMEDICAL RESEARCH AND DEVELOPMENT	ME	501 (c) (3)	9	EMHS	X	
ROSSCARE 43 WHITING HILL ROAD, STE 400 BREWER, ME 04412 01-0391038	PROVIDE SERVICES TO ELDERLY	ME	501 (C) (3)	PF	EMHS	X	
ROSSCARE NURSING HOMES, INC 43 WHITING HILL ROAD, STE 400 BREWER, ME 04412 01-0430751	OPERATION OF NURSING HOMES	ME	501 (C) (3)	9	ROSSCARE	X	
INLAND HOSPITAL 200 KENNEDY MEMORIAL DRIVE WATERVILLE, ME 04901 01-0217211	PROVIDE HEALTHCARE SERVICES	ME	501 (C) (3)	3	EMHS	X	

**Part II** Continuation of Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity	(G) Sec 512(b)(13) controlled entity?	
						Yes	No
LAKEWOOD, A CONTINUING CARE CENTER 220 KENNEDY MEMORIAL DRIVE WATERVILLE, ME 04901 01-0421234	PROVIDE SKILLED AND LONG-TERM NURSING CARE	ME	501 (C) (3)	3	INLAND HOSPITAL	X	
INLAND FAMILY PRACTICE ASSOCIATES, L 200 KENNEDY MEMORIAL DRIVE WATERVILLE, ME 04901 27-2942245	PROVIDE PATIENT CARE	ME	501 (C) (3)	3	INLAND HOSPITAL	X	
C.A. DEAN MEMORIAL HOSP PRITHAM AVENUE PO BOX 1129 GREENVILLE, ME 04441-1129 04-3341666	PROVIDE HEALTHCARE SERVICES	ME	501 (C) (3)	3	EMHS	X	
BLUE HILL MEMORIAL HOSPITAL 57 WATER STREET BLUE HILL, ME 04614-5231 01-0227195	PROVIDE HEALTHCARE SERVICES	ME	501 (C) (3)	3	EMHS	X	
EASTERN MAINE HOMECARE PO BOX 688 CARIBOU, ME 04736 01-0328442	PROVIDE HOME HEALTH AND HOSPICE SERVICES	ME	501 (C) (3)	9	EMHS	X	
SEBASTICOOK VALLEY HEALTH (SVH) 447 NORTH MAIN STREET PITTSFIELD, ME 04967 01-0263628	CRITICAL CARE HOSPITAL	ME	501 (C) (3)	3	EMHS	X	
SEBASTICOOK VALLEY FAMILY PRACTICE A 447 NORTH MAIN STREET PITTSFIELD, ME 04967 01-1357854	PROVIDE PATIENT CARE	ME	501 (C) (3)	9	SVH	X	
SEBASTICOOK VALLEY HLTH CONVENIENT C 447 NORTH MAIN STREET PITTSFIELD, ME 04967 27-3129791	PROVIDE PATIENT CARE	ME	501 (C) (3)	3	SVH	X	
TAMC TITLE CORP. PO BOX 151, 140 ACADEMY STREET PRESQUE ISLE, ME 04769-0151 01-0389226	REAL ESTATE HOLDING COMPANY	ME	501 (C) (2)	-	TAMC	X	

**Part II** Continuation of Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity	(G) Sec 512(b)(13) controlled entity?	
						Yes	No
TAMC ENDOWMENTS PO BOX 151, 140 ACADEMY STREET PRESQUE ISLE, ME 04769 01-0389222	RAISE FUNDS FOR EXEMPT ORGANIZATIONS	ME	501 (C) (3)	11 TYPE I	TAMC	X	
HORIZONS HEALTH SERVICES PO BOX 151, 140 ACADEMY STREET PRESQUE ISLE, ME 04769 01-0504393	PROVIDE PATIENT CARE	ME	501 (C) (3)	3	TAMC	X	
CAPITOL CONVENIENT CARE, LLC 43 Whiting Hill Road, Ste 500 Brewer, ME 04412 27-3671960	Provide patient care	ME	501 (c) (3)	11 type II	EMHS	X	
BEACON HEALTH, LLC 43 WHITING HILL ROAD BREWER, ME 04412 45-2967056	ACCOUNTABLE CARE ORGANIZATION	ME	501 (c) (3)	11 TYPE II	EMHS	X	
SEBASTICOOK VALLEY WORK HEALTH, LLC 447 NORTH MAIN STREET PITTSFIELD, ME 04967 45-3359446	PROVIDE PATIENT CARE	ME	501 (c) (3)	3	SVH	X	

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

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
AFFILIATED MATERIEL SERVICES PO Box 1300 BANGOR, ME 04402-1300 01-0381189	PURCHASING	ME	AHS	C CORP	0.	0.	
AFFILIATED PHARMACY SERVICES 917 Union Street, Suite 7 BANGOR, ME 04401 01-0587230	PHARMACY	ME	AHS	C CORP	0.	0.	
DE COLLECTIONS D/B/A AFFILIATED COLL IN PO Box 2759 BANGOR, ME 04402-2759 01-0366209	COLLECTION S	ME	AHS	C CORP	0.	0.	
MERIDIAN MOBILE HEALTH, LLC 931 Union Street, PO Box 940 BANGOR, ME 04402-0940 01-0512673	AMBULANCE	ME	AHS	C CORP	0.	0.	
MAINE NETWORK FOR HEALTH PO Box 2813 BANGOR, ME 04402-2813 01-0496352	SUPPORT SRV	ME	EMHS	C CORP	0.	0.	
DIRIGO PINES RETIREMENT COMM, LLC 9 Alumni Drive ORONO, ME 04473 01-0537924	HOLDING CO.	ME	AHS	C CORP	0.	0.	
DIRIGO PINES INN, LLC 9 Alumni Drive ORONO, ME 04473 02-0547749	CONTIN CARE	ME	ROSSCARE	C CORP	0.	0.	
DIRIGO FUNDING, LLC 9 Alumni Drive ORONO, ME 04473 01-0599968	PROV FINANCE	ME	AHS	C CORP	0.	0.	

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

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
DIRIGO PINES DEVELOPMENT COMPANY, LLC 9 Alumni Drive ORONO, ME 04473 01-0537924	RETCOTTAG	ME	AHS	C CORP	0.	0.	
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**Part V** Continuation of Transactions With Related Organizations (Schedule R (Form 990), Part V, line 2)

(A) Name of other organization	(B) Transaction type (a-r)	(C) Amount involved	(D) Method of determining amount involved
EMHS FOUNDATION.....	r	42,064.	FMV
EASTERN MAINE HOMECARE.....	a	2,040.	FMV
EASTERN MAINE HOMECARE.....	k	97,852.	FMV
TAMC TITLE CORP.....	j	74,095.	FMV
TAMC TITLE CORP.....	r	332,945.	FMV
HORIZONS HEALTH SERVICES.....	r	19,804.	FMV
BEACON HEALTH, LLC.....	k	50,105.	FMV
AFFILIATED HEALTHCARE MANAGEMENT.....	l	46,154.	FMV
AFFILIATED HEALTHCARE MANAGEMENT.....	o	15,435.	FMV
AFFILIATED LABORATORY, INC.....	l	523,950.	FMV
AFFILIATED MATERIEL SERVICES.....	o	228,074.	FMV



**The Aroostook Medical Center  
and Subsidiaries**

Audited Consolidated Financial Statements  
and Additional Information

*Years Ended September 29, 2012 and September 24, 2011  
With Independent Auditors' Report*

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION

Years Ended September 29, 2012 and September 24, 2011

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# BAKER NEWMAN NOYES

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Aroostook Medical Center

We have audited the accompanying consolidated balance sheets of The Aroostook Medical Center and Subsidiaries as of September 29, 2012 and September 24, 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of The Aroostook Medical Center's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Aroostook Medical Center and Subsidiaries as of September 29, 2012 and September 24, 2011, and the consolidated results of their operations, changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4 to the consolidated financial statements, the consolidated balance sheets at September 29, 2012 and September 24, 2011 include the net amounts due from the State of Maine under the MaineCare program of approximately \$11,262,000 and \$9,251,000, respectively. Such amounts have not been fully provided for in the State of Maine's budget.



Limited Liability Company

Portland, Maine  
November 21, 2012

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

September 29, 2012 and September 24, 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 4,478,136	\$ 6,343,579
Assets held in trust under debt indentures (notes 6 and 10)	373,849	423,931
Patient and trade accounts receivable, less allowance for doubtful accounts of \$5,453,079 in 2012 and \$5,565,596 in 2011 (notes 3 and 14)	9,747,478	8,080,366
Estimated third-party payor settlements (note 4)	1,767,481	3,596,180
Due from Eastern Maine Healthcare Systems – trade (note 5)	37,185	10,953
Other receivables	564,215	433,665
Inventories	1,788,058	1,922,720
Prepaid expenses (notes 2 and 5)	<u>1,297,729</u>	<u>1,991,319</u>
Total current assets	20,054,131	22,802,713
Property and equipment, net (notes 5, 9 and 10)	28,398,859	28,357,150
Assets whose use is limited or restricted (note 6):		
Assets held by trustees for deferred compensation plans (note 13)	3,888,706	3,641,618
Board designated funded depreciation and other	6,772,705	5,898,832
Temporarily donor-restricted	2,809,711	2,163,151
Permanently donor-restricted	<u>1,707,025</u>	<u>1,687,667</u>
Total assets whose use is limited or restricted	15,178,147	13,391,268
Other assets:		
Estimated settlements receivable from the State of Maine (note 4)	10,987,596	9,168,880
Deferred financing costs, net	137,662	174,908
Other assets, net (notes 2 and 16)	<u>4,338,399</u>	<u>6,058,051</u>
	<u>15,463,657</u>	<u>15,401,839</u>
Total assets	<u>\$79,094,794</u>	<u>\$79,952,970</u>

LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
Current liabilities:		
Accounts payable	\$ 4,241,625	\$ 2,476,890
Due to Eastern Maine Healthcare Systems – trade (note 5)	611,065	319,240
Accrued expenses and other	6,869,499	6,432,836
Estimated third-party payor settlements (note 4)	7,306,754	7,418,007
Current portion of long-term debt (note 10)	<u>1,269,533</u>	<u>1,218,163</u>
Total current liabilities	20,298,476	17,865,136
Deferred compensation (note 13)	3,888,706	3,641,618
Estimated third-party settlements (note 4)	2,896,300	2,554,520
Other liabilities (note 16)	3,832,346	5,187,064
Long-term debt, net of current portion (note 10):		
Bonds payable	9,387,879	10,493,981
Mortgages	<u>2,082</u>	<u>26,737</u>
	<u>9,389,961</u>	<u>10,520,718</u>
Total liabilities	40,305,789	39,769,056
Net assets:		
Unrestricted net assets	34,272,269	36,333,096
Temporarily restricted net assets (note 7)	2,809,711	2,163,151
Permanently restricted net assets (note 7)	<u>1,707,025</u>	<u>1,687,667</u>
Total net assets	38,789,005	40,183,914
Total liabilities and net assets	<u>\$79,094,794</u>	<u>\$79,952,970</u>

See accompanying notes.

