

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2012

Department of the Treasury
Internal Revenue Service

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

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

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning **JUL 1, 2012** and ending **JUN 30, 2013**

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

C Name of organization
Millinocket Regional Hospital
 Doing Business As
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
200 Somerset Street
 City, town, or post office, state, and ZIP code
Millinocket, ME 04462

D Employer identification number
01-0223482

E Telephone number
207-723-5161

G Gross receipts \$ **31,138,098.**

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

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

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

J Website: **www.mrhme.org**

K Form of organization: Corporation Trust Association Other

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

H(c) Group exemption number

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: Critical Access Hospital		
	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	15
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	283
	6 Total number of volunteers (estimate if necessary)	6	13
	7 a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	146,101.	181,679.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	27,163,666.	27,112,248.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	270,536.	590,961.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	-9,637.	72,713.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	27,570,666.	27,957,601.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	39,800.	2,301.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	17,103,221.	17,409,296.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b Total fundraising expenses (Part IX, column (D), line 25)	0.	0.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	10,601,799.	10,229,103.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	27,744,820.	27,640,700.	
19 Revenue less expenses. Subtract line 18 from line 12	-174,154.	316,901.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	23,423,125.	23,588,914.
	22 Net assets or fund balances. Subtract line 21 from line 20	8,949,790.	8,546,823.
		14,473,335.	15,042,091.

Part II Signature Block

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

Sign Here *Christine McLaughlin* Signature of officer Date **4/4/14**
Christine McLaughlin, Chief Financial Officer Type or print name and title

Paid Preparer Use Only
 Print/Type preparer's name: **Barbara J. McGuan, CPA** Preparer's signature: *Barbara J. McGuan* Date: **04/02/14** Check if self-employed PTIN: **P00219457**
 Firm's name: **Berry Dunn McNeil & Parker, LLC** Firm's EIN: **01-0523282**
 Firm's address: **P.O. Box 1100**
Portland, ME 04104-1100 Phone no. **(207) 775-2387**

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

Part III Statement of Program Service Accomplishments

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

X

1 Briefly describe the organization's mission:

Millinocket Regional Hospital is a 25 bed critical access hospital that serves as the primary care facility for the communities of Millinocket, Milo, Sherman, Staceyville, Patten, Island Falls and their surrounding territories.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes No X

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 No X

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 are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 25,801,778. including grants of \$ 2,301.) (Revenue \$ 27,077,485.)

Millinocket Regional Hospital provides inpatient and outpatient services to the Katahdin region including; 783 inpatients served, 1,325 operating room patients served, 13,208 laboratory patients served, 11,190 radiology patients served, 3,667 pharmacy patients served, 2,021 therapy patients served, 16,430 clinic patients served, 6,905 emergency room patients served.

The following seminars, promotions, advertisements, and clinics were provided to the community throughout fiscal 2013:

1. MRH held an open house October 3, 2012 to recognize Breast Cancer Awareness Month.

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

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

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

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

4e Total program service expenses 25,801,778.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	X	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; 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 and XII</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 and XII is optional</i>	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	X	
b <i>If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?</i>	X	

Part IV Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Main form table with columns for question numbers (1a-14b), Yes/No, and numerical answers (e.g., 82, 0, 283).

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

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed **ME**
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **Christine McLaughlin - 207-723-5161**
200 Somerset Street, Millinocket, ME 04462

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Ronald Brown Director	5.00	X					0.	0.	0.	
(2) Thomas Malcolm Past President	5.00	X		X			0.	0.	0.	
(3) Mellissa Edwards President	5.00	X		X			0.	0.	0.	
(4) Don Casko Vice President	5.00	X		X			0.	0.	0.	
(5) Herbert Clark Director	5.00	X					0.	0.	0.	
(6) Jack Dinsmore Director	5.00	X					0.	0.	0.	
(7) Gail Fanjoy Director	5.00	X					0.	0.	0.	
(8) Joyce Given Hospital Aux. President	5.00	X					0.	0.	0.	
(9) Patrick Hunt, Esq. Director	5.00	X					0.	0.	0.	
(10) Lee Lamson Secretary/Treasurer	5.00	X		X			0.	0.	0.	
(11) Fred Lewis Director	5.00	X					0.	0.	0.	
(12) Wallace Tapley Director	5.00	X					0.	0.	0.	
(13) Mark Kowalski Medical Staff President	60.00	X		X			432,157.	0.	34,038.	
(14) Edward Dunstan Medical Staff Secretary	60.00	X		X			184,683.	0.	28,196.	
(15) Venkataraman Munusamy Medical Staff Vice President	60.00	X		X			193,511.	0.	30,526.	
(16) Marie Vienneau CEO	40.00			X			200,625.	0.	35,075.	
(17) Christine McLaughlin CFO	40.00			X			102,806.	0.	26,721.	

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Daniel Herbert, M.D. Hospitalist	60.00					X		261,702.	0.	25,707.
(19) Kwaku Owusu-Abrokwa, M.D. Hospitalist	60.00					X		187,948.	0.	16,640.
(20) Nilesh Patil Surgeon	60.00					X		442,712.	0.	25,528.
(21) Jason Campbell Surgeon	60.00					X		262,277.	0.	28,994.
(22) Joseph Aquilina ER PA	48.00					X		178,238.	0.	23,766.
1b Sub-total								2,446,659.	0.	275,191.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								2,446,659.	0.	275,191.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization 19

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Katahdin Shared Services, Inc. 200 Somerset Street, Millinocket, ME 04462	Ultrasound Services	437,173.
NEHE-MRI, LLC P.O. Box 6600, Newport, CA 92658	MRI Radiology	373,603.
CPSI P.O. Box 850309, Mobile, AL 36685	Computer Services	336,797.
Eastern Maine Medical Center 489 State Street, Bangor, ME 04401	Professional Services	216,428.
Quest Diagnostics Incorporated, 5763 Collection Center Dr., Chicago, IL 60693	Referral Testing	138,812.

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

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e	155,387.				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	26,292.				
	g	Noncash contributions included in lines 1a-1f: \$						
	h	Total. Add lines 1a-1f			181,679.			
Program Service Revenue	2 a	Ancillary Services	Business Code 621400	42,056,069.	42,056,069.			
	b	Routine Services	621400	2,475,640.	2,475,640.			
	c	Miscellaneous Income	621400	417,849.	383,086.		34,763.	
	d	Provision for Bad Debts	621400	-1,489,878.	-1,489,878.			
	e	Contractual/Char. Adj.	621400	-16,347,432.	-16,347,432.			
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			27,112,248.			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		222,217.			222,217.	
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
	6 a	Gross rents	(i) Real	(ii) Personal				
			36,000.					
			b	Less: rental expenses	19,525.			
			c	Rental income or (loss)	16,475.			
	d	Net rental income or (loss)			16,475.		16,475.	
	7 a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
			3,497,997.	31,719.				
			b	Less: cost or other basis and sales expenses	3,160,972.	0.		
			c	Gain or (loss)	337,025.	31,719.		
	d	Net gain or (loss)			368,744.		368,744.	
	8 a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18		a				
	b	Less: direct expenses		b				
c	Net income or (loss) from fundraising events							
9 a	Gross income from gaming activities. See Part IV, line 19		a					
b	Less: direct expenses		b					
c	Net income or (loss) from gaming activities							
10 a	Gross sales of inventory, less returns and allowances		a					
b	Less: cost of goods sold		b					
c	Net income or (loss) from sales of inventory							
Miscellaneous Revenue			Business Code					
11 a	Gain on Investment of Affiliate	531120	56,238.			56,238.		
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d			56,238.				
12	Total revenue. See instructions.			27,957,601.	27,077,485.	0.	698,437.	

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).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	2,301.	2,301.		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,268,338.	903,111.	365,227.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	12,596,771.	12,000,855.	595,916.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	343,177.	331,327.	11,850.	
9 Other employee benefits	2,311,473.	2,228,942.	82,531.	
10 Payroll taxes	889,537.	831,188.	58,349.	
11 Fees for services (non-employees):				
a Management				
b Legal	46,158.		46,158.	
c Accounting	18,487.		18,487.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	41,601.		41,601.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	3,019,465.	2,644,817.	374,648.	
12 Advertising and promotion	41,036.		41,036.	
13 Office expenses	379,889.	299,306.	80,583.	
14 Information technology				
15 Royalties				
16 Occupancy	583,256.	566,598.	16,658.	
17 Travel	46,259.	27,636.	18,623.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	258,396.	258,396.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	870,933.	870,933.		
23 Insurance	281,158.	281,158.		
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Medical Supplies	3,902,249.	3,820,647.	81,602.	
b Medicaid Tax	661,384.	661,384.		
c Dues & Subscriptions	56,236.	56,236.		
d Miscellaneous Expenses	22,596.	16,943.	5,653.	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	27,640,700.	25,801,778.	1,838,922.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