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

Years Ended September 29, 2012 and September 24, 2011

	<u>2012</u>	<u>2011</u>
Revenue:		
Net patient service revenue (notes 2 and 4)	\$100,697,844	\$101,244,478
Sales and contract revenue (note 5)	179,337	213,777
Other revenue	1,689,020	1,664,483
Meaningful use revenue (note 8)	2,915,510	-
Net assets released from restrictions - operations	<u>19,680</u>	<u>12,443</u>
Total revenue	105,501,391	103,135,181
Expenses (notes 5 and 18):		
Compensation, fees and employee benefits (notes 2 and 12)	66,011,876	61,167,013
Supplies and other (note 15)	31,946,213	29,486,953
State tax assessments (note 4)	2,352,138	2,328,967
Depreciation and amortization	3,525,196	3,600,011
Provision for bad debts	3,329,569	3,133,424
Interest	<u>400,086</u>	<u>461,753</u>
Total expenses	<u>107,565,078</u>	<u>100,178,121</u>
(Loss) income from operations	(2,063,687)	2,957,060
Nonoperating gains (note 6):		
Investment income and other, net	246,692	340,996
Investment income on funded depreciation	21,179	26,060
Loss on early extinguishment of debt (note 10)	<u>(180,397)</u>	<u>-</u>
Total nonoperating gains, net	<u>87,474</u>	<u>367,056</u>
(Deficiency) excess of revenues and gains over expenses	(1,976,213)	3,324,116
Net assets released from restrictions -- capital acquisitions	90,341	178,511
Healthcare charities -- board designated funds	(5,000)	(10,000)
Transfers to Eastern Maine Healthcare Systems - strategic pool (note 5)	<u>(169,955)</u>	<u>(86,868)</u>
(Decrease) increase in unrestricted net assets	<u>\$ (2,060,827)</u>	<u>\$ 3,405,759</u>

See accompanying notes.

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

Years Ended September 29, 2012 and September 24, 2011

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Consol- idated</u>
Net assets, September 26, 2010	\$32,927,337	\$2,233,993	\$1,684,455	\$36,845,785
Excess of revenues and gains over expenses	3,324,116	-	-	3,324,116
Restricted contributions	-	150,260	3,212	153,472
Net assets released from restrictions - capital acquisitions	178,511	(178,511)	-	-
Net assets released from restrictions - operations	-	(12,443)	-	(12,443)
Restricted investment income and net realized gains on investments (note 6)	-	76,217	-	76,217
Change in net unrealized gains or losses on investments (note 6)	-	(106,365)	-	(106,365)
Healthcare charities -- board designated funds	(10,000)	-	-	(10,000)
Transfers to Eastern Maine Healthcare Systems - strategic pool (note 5)	<u>(86,868)</u>	<u>-</u>	<u>-</u>	<u>(86,868)</u>
Change in net assets	<u>3,405,759</u>	<u>(70,842)</u>	<u>3,212</u>	<u>3,338,129</u>
Net assets, September 24, 2011	36,333,096	2,163,151	1,687,667	40,183,914
Deficiency of revenues and gains over expenses	(1,976,213)	-	-	(1,976,213)
Restricted contributions	-	158,086	19,358	177,444
Net assets released from restrictions - capital acquisitions	90,341	(90,341)	-	-
Net assets released from restrictions - operations	-	(19,680)	-	(19,680)
Restricted investment income and net realized gains on investments (note 6)	-	165,071	-	165,071
Change in net unrealized gains or losses on investments (note 6)	-	433,424	-	433,424
Healthcare charities -- board designated funds	(5,000)	-	-	(5,000)
Transfers to Eastern Maine Healthcare Systems - strategic pool (note 5)	<u>(169,955)</u>	<u>-</u>	<u>-</u>	<u>(169,955)</u>
Change in net assets	<u>(2,060,827)</u>	<u>646,560</u>	<u>19,358</u>	<u>(1,394,909)</u>
Net assets, September 29, 2012	<u>\$34,272,269</u>	<u>\$2,809,711</u>	<u>\$1,707,025</u>	<u>\$38,789,005</u>

See accompanying notes.

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended September 29, 2012 and September 24, 2011

	<u>2012</u>	<u>2011</u>
Operating activities and gains and losses:		
Change in net assets	\$ (1,394,909)	\$ 3,338,129
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,525,196	3,600,011
Provision for bad debts	3,329,569	3,133,424
Net amortization or accretion of bond premium and discount	(63,905)	(55,893)
Net realized and unrealized (gains) losses on investments	(511,199)	94,759
Equity in earnings of affiliates	(80,323)	(374,426)
Restricted contributions and investment income	(264,740)	(218,083)
Loss on early extinguishment of debt	180,397	-
Loss on disposal of property and equipment	22,610	97,084
Gain on sale of affiliate	(130,554)	-
Healthcare charities – board designated funds, net	5,000	10,000
Transfers to Eastern Maine Healthcare Systems – strategic pool	169,955	86,868
Changes in operating assets and liabilities:		
Patient and trade accounts receivable	(4,996,681)	(3,239,483)
Other receivables, inventories, prepaid expenses and other assets	697,702	(1,384,230)
Net amounts due from third-party payor settlements (which includes estimated settlements receivable from the State of Maine)	240,510	4,743,683
Accounts payable, accrued expenses and other liabilities	2,206,609	(982,028)
Due to/from Eastern Maine Healthcare Systems, net	<u>265,593</u>	<u>42,042</u>
Net cash provided by operating activities	3,200,830	8,891,857
Investing activities:		
Proceeds from distributions of equity of affiliates	70,000	280,000
Proceeds from sale of affiliate	500,600	-
Proceeds on disposal of property and equipment	-	2,650
Purchases of property and equipment	(3,571,186)	(2,654,904)
Proceeds from sale of investments	4,683,436	4,274,779
Purchases of investments	<u>(5,661,946)</u>	<u>(5,643,159)</u>
Net cash used by investing activities	(3,979,096)	(3,740,634)
Financing activities:		
Healthcare charities – board designated funds, net	(5,000)	(10,000)
Transfers to Eastern Maine Healthcare Systems – strategic pool	(169,955)	(86,868)
Restricted contributions and investment income	264,740	231,083
Repayment of long-term obligations	(980,785)	(1,172,139)
Proceeds from issuance of debt, including bond premium	5,477,065	-
Amount paid to refinance bonds	(5,594,639)	-
Payment of deferred financing costs	<u>(78,603)</u>	<u>-</u>
Net cash used by financing activities	<u>(1,087,177)</u>	<u>(1,037,924)</u>
(Decrease) increase in cash and cash equivalents	(1,865,443)	4,113,299
Cash and cash equivalents at beginning of year	<u>6,343,579</u>	<u>2,230,280</u>
Cash and cash equivalents at end of year	<u>\$ 4,478,136</u>	<u>\$ 6,343,579</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 415,463</u>	<u>\$ 460,621</u>

See accompanying notes.

# THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

### 1. Organization

The Aroostook Medical Center (TAMC or the Corporation) is a not-for-profit general community hospital and nursing home corporation located in Presque Isle, Maine, which has TAMC Title Corporation and Horizons Health Services as subsidiaries, and TAMC Endowments as a consolidated affiliate. TAMC's mission is to restore, maintain and improve the health of its friends and neighbors in a compassionate and professional environment. Only those activities directly associated with the establishment and promotion of this mission are considered to be operating activities. TAMC, its subsidiaries and its affiliate are part of Eastern Maine Healthcare Systems (EMHS).

As of October 1, 2011, Horizons Health Services ceased its operations. Assets and liabilities of Horizons Health Services, as well as its operations, were not significant.

### 2. Significant Accounting Policies

#### Principles of Consolidation

These consolidated financial statements include the accounts of TAMC, TAMC Title Corporation, Horizons Health Services and TAMC Endowments, an affiliate (collectively referred to as "the Corporation"). All significant intercompany accounts and transactions have been eliminated in consolidation.

#### Fiscal Year

TAMC conducts its activities on a 52/53 week year. The presented years ended September 29, 2012 and September 24, 2011 contained 53 weeks and 52 weeks, respectively.

#### Investment in County PT

TAMC owns a 50% interest in County Physical Therapy, LLC (County PT), a company which provides physical therapy services. TAMC accounts for its investment in accordance with the equity method. A summary of County PT's financial condition as of September 29, 2012 and September 24, 2011 is shown below:

	<u>2012</u> (Unaudited)	<u>2011</u> (Unaudited)
Total assets	<u>\$1,358,537</u>	<u>\$1,383,044</u>
Current liabilities	\$ 189,165	\$ 163,877
Long-term liabilities	<u>94,080</u>	<u>120,709</u>
Total liabilities	283,245	284,586
Equity	<u>1,075,292</u>	<u>1,098,458</u>
Total liabilities and equity	<u>\$1,358,537</u>	<u>\$1,383,044</u>
Net income	<u>\$ 116,834</u>	<u>\$ 269,698</u>

The carrying value of the investment is included in other assets and was \$537,646 and \$549,229 at September 29, 2012 and September 24, 2011, respectively.

# THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

### 2. Significant Accounting Policies (Continued)

#### Investment in Aroostook MRI, LLC

In 2012, TAMC sold its 50% ownership interest in Aroostook MRI, LLC (AMRI), a joint venture imaging center, at a gain of \$130,554. TAMC had accounted for its investment in accordance with the equity method. The financial condition of AMRI as of September 24, 2011 (unaudited) included assets of \$802,779, liabilities of \$106,500, equity of \$696,279 and net income of \$479,154. Net income in 2012, during which TAMC owned its portion of AMRI, amounted to \$43,812. The carrying value of the investment was included in other assets and was \$348,140 at September 24, 2011.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 uncollectible accounts and estimated third-party payor settlements - *see net patient service revenue below*.

#### Cash and Cash Equivalents

Highly liquid savings deposits and debt investments with maturities of three months or less when purchased are considered cash equivalents. The Corporation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Corporation has experienced no losses in such accounts. The Corporation believes it is not exposed to any significant risk on cash and cash equivalents.

#### Accounts Receivable

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.

#### Inventories

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

# THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

### 2. Significant Accounting Policies (Continued)

#### Investments

Investment securities are measured at fair value. Realized gains and losses on sales of investments are computed based on specific identification of the investments sold. Unrestricted investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the (deficiency) excess of revenues and gains over expenses. Unrealized gains and losses on unrestricted investments are excluded from the (deficiency) excess of revenues and gains over expenses. On a periodic basis, the Corporation 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 (deficiency) excess of revenues and gains over expenses.

#### Property and Equipment

Property and equipment is stated at cost or at fair value at the date of donation for assets contributed to the Corporation. The Corporation'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. Depreciation is computed using the straight-line method in a manner intended to amortize the cost of the assets over their estimated useful lives.

#### Deferred Financing Costs

The deferred financing costs are bond issuance costs incurred in connection with debt related to Maine Health and Higher Educational Facilities Authority (MHHEFA) revenue bonds and are being amortized over the terms of the bonds based upon the straight-line method, which approximates the effective interest method.

#### Estimated Third-Party Payor Settlements

Estimated third-party payor settlements represent estimates of final settlements under cost-reimbursed programs (Medicare and MaineCare). Amounts due under the cost reimbursement programs will become determinable and final only upon completion of cost reporting and subsequent audit as required under the terms of agreements with respective third-party reimbursing agencies.

#### Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the Corporation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity. Appreciation on investments of permanently restricted net assets, unless otherwise stated by the donor, is recorded within temporarily restricted net assets until appropriated pursuant to proper governing board action.

## THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

#### 2. Significant Accounting Policies (Continued)

##### (Deficiency) Excess of Revenues and Gains Over Expenses

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

##### Net Patient Service Revenue

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its 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 rendered and adjusted in future periods as final settlements are determined. Changes in those estimates are reflected in the financial statements in the year in which they occur. During 2012 and 2011, net patient service revenue was increased by approximately \$500,000 and \$160,000, respectively, due to favorable settlements of prior year estimates.

Amounts related to services rendered to individuals from whom payment is expected and ultimately not received are written off and included as part of the provision for bad debts.

##### Charity Care

TAMC accepts all emergency care patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the Charity Assistance Policy as approved by TAMC. The policy defines charity services as those services for which no payment is anticipated from any source. In assessing a patient's inability to pay, TAMC utilizes two hundred percent of the charity care guidelines provided by the State of Maine Bureau of Medical Services, but may include extraordinary cases where charges exceed a reasonable and prudent evaluation of the patient's ability to pay. Charges for charity care are not included in net patient service revenue and approximated \$2,632,000 and \$2,807,000 in 2012 and 2011, respectively. TAMC estimates the costs associated with providing charity care by calculating a ratio of total cost to total gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. The estimated cost of caring for charity care patients for the periods ended September 29, 2012 and September 24, 2011 was approximately \$1,224,000 and \$1,229,000, respectively.

# THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

### 2. Significant Accounting Policies (Continued)

#### Donor-Restricted Gifts

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

#### Self-Insurance Programs

TAMC participates in the EMHS self-insured group health benefits plan. Under this plan, TAMC pays monthly premiums to EMHS in an amount necessary to fund the estimated annual plan expenses. In 2012 and 2011, TAMC paid EMHS approximately \$5,542,000 and \$6,500,000, respectively (of which approximately \$1,192,000 and \$1,492,000, respectively, represents employee deductions), in premiums. In 2011, TAMC received a premium adjustment from EMHS of approximately \$1,166,000 which was included in prepaid expenses as of September 24, 2011 and decreased expenses. In 2012, EMHS applied approximately \$778,000 of the premium adjustment against premiums due and expensed in the current year. As of September 29, 2012, approximately \$388,000 is included in prepaid expenses relating to the EMHS premium adjustment. Approximately \$4,145,000 and \$3,164,000 represented services rendered by TAMC for its employees for which revenue was recorded in 2012 and 2011, respectively.

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

#### Endowment Funds

Use of restricted endowment funds is governed by the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA).

Gains on donor established endowments are, absent donor stipulations, included in temporarily restricted net assets until appropriated for expenditure by the governing board. Should the value of investments related to a donor established endowment fall below the original donor contribution, the resulting deficit is included in unrestricted net assets.

# THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

### 2. Significant Accounting Policies (Continued)

#### Income Taxes

TAMC, TAMC Title Corporation, Horizons Health Services and TAMC Endowments are tax-exempt organizations pursuant to Section 501(c)(3) or 501(c)(2) of the Internal Revenue Code.

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

The Corporation has evaluated the position taken on its filed tax returns. The Corporation has concluded no uncertain income tax positions exist at September 29, 2012. The Corporation's tax years from 2009 through 2012 are open and subject to examination.

#### Accounting Pronouncements

In July 2011, the FASB issued Accounting Standards Update (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*. The ASU is effective for fiscal years and interim periods ending after December 15, 2012, with early adoption permitted. Changes to the presentation of the provision for bad debts related to patient service revenue in the statement of operations are 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 as a separate item in operating expenses. The change in presentation, as required by this guidance, is not expected to significantly impact the Corporation's financial position, results of operations or cash flows. The Corporation elected not to early adopt.

#### Reclassifications

Certain 2011 amounts have been reclassified to permit comparison with the 2012 consolidated financial statements presentation format.

#### Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated subsequent events through November 21, 2012, which is the date the consolidated financial statements were available to be issued.

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 29, 2012 and September 24, 2011

**3. Accounts Receivable**

Details of accounts receivable at September 29, 2012 and September 24, 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Patient accounts	\$ 32,209,240	\$ 32,582,446
Less:		
Allowance for uncollectible accounts	(5,453,079)	(5,565,596)
Allowance for contractual adjustments	(14,132,000)	(13,004,780)
Advance payments from third-party reimbursing agencies	<u>(2,876,683)</u>	<u>(5,931,704)</u>
	<u>(22,461,762)</u>	<u>(24,502,080)</u>
	<u>\$ 9,747,478</u>	<u>\$ 8,080,366</u>

**4. Net Patient Service Revenue and Third-Party Transactions**

Net patient service revenue for the years ended September 29, 2012 and September 24, 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Full charges for services to patients:		
Daily patient services	\$ 23,355,399	\$ 24,098,199
Ancillary/inpatient services	40,650,636	46,040,299
Outpatient services	<u>148,632,041</u>	<u>143,964,453</u>
Total charges	212,638,076	214,102,951
Reduction in charges:		
Contractual adjustments	(109,308,301)	(110,051,155)
Charity care	<u>(2,631,931)</u>	<u>(2,807,318)</u>
Total reductions	<u>(111,940,232)</u>	<u>(112,858,473)</u>
Net patient service revenue	<u>\$ 100,697,844</u>	<u>\$ 101,244,478</u>

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

- *Medicare.* Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. TAMC is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by TAMC and audits thereof by the Medicare fiscal intermediary. Final settlements have been determined for all years except 2005 through 2012. Revenues from the Medicare program accounted for approximately 33% and 34%, respectively, of TAMC's net patient revenue for 2012 and 2011.

# THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

### 4. Net Patient Service Revenue and Third-Party Transactions (Continued)

- *MaineCare.* The State of Maine's Medicaid program is a medical assistance program offered by the State of Maine Department of Human Services. Revenue from the MaineCare program accounted for approximately 13% and 14%, respectively, of TAMC's net patient revenue for 2012 and 2011. Inpatient and outpatient services rendered to MaineCare program beneficiaries are reimbursed under a variety of methodologies, including prospective rates, fee schedules and cost reimbursement. TAMC is reimbursed at a tentative rate with final settlement determined after submission of an annual cost report by TAMC and audit thereof by MaineCare. Final settlements have been determined for all years except 2005 through 2012.

For several years, interim payments from the MaineCare program have been significantly below the amounts due to TAMC based upon reimbursement statutes in effect. As a result, the consolidated balance sheets at September 29, 2012 and September 24, 2011 include net amounts due from the State of Maine under the MaineCare program of approximately \$11,262,000 and \$9,251,000, respectively. In 2012, TAMC did not receive interim settlements. In 2011, TAMC received interim settlements for 2006, 2007, and 2008 and a tentative estimated settlement for 2009. Certain remaining cost settlements due from the MaineCare program (2005 - 2012) have been reported as noncurrent assets because the State of Maine's current budget does not provide for any further settlements. Therefore, they are not reasonably expected to be received within one year of the balance sheet date. Although management believes the amounts recorded by TAMC have been determined based upon statutes currently in effect, there is at least a reasonable possibility that recorded estimates will change by a material amount upon payment of final settlements by the MaineCare program.

The State of Maine enacted legislation establishing a health care provider tax (State tax). As a result, TAMC was subjected to and recorded \$2,352,138 and \$2,328,967 of State tax in 2012 and 2011, respectively. This tax is partially offset through increased reimbursement which is reflected as a decrease in contractual adjustments.