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

		(A) Beginning of year		(B) End of year	
Assets	1	Cash - non-interest-bearing	930.	1	930.
	2	Savings and temporary cash investments	2,658,392.	2	2,167,161.
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	2,609,103.	4	3,071,470.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Loans and other 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 instr). Complete Part II of Sch L		6	
	7	Notes and loans receivable, net	70,941.	7	14,553.
	8	Inventories for sale or use	404,073.	8	421,206.
	9	Prepaid expenses and deferred charges	476,887.	9	298,287.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 19,085,714.		
	b	Less: accumulated depreciation	10b 12,509,092.	10c	6,576,622.
	11	Investments - publicly traded securities	8,681,763.	11	9,378,479.
	12	Investments - other securities. See Part IV, line 11	1,600,469.	12	1,464,160.
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets	28,820.	14	15,439.
	15	Other assets. See Part IV, line 11	178,802.	15	180,607.
16	Total assets. Add lines 1 through 15 (must equal line 34)	23,423,125.	16	23,588,914.	
Liabilities	17	Accounts payable and accrued expenses	2,860,539.	17	3,023,961.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	1,443,780.	20	1,238,611.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other 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	4,645,471.	23	4,284,251.
	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		25	
	26	Total liabilities. Add lines 17 through 25	8,949,790.	26	8,546,823.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	14,365,302.	27	14,928,633.
	28	Temporarily restricted net assets	103,033.	28	108,458.
	29	Permanently restricted net assets	5,000.	29	5,000.
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
33	Total net assets or fund balances	14,473,335.	33	15,042,091.	
34	Total liabilities and net assets/fund balances	23,423,125.	34	23,588,914.	

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	27,957,601.
2	Total expenses (must equal Part IX, column (A), line 25)	2	27,640,700.
3	Revenue less expenses. Subtract line 2 from line 1	3	316,901.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	14,473,335.
5	Net unrealized gains (losses) on investments	5	251,855.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	15,042,091.

Part XII Financial Statements and Reporting

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

1 Accounting method used to prepare the Form 990: Cash Accrual Other

If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:

Separate basis Consolidated basis Both consolidated and separate basis

b Were the organization's financial statements audited by an independent accountant?

If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:

Separate basis Consolidated basis Both consolidated and separate basis

c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?

If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.

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?

b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

Form 990 (2012)

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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.

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

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

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

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I
 - b Type II
 - c Type III - Functionally integrated
 - d Type III - Non-functionally integrated
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
 - (ii) A family member of a person described in (i) above?
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s).

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

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

Schedule A (Form 990 or 990-EZ) 2012

232021 12-04-12

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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14		%
15 Public support percentage from 2011 Schedule A, Part II, line 14	15		%
16a 33 1/3% support test - 2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization			<input type="checkbox"/>
b 33 1/3% support test - 2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization			<input type="checkbox"/>
17a 10% -facts-and-circumstances test - 2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization			<input type="checkbox"/>
b 10% -facts-and-circumstances test - 2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization			<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions			<input type="checkbox"/>

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2012.** 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 - 2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

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

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

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

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

OMB No. 1545-0047

2012

Name of the organization

Employer identification number

Millinocket Regional Hospital

01-0223482

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

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

Special Rules

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

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

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

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

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2012)

Name of organization

Employer identification number

Millinocket Regional Hospital

01-0223482

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

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		\$ 11,557.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2		\$ 155,387.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3		\$ 7,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization

Employer identification number

Millinocket Regional Hospital

01-0223482

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

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

Name of organization

Employer identification number

Millinocket Regional Hospital

01-0223482

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

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2012

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

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

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

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

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

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

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

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

Name of organization Millinocket Regional Hospital	Employer identification number 01-0223482
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

- 2 Political expenditures ▶ \$ _____
- 3 Volunteer hours _____

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

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

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

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

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

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.															
<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.														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a. If zero or less, enter -0-															
i Subtract line 1f from line 1c. If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2012

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

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		8,088.
j Total. Add lines 1c through 1i			8,088.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, line 2; and Part II-B, line 1. Also, complete this part for any additional information.

Part II-B, Line 1, Lobbying Activities:

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

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No. 1545-0047

2012

Open to Public
Inspection

Name of the organization

Millinocket Regional Hospital

Employer identification number

01-0223482

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<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.

- 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	
- 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
- Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____
- Number of states where property subject to conservation easement is located ▶ _____
- Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?
- Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____
- Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____
- 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)?
- In Part XIII, 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.

- 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 XIII, the text of the footnote to its financial statements that describes these items.
- 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	▶ \$ _____
- 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 XIII.

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

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

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

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

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

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

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

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

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

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

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

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

	Yes	No
(i) unrelated organizations	<input type="checkbox"/>	<input type="checkbox"/>
(ii) related organizations	<input type="checkbox"/>	<input type="checkbox"/>
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		49,951.		49,951.
b Buildings		9,109,535.	5,565,037.	3,544,498.
c Leasehold improvements				
d Equipment		9,283,781.	6,435,619.	2,848,162.
e Other		642,447.	508,436.	134,011.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				6,576,622.

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) Investment in First		
(B) Millinocket Regional		
(C) Investment Corp	1,416,833.	Cost
(D) Investment in Katahdin		
(E) Shared Services	47,327.	Cost
(F)		
(G)		
(H)		
(I)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.)	1,464,160.	

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

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

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

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

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

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

2. FIN 48 (ASC 740) Footnote. In Part XIII, 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). Check here if the text of the footnote has been provided in Part XIII

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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

Part III Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	<input checked="" type="checkbox"/>	
1b If "Yes," was it a written policy?	<input checked="" type="checkbox"/>	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input checked="" type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	<input checked="" type="checkbox"/>	
b Did the organization use FPG as a factor in determining eligibility for providing discounted 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 checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	<input checked="" type="checkbox"/>	
c If the organization used factors other than FPG in determining 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, as a factor in determining eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	<input checked="" type="checkbox"/>	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	<input checked="" type="checkbox"/>	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	<input checked="" type="checkbox"/>	
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		<input checked="" type="checkbox"/>
6a Did the organization prepare a community benefit report during the tax year?		<input checked="" type="checkbox"/>
b If "Yes," did the organization make it available to the public?		

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
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			1,187,317.		1,187,317.	4.30%
b Medicaid (from Worksheet 3, column a)			2,901,021.	249,720.	2,651,301.	9.59%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			4,088,338.	249,720.	3,838,618.	13.89%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			1,421,550.	781,906.	639,644.	2.31%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			2,301.		2,301.	.01%
j Total Other Benefits			1,423,851.	781,906.	641,945.	2.32%
k Total Add lines 7d and 7j			5,512,189.	1,031,626.	4,480,563.	16.21%

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Millinocket Regional Hospital

For single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	X	
If "Yes," indicate what the CHNA report 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 type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>11</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	X	
5 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide 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 CHNA		
g <input 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 type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	X	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V Facility Information (continued) Millinocket Regional Hospital

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	X	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>150</u> %			
If "No," explain in Part VI the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing discounted care?	X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %			
If "No," explain in Part VI the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients?	X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a	<input checked="" type="checkbox"/> Income level		
b	<input type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	X	
14	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):			
a	<input type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input checked="" type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input type="checkbox"/> Other (describe in Part VI)		
Billing and Collections			
15	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	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine patient's eligibility under the facility's FAP:		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?		X
If "Yes," check all actions in which the hospital facility or a third party engaged:			
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		

Part V Facility Information (continued) Millinocket Regional Hospital

- 18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply):
- a Notified individuals of the financial assistance policy on admission
 - b Notified individuals of the financial assistance policy prior to discharge
 - c Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
 - d Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
 - e Other (describe in Part VI)

Policy Relating to Emergency Medical Care

19 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?

	Yes	No
19	X	
If "No," indicate why:		
a		
b		
c		
d		

If "No," indicate why:

- a The hospital facility did not provide care for any emergency medical conditions
- b The hospital facility's policy was not in writing
- c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d Other (describe in Part VI)

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

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

- a The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d Other (describe in Part VI)

21 During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

If "Yes," explain in Part VI.

22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?

If "Yes," explain in Part VI.

20		
21		X
22		X

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; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 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.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

Part I, Line 3c: Income guidelines as set by Hospital Finance Rules

will be used in determining eligibility. Percentage of balance discounted
will be determined based on patient's income level relative to the Federal
Poverty Level guidelines. These guidelines are updated annually by the
Financial Counselor.

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

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

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

Part VI Supplemental Information

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

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

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

Part VI Supplemental Information

Millinocket Regional Hospital:

Part V, Section B, Line 3: The OneMaine Health Collaborative, which was formed by EMHS/Maine General Health and Maine Health, contracted with the University of New England's Center for Community and Public Health (CCPH) to conduct a Statewide Community health needs Assessment (CHNA). The assessment conducted in collaboration with the University of Southern Maine and Market Decisions, Inc, was designed to identify the most important health issues in the state, both overall and by county, using scientifically valid health indicators and comparative information. The assessment also identifies priority health issues where better integration of public health and healthcare can improve access, quality, and cost effectiveness of services to residents of Maine. OneMaine shared this information with its fellow stakeholders so it can lead to improved health status and quality of care available to Maine residents, while building upon and strengthening Maine's existing infrastructure of services and providers.