Laws and regulations governing the Medicare and MaineCare programs are complex and subject to interpretation. TAMC believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrong doing. While no 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 exclusions from the Medicare and MaineCare programs.

TAMC has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to TAMC under these agreements includes discounts from established charges and prospectively determined daily rates.

# THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

### 5. Related Party Transactions

TAMC paid approximately \$2,600 and \$3,700 in 2012 and 2011, respectively, for purchased services and rent to County PT.

TAMC has a strategic planning pool agreement with EMHS. In 2012 and 2011, \$169,955 and \$86,868 was paid to EMHS, respectively.

TAMC paid AMRI approximately \$241,000 and \$48,000 in 2012 and 2011, respectively, for purchased services. AMRI paid TAMC approximately \$52,000 and \$76,000 in 2012 and 2011, respectively, for rent.

The Corporation purchases certain products and services from EMHS and other EMHS affiliates. Purchases during the years ended September 29, 2012 and September 24, 2011 totaled approximately \$11,152,000 and \$10,226,000, respectively.

TAMC is working on an electronic medical records software platform with EMHS. Amounts paid to EMHS during 2012 and 2011 were approximately \$1,088,000 and \$740,000, respectively. Additional costs to be incurred relating to the project in 2013 are estimated to be approximately \$1,204,000.

In prior years, TAMC paid EMHS for reimbursement related to costs borne directly by EMHS for system implementations. The recorded amounts included in prepaid expenses at September 29, 2012 and September 24, 2011 were approximately \$6,000 and \$31,000, respectively. These assets will be fully amortized in 2013.

See Notes 2, 11 and 16 related to self-insurance programs, the line of credit and medical malpractice insurance.

### 6. Investments and Assets Whose Use is Limited

Investment balances at September 29, 2012 and September 24, 2011 are set forth below and the balances are stated at fair value.

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 7,621,164	\$ 6,672,846
U.S. government-sponsored enterprise bonds and notes	25,107	100,786
Corporate stocks	2,633,813	2,110,496
Corporate obligations	780,353	762,981
Mutual funds	602,853	526,472
Assets held by trustees for deferred compensation plans	<u>3,888,706</u>	<u>3,641,618</u>
	<u>\$15,551,996</u>	<u>\$13,815,199</u>

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

**6. Investments and Assets Whose Use is Limited (Continued)**

As of September 24, 2011, approximately \$409,000 of cash and cash equivalents included in board designated funded depreciation and other had been set aside as collateral for a loan to be made by USDA Rural Development. The loan was issued by USDA Rural Development in 2012 and repaid by TAMC in 2012 and the collateral requirement was subsequently released.

Investment income and gains consisted of the following for the years ended September 29, 2012 and September 24, 2011:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$171,367	\$ 162,640
Realized gains and losses on sales of securities, net	77,775	11,606
Change in unrealized gains and losses on securities, net	<u>433,424</u>	<u>(106,365)</u>
	<u>\$682,566</u>	<u>\$ 67,881</u>

Unrealized losses on investments were immaterial at September 29, 2012 and September 24, 2011.

Investment Return Objectives, Risk Parameters and Spending Policies

TAMC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce this result while limiting investment risk.

To satisfy its long-term rate-of-return objectives, TAMC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). TAMC targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

In 2012 and 2011, TAMC spent \$-0- and \$69,000 of endowment assets, respectively.

Endowment Funds

The changes in TAMC's endowment funds by net asset category for the years ended September 29, 2012 and September 24, 2011 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>2012</b>			
Endowment funds, beginning of year	\$1,977,696	\$1,687,667	\$3,665,363
Contributions	-	19,358	19,358
Investment income	87,296	-	87,296
Net appreciation (realized and unrealized)	<u>511,199</u>	<u>-</u>	<u>511,199</u>
Endowment funds, end of year	<u>\$2,576,191</u>	<u>\$1,707,025</u>	<u>\$4,283,216</u>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

6. Investments and Assets Whose Use is Limited (Continued)

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>2011</b>			
Endowment funds, beginning of year	\$2,067,844	\$1,684,455	\$3,752,299
Contributions	-	3,212	3,212
Funds appropriated for expenditure	(60,000)	-	(60,000)
Investment income	64,611	-	64,611
Net depreciation (realized and unrealized)	<u>(94,759)</u>	<u>-</u>	<u>(94,759)</u>
Endowment funds, end of year	<u>\$1,977,696</u>	<u>\$1,687,667</u>	<u>\$3,665,363</u>

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 Corporation uses various methods including market, income and cost approaches. Based on these approaches, the Corporation 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 Corporation 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 Corporation 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 or liabilities.

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 or liabilities.

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 or liabilities.

In determining the appropriate levels, the Corporation performs a detailed analysis of the assets. At each reporting period, all assets for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the fiscal years ended September 29, 2012 and September 24, 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:

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 29, 2012 and September 24, 2011

**6. Investments and Assets Whose Use is Limited (Continued)**

Cash and cash equivalents, mutual funds and corporate stocks are based upon quoted prices in active markets for identical assets and are reflected as Level 1.

U.S. government-sponsored enterprise bonds and notes, and corporate obligations were determined based upon market information from inactive markets or based upon averages of three market sources and have been included in Level 2.

Assets held by trustees for deferred compensation plans are participant directed and are comprised of mutual funds, common trust funds, and cash and cash equivalents. The mutual funds and cash and cash equivalents are based upon quoted prices in active markets for identified assets and are reflected as Level 1. The common trust funds were determined based upon market information from inactive markets and have been included in Level 2. Unrealized gains and losses on these investments have a corresponding increase or decrease in the deferred compensation liability.

The following table presents the balances of assets measured at fair value at September 29, 2012 and September 24, 2011 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>2012</b>				
Cash and cash equivalents	\$ 7,621,164	\$ —	\$ —	\$ 7,621,164
U.S. government-sponsored enterprise bonds and notes	—	25,107	—	25,107
Corporate stocks:				
Preferred stock	45,710	—	—	45,710
Basic industry	183,815	—	—	183,815
Capital goods	83,269	—	—	83,269
Consumer	535,189	—	—	535,189
Energy	259,087	—	—	259,087
Financial	207,803	—	—	207,803
Technology	381,441	—	—	381,441
Health care	125,661	—	—	125,661
International	285,262	—	—	285,262
Industries	526,576	—	—	526,576
Corporate obligations	—	780,353	—	780,353
Mutual funds:				
Equity funds	347,778	—	—	347,778
Fixed income	255,075	—	—	255,075
Assets held by trustees for deferred compensation plans	<u>3,819,063</u>	<u>69,643</u>	<u>—</u>	<u>3,888,706</u>
<b>Total investments</b>	<b><u>\$14,676,893</u></b>	<b><u>\$ 875,103</u></b>	<b><u>\$ —</u></b>	<b><u>\$15,551,996</u></b>

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 29, 2012 and September 24, 2011

**6. Investments and Assets Whose Use is Limited (Continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>2011</b>				
Cash and cash equivalents	\$ 6,672,846	\$ -	\$ -	\$ 6,672,846
U.S. government-sponsored enterprise bonds and notes	-	100,786	-	100,786
Corporate stocks:				
Preferred stock	62,314	-	-	62,314
Basic industry	168,402	-	-	168,402
Capital goods	71,106	-	-	71,106
Consumer	453,150	-	-	453,150
Energy	199,716	-	-	199,716
Financial	143,380	-	-	143,380
Technology	298,487	-	-	298,487
Health care	113,714	-	-	113,714
International	203,098	-	-	203,098
Industries	397,129	-	-	397,129
Corporate obligations	-	762,981	-	762,981
Mutual funds:				
Equity funds	295,843	-	-	295,843
Fixed income	230,629	-	-	230,629
Assets held by trustees for deferred compensation plans	<u>3,220,799</u>	<u>420,819</u>	<u>-</u>	<u>3,641,618</u>
Total investments	<u>\$12,530,613</u>	<u>\$1,284,586</u>	<u>\$-</u>	<u>\$13,815,199</u>

**7. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted and permanently restricted net assets consist of the following at September 29, 2012 and September 24, 2011:

	<u>2012</u>	<u>2011</u>
Temporarily restricted:		
Realized and unrealized gains on endowment funds treated as restricted under State of Maine statute	\$2,576,191	\$1,977,696
Other	<u>233,520</u>	<u>185,455</u>
	<u>\$2,809,711</u>	<u>\$2,163,151</u>
Permanently restricted:		
Investments to be held in perpetuity on which the income is unrestricted	<u>\$1,707,025</u>	<u>\$1,687,667</u>

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 29, 2012 and September 24, 2011

**8. Meaningful Use Revenues**

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The criteria for meaningful use will be staged in three steps from fiscal year 2012 through 2016. During 2012, TAMC attested to Stage 1 meaningful use certification from the Centers of Medicare and Medicaid Services (CMS) and recorded meaningful use revenues of \$1,472,372 in the 2012 consolidated statements of operations. The meaningful use attestation is subject to audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by TAMC.

The Medicaid program will provide incentive payments to hospitals and eligible professionals as they adopt, implement, upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to five remaining participation years. The State of Maine program was launched on October 2011, however, there was an attestation tail period from January 1, 2012 through March 31, 2012 where providers were allowed to apply late for payments related to the program. During 2012, TAMC recorded meaningful use revenues of \$380,638 after attesting to Stage 1 meaningful use. TAMC is only eligible for one additional year of Medicaid incentives.

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

TAMC also received approximately \$1,062,500 of Medicaid EHR program revenues for its eligible physicians in 2012, which was recorded as revenue in 2012.

**9. Property and Equipment**

A summary of property and equipment at September 29, 2012 and September 24, 2011 follows:

	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 2,689,703	\$ 2,674,188
Buildings and improvements	40,812,814	40,475,720
Leasehold improvements	3,242,328	3,242,328
Equipment	31,302,284	29,674,477
Assets not yet placed in service	<u>1,360,404</u>	<u>1,186,287</u>
	79,407,533	77,253,000
Less accumulated depreciation and amortization	<u>(51,008,674)</u>	<u>(48,895,850)</u>
	<u>\$ 28,398,859</u>	<u>\$ 28,357,150</u>

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

**10. Long-Term Obligations**

Long-term obligations consist of the following at September 29, 2012 and September 24, 2011:

	<u>2012</u>	<u>2011</u>
<b>TAMC</b>		
Revenue Bonds, Series 2002A, issued through MHHEFA (refinanced in 2012 with Revenue Bonds, Series 2012A)	\$ -	\$ 5,749,262
Revenue Bonds, Series 2010B, issued through MHHEFA, rates varying from 3.00% to 4.00%; annual principal payments ranging from \$740,000 to \$935,000 with final payment due in 2019, plus original issue premium of \$333,303 and \$391,269 at September 29, 2012 and September 24, 2011, respectively	5,161,753	5,939,719
Revenue Bonds, Series 2012A, issued through MHHEFA, rates varying from 2.00% to 5.00%; annual principal payments beginning July 2013 ranging from \$505,000 to \$645,000 with final payment due in 2022, plus original issue premium of \$314,776 at September 29, 2012	5,471,126	-
<b>TAMC Title Corporation</b>		
Mortgage note payable to bank in monthly installments of \$2,135, including interest at 5.00%, through September 2013, secured by land and buildings on Academy Street in Presque Isle, Maine	<u>26,615</u>	<u>49,900</u>
	10,659,494	11,738,881
Less current portion	<u>(1,269,533)</u>	<u>(1,218,163)</u>
	<u>\$ 9,389,961</u>	<u>\$10,520,718</u>

In July 2012, Series 2012A Revenue Bonds in the amount of \$5,156,350 were issued at a premium of \$320,715 through MHHEFA for the purpose of refinancing Series 2002A Revenue Bonds. As part of the refinancing transaction, a loss of \$180,397 was recognized. The Bonds are secured by substantially all of the property and equipment of TAMC and a security interest in its gross receipts.

In connection with the Revenue Bonds, TAMC is required to make deposits of interest and principal of sufficient amounts to make the semi-annual interest payments and to retire the Bonds when due. Amounts deposited are presented as assets held in trust under debt indentures on the accompanying consolidated balance sheets and amount to \$373,849 and \$423,931 at September 29, 2012 and September 24, 2011, respectively. At September 29, 2012, TAMC was in compliance with all restrictive covenants under the Bonds.

Aggregate principal maturities on long-term obligations over the next five years are as follows: 2013 - \$1,269,533; 2014 - \$1,287,082; 2015 - \$1,320,000; 2016 - \$1,385,000; and 2017 - \$1,435,000.

# THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

### 11. Line of Credit

TAMC has an available line of credit agreement of \$4,500,000 with EMHS with interest at LIBOR plus 1%. At September 29, 2012 and September 24, 2011, there were no amounts outstanding under this agreement. The agreement's expiration date is October 1, 2013.

### 12. Employee Benefit Plans

The Corporation sponsors a defined contribution plan which covers substantially all full-time employees with at least two years of service with TAMC. TAMC funds the defined contribution plan with annual contributions of up to 3.5% of the participants' salaries with an additional 2% match based upon an employee's participation through salary deferrals of up to 100% of elective deferrals, up to a maximum of 2% of compensation. Prior to April 1, 2011, the match was suspended. On April 1, 2011 and July 1, 2011, the match was reinstated for nonunion and union employees, respectively.

Total pension expense for the years ended September 29, 2012 and September 24, 2011 was approximately \$1,815,000 and \$1,413,000, respectively.

### 13. Deferred Compensation Plans

TAMC has fully funded nonqualified deferred compensation plans to provide supplemental retirement benefits for certain employees. Under the plans, the assets are invested in mutual funds, trusts, and cash and cash equivalents for eligible employees. Assets are reported at fair value and unrealized gains and losses are allocated to participants quarterly. The investments and liability under the deferred compensation plans at September 29, 2012 and September 24, 2011 were \$3,888,706 and \$3,641,618, respectively.

### 14. Concentration of Credit Risk and Other Concentrations

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 29, 2012 and September 24, 2011, was as follows:

	<u>2012</u>	<u>2011</u>
Medicare and MaineCare	45%	44%
Commercial and other insurance	12	16
Patients	<u>43</u>	<u>40</u>
	<u>100%</u>	<u>100%</u>

Nursing personnel representing approximately 14% of TAMC's workforce are covered by a union contract that expired on October 11, 2012. The contract is currently being renegotiated and the outcome is currently unknown. Technicians and certain other personnel comprising approximately 12% of TAMC's workforce are covered under a separate union contract expiring on July 19, 2013.

# THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 29, 2012 and September 24, 2011

### 15. Commitments

The Corporation leases certain equipment and office space subject to various agreements. In 2012 and 2011, lease expense charged to operations amounted to approximately \$1,265,000 and \$1,234,000, respectively.

The Corporation's future minimum lease payments at September 29, 2012 under all noncancelable operating leases to nonrelated parties are as follows: 2013 - \$671,000; 2014 - \$545,000; 2015 - \$545,000; 2016 - \$545,000; and 2017 - \$463,000.

### 16. Medical Malpractice Insurance

The Corporation insures its medical malpractice risks on an occurrence basis through participation in an insurance trust consisting of EMHS affiliated companies. At September 29, 2012, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage nor are there any unasserted claims or incidents for which a loss accrual has not been made. Prior to October 1, 2007, the Corporation was insured under a claims made policy and maintains tail coverage for potential claims.

In accordance with ASU No. 2010-24, Health Care Entities (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), TAMC recorded a receivable and liability of \$3,653,480 and \$5,013,409 as of September 29, 2012 and September 24, 2011, respectively, related to estimated professional liability losses.

### 17. Volunteer Services

Total volunteer service hours received by the Corporation in 2012 and 2011 were approximately 15,000 hours. The volunteers provide various services to the Corporation, none of which have been recognized as revenue or expense in the consolidated statements of operations.

### 18. Functional Expenses

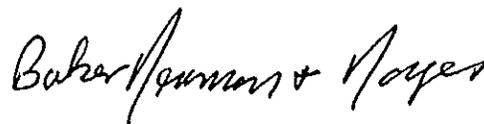
The Corporation provides general health services to residents within its geographical location. Functional expenses related to providing these services are as follows for the years ended September 29, 2012 and September 24, 2011:

	<u>2012</u>	<u>2011</u>
Health care services	\$ 82,429,313	\$ 75,508,257
Administration and general	15,528,776	15,145,709
State tax assessments	2,352,138	2,328,967
Depreciation and amortization	3,525,196	3,600,011
Provision for bad debts	3,329,569	3,133,424
Interest	<u>400,086</u>	<u>461,753</u>
	<u>\$107,565,078</u>	<u>\$100,178,121</u>

**INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL INFORMATION**

Board of Directors  
The Aroostook Medical Center

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying additional information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Limited Liability Company

Portland, Maine  
November 21, 2012

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

September 29, 2012

ASSETS

	<u>The</u> <u>Aroostook</u> <u>Medical</u> <u>Center</u>	<u>TAMC</u> <u>Title</u> <u>Corporation</u>	<u>TAMC</u> <u>Endow-</u> <u>ments</u>	<u>Horizons</u> <u>Health</u> <u>Services</u>	<u>Elimi-</u> <u>nations</u> <u>and</u> <u>Reclass-</u> <u>ifications</u>	<u>Total</u>
Current assets:						
Cash and cash equivalents	\$ 4,447,174	\$ 30,962	\$ --	\$ --	\$ --	\$ 4,478,136
Assets held in trust under debt indentures	373,849	--	--	--	--	373,849
Patient and trade accounts receivable, less allowance for doubtful accounts	9,747,478	--	--	--	--	9,747,478
Estimated third-party payor settlements	1,767,481	--	--	--	--	1,767,481
Due from Eastern Maine Healthcare Systems – trade	37,185	--	--	--	--	37,185
Other receivables	564,215	--	--	--	--	564,215
Inventories	1,788,058	--	--	--	--	1,788,058
Prepaid expenses	<u>1,287,625</u>	<u>10,104</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,297,729</u>
Total current assets	20,013,065	41,066	--	--	--	20,054,131
Property and equipment, net	28,147,582	251,277	--	--	--	28,398,859
Assets whose use is limited or restricted:						
Assets held by trustees for deferred compensation plans	3,888,706	--	--	--	--	3,888,706
Board designated funded depreciation and other	6,765,205	--	7,500	--	--	6,772,705
Temporarily donor-restricted	1,218,188	--	1,591,523	--	--	2,809,711
Permanently donor-restricted	<u>681,328</u>	<u>--</u>	<u>1,025,697</u>	<u>--</u>	<u>--</u>	<u>1,707,025</u>
Total assets whose use is limited or restricted	12,553,427	--	2,624,720	--	--	15,178,147
Other assets:						
Inter-entity receivables	--	4,955	--	--	(4,955)	--
Estimated settlements receivable from the State of Maine	10,987,596	--	--	--	--	10,987,596
Deferred financing costs, net	137,662	--	--	--	--	137,662
Other assets, net	<u>4,338,399</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,338,399</u>
	<u>15,463,657</u>	<u>4,955</u>	<u>--</u>	<u>--</u>	<u>(4,955)</u>	<u>15,463,657</u>
Total assets	<u>\$ 76,177,731</u>	<u>\$ 297,298</u>	<u>\$ 2,624,720</u>	<u>\$ --</u>	<u>\$ (4,955)</u>	<u>\$79,094,794</u>

LIABILITIES AND NET ASSETS

	<u>The Aroostook Medical Center</u>	<u>TAMC Title Corpo- ration</u>	<u>TAMC Endow- ments</u>	<u>Horizons Health Services</u>	<u>Elimi- nations and Reclass- ifications</u>	<u>Total</u>
Current liabilities:						
Accounts payable	\$ 4,239,431	\$ 2,194	\$ --	\$ --	\$ --	\$ 4,241,625
Due to Eastern Maine Healthcare Systems - trade	611,065	--	--	--	--	611,065
Accrued expenses and other	6,869,499	--	--	--	--	6,869,499
Estimated third-party payor settlements	7,306,754	--	--	--	--	7,306,754
Current portion of long-term debt	<u>1,245,000</u>	<u>24,533</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,269,533</u>
Total current liabilities	20,271,749	26,727	--	--	--	20,298,476
Deferred compensation	3,888,706	--	--	--	--	3,888,706
Due to affiliates	4,955	--	--	--	(4,955)	--
Estimated third-party payor settlements	2,896,300	--	--	--	--	2,896,300
Other liabilities	3,832,346	--	--	--	--	3,832,346
Long-term debt, net of current portion:						
Bonds payable	9,387,879	--	--	--	--	9,387,879
Mortgages	<u>--</u>	<u>2,082</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,082</u>
	<u>9,387,879</u>	<u>2,082</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,389,961</u>
Total liabilities	40,281,935	28,809	--	--	(4,955)	40,305,789
Net assets:						
Unrestricted net assets	33,996,280	268,489	7,500	--	--	34,272,269
Temporarily restricted net assets	1,218,188	--	1,591,523	--	--	2,809,711
Permanently restricted net assets	<u>681,328</u>	<u>--</u>	<u>1,025,697</u>	<u>--</u>	<u>--</u>	<u>1,707,025</u>
Total net assets	35,895,796	268,489	2,624,720	--	--	38,789,005
Total liabilities and net assets	<u>\$ 76,177,731</u>	<u>\$ 297,298</u>	<u>\$ 2,624,720</u>	<u>\$ --</u>	<u>\$ (4,955)</u>	<u>\$79,094,794</u>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS

Year Ended September 29, 2012

	The Aroostook Medical Center	TAMC Title Corpo- ration	TAMC Endow- ments	Horizons Health Services	Elimi- nations and Reclass- ifications	Total
<b>Revenue:</b>						
Net patient service revenue	\$ 100,703,262	\$ -	\$ -	\$ (5,418)	\$ -	\$100,697,844
Sales and contract revenue	155,148	99,599	-	-	(75,410)	179,337
Other revenue	1,692,760	-	-	460	(4,200)	1,689,020
Meaningful use revenue	2,915,510	-	-	-	-	2,915,510
Net assets released from restrictions-operations	<u>19,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,680</u>
<b>Total revenue</b>	<b>105,486,360</b>	<b>99,599</b>	<b>-</b>	<b>(4,958)</b>	<b>(79,610)</b>	<b>105,501,391</b>
<b>Expenses:</b>						
Compensation, fees and employee benefits	66,011,876	-	-	-	-	66,011,876
Supplies and other	31,968,840	56,365	-	618	(79,610)	31,946,213
State tax assessments	2,352,138	-	-	-	-	2,352,138
Depreciation and amortization	3,504,274	20,922	-	-	-	3,525,196
Provision for bad debts	3,328,288	-	-	1,281	-	3,329,569
Interest	<u>398,091</u>	<u>1,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,086</u>
<b>Total expenses</b>	<b><u>107,563,507</u></b>	<b><u>79,282</u></b>	<b><u>-</u></b>	<b><u>1,899</u></b>	<b><u>(79,610)</u></b>	<b><u>107,565,078</u></b>
<b>(Loss) income from operations</b>	<b>(2,077,147)</b>	<b>20,317</b>	<b>-</b>	<b>(6,857)</b>	<b>-</b>	<b>(2,063,687)</b>
<b>Nonoperating gains:</b>						
Investment income and other, net	246,692	-	-	-	-	246,692
Investment income on funded depreciation	21,179	-	-	-	-	21,179
Loss on early extinguishment of debt	<u>(180,397)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(180,397)</u>
<b>Total nonoperating gains, net</b>	<b><u>87,474</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>87,474</u></b>
<b>(Deficiency) excess of revenues and gains over expenses</b>	<b>(1,989,673)</b>	<b>20,317</b>	<b>-</b>	<b>(6,857)</b>	<b>-</b>	<b>(1,976,213)</b>
<b>Net assets released from restrictions –</b>						
capital acquisitions	90,341	-	-	-	-	90,341
Transfer to/from Horizons Health Services	19,804	-	-	(19,804)	-	-
Transfer to/from TAMC Title Corporation	332,945	(332,945)	-	-	-	-
Healthcare charities – board designated funds	-	-	(5,000)	-	-	(5,000)
Transfers to Eastern Maine Health Systems - strategic pool	<u>(169,955)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,955)</u>
<b>Decrease in unrestricted net assets</b>	<b>\$ <u>(1,716,538)</u></b>	<b>\$ <u>(312,628)</u></b>	<b>\$ <u>(5,000)</u></b>	<b>\$ <u>(26,661)</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>(2,060,827)</u></b>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended September 29, 2012

	The Aroostook Medical Center	TAMC Title Corporation	TAMC Endow- ments	Horizons Health Services	Elimi- nations and Reclass- ifications	Total
Operating activities and gains and losses:						
Change in net assets	\$ (1,426,256)	\$(312,628)	\$ 370,636	\$ (26,661)	\$ --	\$(1,394,909)
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation and amortization	3,504,274	20,922	--	--	--	3,525,196
Provision for bad debts	3,329,569	--	--	--	--	3,329,569
Net amortization or accretion of bond premium and discount	(63,905)	--	--	--	--	(63,905)
Net realized and unrealized gains on investments	(194,852)	--	(316,347)	--	--	(511,199)
Equity in earnings of affiliates	(80,323)	--	--	--	--	(80,323)
Restricted contributions and investment income	(205,451)	--	(59,289)	--	--	(264,740)
Loss on early extinguishment of debt	180,397	--	--	--	--	180,397
Loss on disposal of property and equipment	22,610	332,946	--	--	(332,946)	22,610
Gain on sale of affiliate	(130,554)	--	--	--	--	(130,554)
Healthcare charities – board designated funds	--	--	5,000	--	--	5,000
Transfers to Eastern Maine Healthcare Systems – strategic pool	169,955	--	--	--	--	169,955
Interentity transfer, net	--	--	--	19,804	(19,804)	--
Changes in operating assets and liabilities:						
Patient and trade accounts receivable, net	(5,019,790)	--	--	23,109	--	(4,996,681)
Other receivables, inventories, prepaid expenses and other assets	691,863	5,839	--	--	--	697,702
Net amounts due from third-party payor settlements (which includes estimated settlements receivable from the State of Maine)	240,510	--	--	--	--	240,510
Accounts payable, accrued expenses and other liabilities	2,228,794	(19,609)	--	(2,576)	--	2,206,609
Due to/from Eastern Maine Healthcare Systems, net	<u>265,593</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>265,593</u>
Net cash provided by operating activities	3,512,434	27,470	--	13,676	(352,750)	3,200,830
Investing activities:						
Proceeds from distributions of equity of affiliates	70,000	--	--	--	--	70,000
Proceeds from sale of affiliate	500,600	--	--	--	--	500,600
Purchases of property and equipment	(3,865,002)	(39,130)	--	--	332,946	(3,571,186)
Proceeds from sale of investments	4,071,608	--	611,828	--	--	4,683,436
Purchases of investments	<u>(4,995,829)</u>	<u>--</u>	<u>(666,117)</u>	<u>--</u>	<u>--</u>	<u>(5,661,946)</u>
Net cash used by investing activities	(4,218,623)	(39,130)	(54,289)	--	332,946	(3,979,096)

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENTS OF CASH FLOWS (CONTINUED)**

Year Ended September 29, 2012

	The Aroostook Medical Center	TAMC Title Corpo- ration	TAMC Endow- ments	Horizons Health Services	Elimi- nations and Reclass- ifications	Total
<b>Financing activities:</b>						
Healthcare charities – board designated funds, net	\$ –	\$ –	\$ (5,000)	\$ –	\$ –	\$ (5,000)
Transfers to Eastern Maine Healthcare Systems – strategic pool	(169,955)	–	–	–	–	(169,955)
Interentity transfer, net	–	–	–	(19,804)	19,804	–
Restricted contributions and investment income	205,451	–	59,289	–	–	264,740
Repayment of long-term obligations	(957,500)	(23,285)	–	–	–	(980,785)
Proceeds from issuance of debt, including bond premium	5,477,065	–	–	–	–	5,477,065
Amount paid to refinance bonds	(5,594,639)	–	–	–	–	(5,594,639)
Payment of deferred financing costs	(78,603)	–	–	–	–	(78,603)
Net cash (used) provided by financing activities	<u>(1,118,181)</u>	<u>(23,285)</u>	<u>54,289</u>	<u>(19,804)</u>	<u>19,804</u>	<u>(1,087,177)</u>
Decrease in cash and cash equivalents	(1,824,370)	(34,945)	–	(6,128)	–	(1,865,443)
Cash and cash equivalents at beginning of year	<u>6,271,544</u>	<u>65,907</u>	<u>–</u>	<u>6,128</u>	<u>–</u>	<u>6,343,579</u>
Cash and cash equivalents at end of year	<u>\$ 4,447,174</u>	<u>\$ 30,962</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 4,478,136</u>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

September 24, 2011

ASSETS

	<u>The Aroostook Medical Center</u>	<u>TAMC Title Corpo- ration</u>	<u>TAMC Endow- ments</u>	<u>Horizons Health Services</u>	<u>Elimi- nations and Reclass- ifications</u>	<u>Total</u>
Current assets:						
Cash and cash equivalents	\$ 6,271,544	\$ 65,907	\$ --	\$ 6,128	\$ --	\$ 6,343,579
Assets held in trust under debt indentures	423,931	--	--	--	--	423,931
Patient and trade accounts receivable, less allowance for doubtful accounts	8,057,257	--	--	23,109	--	8,080,366
Estimated third-party payor settlements	3,596,180	--	--	--	--	3,596,180
Due from Eastern Maine Healthcare						
Systems – trade	10,953	--	--	--	--	10,953
Other receivables	433,665	--	--	--	--	433,665
Inventories	1,922,720	--	--	--	--	1,922,720
Prepaid expenses	<u>1,975,376</u>	<u>15,943</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,991,319</u>
Total current assets	22,691,626	81,850	--	29,237	--	22,802,713
Property and equipment, net	27,791,135	566,015	--	--	--	28,357,150
Assets whose use is limited or restricted:						
Assets held by trustees for deferred compensation plans	3,641,618	--	--	--	--	3,641,618
Board designated funded depreciation and other	5,886,332	--	12,500	--	--	5,898,832
Temporarily donor-restricted	932,519	--	1,230,632	--	--	2,163,151
Permanently donor-restricted	<u>676,715</u>	<u>--</u>	<u>1,010,952</u>	<u>--</u>	<u>--</u>	<u>1,687,667</u>
Total assets whose use is limited or restricted	11,137,184	--	2,254,084	--	--	13,391,268
Other assets:						
Inter-entity receivables	--	4,955	--	--	(4,955)	--
Estimated settlements receivable from the State of Maine	9,168,880	--	--	--	--	9,168,880
Deferred financing costs, net	174,908	--	--	--	--	174,908
Other assets, net	<u>6,058,051</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,058,051</u>
	<u>15,401,839</u>	<u>4,955</u>	<u>--</u>	<u>--</u>	<u>(4,955)</u>	<u>15,401,839</u>
Total assets	<u>\$ 77,021,784</u>	<u>\$ 652,820</u>	<u>\$ 2,254,084</u>	<u>\$ 29,237</u>	<u>\$ (4,955)</u>	<u>\$79,952,970</u>



THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS

Year Ended September 24, 2011

	The Aroostook Medical Center	TAMC Title Corpo- ration	TAMC Endow- ments	Horizons Health Services	Elimi- nations and Reclass- ifications	Total
<b>Revenue:</b>						
Net patient service revenue	\$101,124,541	\$ -	\$ -	\$ 119,937	\$ -	\$101,244,478
Sales and contract revenue	153,679	128,821	-	-	(68,723)	213,777
Other revenue	1,897,052	-	-	1,980	(234,549)	1,664,483
Net assets released from restrictions-operations	<u>12,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,443</u>
<b>Total revenue</b>	<b>103,187,715</b>	<b>128,821</b>	<b>-</b>	<b>121,917</b>	<b>(303,272)</b>	<b>103,135,181</b>
<b>Expenses:</b>						
Compensation, fees and employee benefits	61,167,013	-	-	-	-	61,167,013
Supplies and other	29,423,469	74,804	-	291,952	(303,272)	29,486,953
State tax assessments	2,328,967	-	-	-	-	2,328,967
Depreciation and amortization	3,565,334	25,555	-	9,122	-	3,600,011
Provision for bad debts	3,128,993	-	-	4,431	-	3,133,424
Interest	<u>458,613</u>	<u>3,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>461,753</u>
<b>Total expenses</b>	<b>100,072,389</b>	<b>103,499</b>	<b>-</b>	<b>305,505</b>	<b>(303,272)</b>	<b>100,178,121</b>
<b>Income (loss) from operations</b>	<b>3,115,326</b>	<b>25,322</b>	<b>-</b>	<b>(183,588)</b>	<b>-</b>	<b>2,957,060</b>
<b>Nonoperating gains (losses):</b>						
Investment income and other, net	408,678	-	-	(67,682)	-	340,996
Investment income on funded depreciation	<u>26,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,060</u>
<b>Total nonoperating losses, net</b>	<b>434,738</b>	<b>-</b>	<b>-</b>	<b>(67,682)</b>	<b>-</b>	<b>367,056</b>
<b>Excess of revenues and gains over expenses</b>	<b>3,550,064</b>	<b>25,322</b>	<b>-</b>	<b>(251,270)</b>	<b>-</b>	<b>3,324,116</b>
<b>Net assets released from restrictions –</b>						
capital acquisitions	178,511	-	-	-	-	178,511
Transfer to/from Horizons Health Services	(190,868)	-	-	190,868	-	-
Healthcare charities – board designated funds, net	-	-	(10,000)	-	-	(10,000)
Transfers to Eastern Maine Health Systems - strategic pool	<u>(86,868)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,868)</u>
<b>Increase (decrease) in unrestricted net assets</b>	<b>\$ 3,450,839</b>	<b>\$ 25,322</b>	<b>\$ (10,000)</b>	<b>\$ (60,402)</b>	<b>\$ -</b>	<b>\$ 3,405,759</b>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended September 24, 2011

	The Aroostook Medical Center	TAMC Title Corporation	TAMC Endow- ments	Horizons Health Services	Elimi- nations and Reclass- ifications	Total
<b>Operating activities and gains and losses:</b>						
Change in net assets	\$ 3,381,262	\$ 25,322	\$ (8,053)	\$ (60,402)	\$ -	\$ 3,338,129
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:						
Depreciation and amortization	3,565,334	25,555	-	9,122	-	3,600,011
Provision for bad debts	3,128,993	-	-	4,431	-	3,133,424
Net amortization or accretion of bond premium and discount	(55,893)	-	-	-	-	(55,893)
Net realized and unrealized losses on investments	93,718	-	1,041	-	-	94,759
Equity in earnings of affiliates	(374,426)	-	-	-	-	(374,426)
Restricted contributions and investment income	(215,095)	-	(62,988)	-	60,000	(218,083)
Loss on disposal of property and equipment	29,402	-	-	85,844	(18,162)	97,084
Healthcare charities – board designated funds, net	-	-	10,000	-	-	10,000
Transfers to Eastern Maine Healthcare Systems – strategic pool	86,868	-	-	-	-	86,868
Interentity transfer, net	190,868	-	-	(190,868)	-	-
Changes in operating assets and liabilities:						
Patient and trade accounts receivable, net	(3,219,499)	-	-	(19,984)	-	(3,239,483)
Other receivables, inventories, prepaid expenses and other assets	(1,344,226)	-	-	18,267	(58,271)	(1,384,230)
Net amounts due from third-party payor settlements (which includes estimated settlements receivable from the State of Maine)	4,743,683	-	-	-	-	4,743,683
Accounts payable, accrued expenses and other liabilities	(994,950)	(402)	-	(44,947)	58,271	(982,028)
Due to/from Eastern Maine Healthcare Systems, net	42,042	-	-	-	-	42,042
Net cash provided (used) by operating activities	9,058,081	50,475	(60,000)	(198,537)	41,838	8,891,857
<b>Investing activities:</b>						
Proceeds from distributions of equity of affiliates	280,000	-	-	-	-	280,000
Proceeds on disposal of property and equipment	2,650	-	-	-	-	2,650
Purchases of property and equipment	(2,671,416)	(1,650)	-	-	18,162	(2,654,904)
Proceeds from sale of investments	3,525,426	-	749,353	-	-	4,274,779
Purchases of investments	(4,840,818)	-	(802,341)	-	-	(5,643,159)
Net cash used by investing activities	(3,704,158)	(1,650)	(52,988)	-	18,162	(3,740,634)

**THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENTS OF CASH FLOWS (CONTINUED)**

Year Ended September 24, 2011

	<u>The</u> <u>Aroostook</u> <u>Medical</u> <u>Center</u>	<u>TAMC</u> <u>Title</u> <u>Corpo-</u> <u>ration</u>	<u>TAMC</u> <u>Endow-</u> <u>ments</u>	<u>Horizons</u> <u>Health</u> <u>Services</u>	<u>Elimi-</u> <u>nations</u> <u>and</u> <u>Reclass-</u> <u>ifications</u>	<u>Total</u>
<b>Financing activities:</b>						
Healthcare charities – board designated funds, net	\$ –	\$ –	\$ (10,000)	\$ –	\$ –	\$ (10,000)
Transfers to Eastern Maine Healthcare Systems – strategic pool	(86,868)	–	–	–	–	(86,868)
Interentity transfer, net	(190,868)	–	60,000	190,868	(60,000)	–
Restricted contributions and investment income	168,095	–	62,988	–	–	231,083
Repayment of long-term obligations	<u>(1,150,001)</u>	<u>(22,138)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,172,139)</u>
Net cash (used) provided by financing activities	<u>(1,259,642)</u>	<u>(22,138)</u>	<u>112,988</u>	<u>190,868</u>	<u>(60,000)</u>	<u>(1,037,924)</u>
 Increase (decrease) in cash and cash equivalents	 4,094,281	 26,687	 –	 (7,669)	 –	 4,113,299
Cash and cash equivalents at beginning of year	<u>2,177,263</u>	<u>39,220</u>	<u>–</u>	<u>13,797</u>	<u>–</u>	<u>2,230,280</u>
Cash and cash equivalents at end of year	<u>\$ 6,271,544</u>	<u>\$ 65,907</u>	<u>\$ –</u>	<u>\$ 6,128</u>	<u>\$ –</u>	<u>\$ 6,343,579</u>

**THE AROOSTOOK MEDICAL CENTER**  
**DETAIL OF NET PATIENT SERVICE REVENUE**

Year Ended September 29, 2012

	<u>Total</u>	<u>Inpatient</u>	<u>Outpatient</u>
Patient service revenue:			
Routine services:			
Maternal and child health	\$ 1,098,192	\$ 1,098,192	\$ -
Medical/Surgical/Telemetry	8,976,416	8,976,416	-
Nursery	691,674	691,674	-
Nursing home	4,002,191	4,002,191	-
Progressive care unit	1,078,458	1,078,458	-
Rehabilitation	1,495,354	1,495,354	-
Skilled nursing facility	1,072,803	1,072,803	-
Critical Care Services	<u>4,940,311</u>	<u>4,940,311</u>	<u>-</u>
	23,355,399	23,355,399	-
Ancillary/provider services:			
Ambulance	4,308,800	1,417,086	2,891,714
Cardiology	4,329,800	948,659	3,381,141
Cardiac rehab	183,158	-	183,158
Cardiovascular lab	2,780,067	872,727	1,907,340
IP dialysis	56,584	51,440	5,144
Emergency services	13,494,313	2,587,562	10,906,751
Clinics	1,552,329	7,048	1,545,281
Critical transport services	1,527,278	356,486	1,170,792
Hemodialysis	4,394,060	-	4,394,060
Laboratory	24,060,896	4,497,980	19,562,916
Radiology	20,562,404	3,174,443	17,387,961
Labor and delivery	399,699	399,699	-
Occupational therapy	652,215	600,690	51,525
Day surgery	2,004,550	50,358	1,954,192
Operating and recovery rooms	13,336,119	3,924,901	9,411,218
Medical and surgical supplies	8,703,240	3,610,877	5,092,363
Pharmacy	29,011,788	5,850,475	23,161,313
Physical therapy	1,105,532	724,553	380,979
Acquired brain injury	394,800	-	394,800
Other services	4,958,771	1,745,496	3,213,275
Radiation therapy	3,513,112	42,781	3,470,331
Respiratory	2,584,171	2,052,382	531,789
Speech therapy	195,307	165,216	30,091
Anesthesiology	8,039,590	2,125,911	5,913,679
TAMC hospitalists	2,036,739	1,574,686	462,053

THE AROOSTOOK MEDICAL CENTER

DETAIL OF NET PATIENT SERVICE REVENUE (CONTINUED)

Year Ended September 29, 2012

	<u>Total</u>	<u>Inpatient</u>	<u>Outpatient</u>
Ancillary/provider services (Continued):			
Occupational Health & Wellness	\$ 196,836	\$ —	\$ 196,836
Ortho & Sports Medicine Center	3,892,522	644,719	3,247,803
Geriatric Services	74,249	345	73,904
Ashland Health Center	463,317	612	462,705
Aroostook Pediatrics	2,614,834	204,388	2,410,446
OB/GYN/Mid Wifery Services	2,826,805	1,124,209	1,702,596
General & Vascular Surgical Services	3,774,602	907,840	2,866,762
Fort Fairfield Health Center	963,722	3,053	960,669
Mars Hill Health Center	292,543	899	291,644
Womens Health Center	295,076	75	295,001
Family Practice/Internal Medicine	3,599,198	7,820	3,591,378
Cardiology	1,295,351	261,229	1,034,122
Nephrology Services	350,625	40,200	310,425
Radiation Oncology	1,153,935	12,869	1,141,066
Aroostook Cancer Care	2,203,810	28,081	2,175,729
Sleep & Pulmonary Medicine	2,838,097	52,541	2,785,556
Caribou Health Center	319,254	639	318,615
Radiology Services	4,058,668	512,917	3,545,751
Urology Services	1,075,576	65,894	1,009,682
Walk In Care	1,062,830	—	1,062,830
TAMC Eye Care Services	<u>1,742,902</u>	<u>850</u>	<u>1,742,052</u>
	<u>189,280,074</u>	<u>40,650,636</u>	<u>148,629,438</u>
Gross patient service revenue	212,635,473	<u>\$64,006,035</u>	<u>\$148,629,438</u>
Deductions from revenue:			
Contractual adjustments:			
Medicare	71,201,744		
Medicaid	21,320,604		
Other	<u>16,777,932</u>		
	109,300,280		
Charity care	<u>2,631,931</u>		
	<u>111,932,211</u>		
Net patient service revenue	<u>\$ 100,703,262</u>		

**THE AROOSTOOK MEDICAL CENTER**  
**DETAIL OF SALES AND CONTRACT REVENUE**  
**AND OTHER REVENUE**

Year Ended September 29, 2012

Sales and contract revenue:	
Housekeeping and laundry	\$ 515
Janitorial services	3,160
Maintenance	1,837
Occupational health service contracts	147,236
OB/GYN mid-wifery services	<u>2,400</u>
	<u>\$ 155,148</u>
Other revenue:	
Ambulance services	\$ 185,472
Consultation revenue	11,220
Employee drugs	8,568
Food services	420,132
Gift shop	41,338
Emergency response (formerly Lifeline)	194,461
Manufacturer rebates	124,339
Medical records review	33,342
Occupational health services	106,260
Outside service revenue	343,869
Presque Isle Medical office building	27,402
Radiology AMRI fees	51,899
Rental income	21,500
Other revenue	72,853
Beacon Hill LLC (accountable care)	<u>50,105</u>
	<u>\$1,692,760</u>

THE AROOSTOOK MEDICAL CENTER

DETAIL OF OPERATING EXPENSES

Year Ended September 29, 2012

	<u>Compensation and Fees</u>	<u>Supplies and Other</u>	<u>Total</u>
Professional/physician services:			
Ambulance	\$ 1,456,728	\$ 298,247	\$ 1,754,975
Cardiovascular lab	323,590	396,728	720,318
Cardiology	202,051	68,584	270,635
Cardiac rehab	120,351	18,215	138,566
IP dialysis	11,101	-	11,101
Emergency room	3,143,294	1,113,113	4,256,407
Clinics	334,346	301,335	635,681
Diabetes self-management training	42,681	2,464	45,145
Hemodialysis	680,945	370,187	1,051,132
Radiology	1,980,358	1,932,556	3,912,914
Laboratory	1,336,543	2,231,361	3,567,904
Diagnostic services	90,226	929	91,155
Labor and delivery	169,745	20,994	190,739
Maternal and child health	560,878	54,435	615,313
Medical/Surgical/Telemetry	2,687,954	350,686	3,038,640
Nursery	267,501	21,237	288,738
Occupational therapy	361,833	16,744	378,577
Day surgery	892,872	283,371	1,176,243
Operating and recovery rooms	1,127,991	2,104,994	3,232,985
Pharmacy	1,089,556	5,871,461	6,961,017
Physical therapy	403,278	10,454	413,732
Speech therapy	89,065	4,767	93,832
TAMC neuro rehab	214,157	27,884	242,041
Rehabilitation	412,140	35,978	448,118
Critical care services	1,059,640	209,861	1,269,501
Respiratory	298,097	66,789	364,886
Emergency response services (formerly Lifeline)	68,148	19,887	88,035
Nursing administration	534,414	29,788	564,202
Employee health	12	1,763	1,775
Social services	368,538	18,746	387,284
Skilled nursing facility	562,487	76,283	638,770
Intermediate care facility	1,490,335	94,346	1,584,681
NH patient activities	65,806	19,027	84,833
Anesthesia	2,699,525	140,548	2,840,073
Hospitalist services	1,068,356	528,840	1,597,196
Medical records and library	1,371,031	381,526	1,752,557
Nutrition services	206,888	6,596	213,484
Occupational Health & Wellness	317,943	42,952	360,895
TAMC eyecare services	1,012,045	89,561	1,101,606
Ortho & Sports Medicine Center	1,739,622	376,757	2,116,379
Aroostook Pediatrics	1,292,817	218,867	1,511,684
Radiation Oncology	524,998	16,944	541,942
Geriatric services	23,077	16,583	39,660
OB/GYN/Mid Wifery Services	1,252,923	51,420	1,304,343
General & Vascular Surgical Services	1,654,736	362,715	2,017,451
Fort Fairfield Health Center	587,588	39,077	626,665
Limestone Health Center	-	6,104	6,104
Mars Hill Health Center	227,757	45,297	273,054
Family Practice/Internal Medicine	1,978,170	396,711	2,374,881
Ashland Health Center	346,949	103,029	449,978
Caribou Health Center	234,440	75,659	310,099
Nephrology services	283,499	56,663	340,162
Critical transport services	183,382	540,281	723,663
Radiology services	1,169,321	213,168	1,382,489
Urology services	264,376	653,384	917,760
Walk In Care	263,420	33,142	296,562

**THE AROOSTOOK MEDICAL CENTER**  
**DETAIL OF OPERATING EXPENSES (CONTINUED)**

Year Ended September 29, 2012

	<u>Compensation and Fees</u>	<u>Supplies and Other</u>	<u>Total</u>
Professional/physician services (Continued):			
Womens Health Center	\$ 152,510	\$ 14,125	\$ 166,635
Cardiology services	839,937	14,088	854,025
The Clinic at Wal-Mart	(2,603)	-	(2,603)
Aroostook Cancer Care	1,319,867	64,880	1,384,747
Administration/Physician Services	586,767	185,245	772,012
Sleep & Pulmonary Medicine	<u>1,106,773</u>	<u>61,853</u>	<u>1,168,626</u>
	45,152,775	20,809,229	65,962,004
Dietary	808,250	678,216	1,486,466
Household:			
Environmental services	760,059	145,480	905,539
Laundry	<u>171,028</u>	<u>115,178</u>	<u>286,206</u>
	931,087	260,658	1,191,745
Plant operations	709,966	2,714,625	3,424,591
Rental properties	-	23,345	23,345
Administrative and general:			
Infection control	92,985	11,777	104,762
Quality management	266,799	132,381	399,180
Fiscal services	823,146	734,344	1,557,490
Administrative services	1,742,710	825,692	2,568,402
Support services	143,925	4,685	148,610
Courier services	28,065	8,907	36,972
Security services	66,552	136,210	202,762
Risk management	57,496	7,111	64,607
Educational services	569,849	127,827	697,676
Human resources	173,859	372,496	546,355
Information systems	237,400	1,197,072	1,434,472
Patient accounting	600,266	922,234	1,522,500
Physician recruitment and medical staff	247,070	524,156	771,226
Public relations	205,767	418,707	624,474
Materials management	618,088	447,710	1,065,798
Central registration	605,561	19,689	625,250
Volunteer services	111,961	13,372	125,333
Service excellence	-	36,739	36,739
E-Quest initiative	-	146,426	146,426
Chaplaincy	-	12,959	12,959
Fundraising	-	61,396	61,396
Gift shop	-	29,304	29,304
Indirect costs/other	-	4,038	4,038
Insurances	<u>-</u>	<u>1,287,535</u>	<u>1,287,535</u>
	<u>6,591,499</u>	<u>7,482,767</u>	<u>14,074,266</u>
	<u>\$ 54,193,577</u>	<u>\$ 31,968,840</u>	86,162,417
Employee benefits			11,818,299
State tax assessments			2,352,138
Depreciation and amortization			3,504,274
Provision for bad debts			3,328,288
Interest			<u>398,091</u>
			<u>\$ 107,563,507</u>