The four objectives of the OneMaine Community Health Needs Assessment were:

1. Develop a comprehensive profile of health status, quality of care and care management indicators for residents of Maine overall and for residents by county.
2. Identify a set of priority health needs (public health and health care) for follow-up.
3. Provide recommendations on strategies that can be undertaken by

Schedule H (Form 990)

Part V Supplemental Information

healthcare providers, public health staff, communities, policy makers and others to follow-up on the information provided with actions that may improve the health status of Maine people.

4. Provide access to the CHNA data and assistance to stakeholders who are interested in using it.

The methodology for the CHNA was a modified version of CCPH's Community and Institutional Assessment Process (CIAP). The CIAP is a comprehensive planning process that identifies salient healthcare related issues in the community through a systematic analysis of scientifically derived health indicators and comparative and best practice information. Indicators are computed from an extensive set of health-related data and a community household telephone survey.

The CIAP starts with a comprehensive epidemiological-based health profile organized by health domain or condition such as cardiovascular health, respiratory health, cancer health, etc. Indicators for most domains are further organized by risk factors, prevalence or incidence of disease or condition, care management indicators and care outcomes. The analysis of indicators within each domain provides information to identify, and subsequently explore, which aspects of the healthcare delivery system may be over-or under-performing for that particular domain (e.g. primary prevention, secondary prevention, etc.)

Community health needs assessments are designed, in part, to identify issues where changes in the healthcare delivery system can improve both patient care and preventive services for those at risk for health

Part VI Supplemental Information

problems. Findings and recommendations:

1. Maine has several underlying socio-demographic characteristics that impact many of the health indicators, for example, Maine has the oldest population in the U.S., a very high proportion of elderly (65+) compared to the U.S. Being older does not equate to poor health, the reality is that aging populations use more health services than younger populations.

2. Maine has a lower median income than the U.S. but the proportion of Maine residents living below the Federal poverty line is slightly lower than the rest of the country. However, in Northern Maine the proportions of residents live below the Federal poverty line than the state as a whole or the U.S.

3. Unemployment is an important demographic predictor of health and compared to the rest of the U.S., Maine has a lower unemployment rate, but several Maine counties individually have high rates of unemployment, many well over 10%.

On May 26, 2011, Eastern Maine Health Systems (EMHS) presented the OneMaine Health Collaborative Community Health Needs Assessment to community leaders, which was hosted by Millinocket Regional Hospital and Penobscot Valley Hospital.

Access to Health Care and ED Utilization

MRH received Rural Health Clinic status to stabilize primary care reimbursement. MRH has recruited a mid-level provider and is in the

Part VI Supplemental Information

process of recruiting a part time family practitioner. MRH provided a sliding fee and charity care in practices to mirror the hospital to encourage access. The RHCs are seeking Patient Centered medical Home status which will encourage expanded coverage hours. Currently participating in MaineCare ED utilization project and implemented follow-up call on ED visits to question if primary care was sought.

Obesity & Chronic Disease Management

MRH employs a Wellness Coordinator and has a worksite wellness program. MRH incentivizes employee health and wellness via health plan. MRH subsidizes and runs only fitness facility north of Bangor. MRH supports and employ staff for healthy Maine Partnership. Physicians do community talks on nutrition. MRH hired a primary care Case Manager whose focus is on diabetes, heart disease, HTN, and COPD. MRH maintains a Cardiac Rehab, Diabetes Self-Management Training, and ADEF program.

Behavioral Healthcare

MRH has an ongoing relationship with CHCS Crisis Services for crisis evaluation. MRH developed Tele-Psychiatry Program with Acadia Hospital for emergent psychiatric assessment. MRH is developing plans to integrate Behavioral healthcare into primary care as part of Patient Centered Medical Home Project. MRH petitioned CMS to allow reimbursement of telemedicine in Metropolitan Statistical Areas to allow further expansion of Tele-Psychiatry.

Part VI Supplemental Information

Millinocket Regional Hospital:

Part V, Section B, Line 4: Statewide community health needs assessment

"OneMaine Health Collaborative" sponsored by Eastern Maine Health System, MaineGeneral Health, and MaineHealth.

Millinocket Regional Hospital:

Part V, Section B, Line 20d: The Hospital billed amounts to individuals who did not have insurance at cost and applied a 10% discount to private pay patients.

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

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

Surgical outpatients: The Financial Counselor will provide information

Schedule H (Form 990)

Part VI Supplemental Information

about Patient Free Care, Discount Arrangements and term payment arrangements to all uninsured surgical outpatients. All surgical outpatients are provided a copy of Patient Free Care and Discount Arrangements guidelines at time of registration.

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

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

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

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

Part VI, Line 4: Millinocket Regional Hospital has three communities in its primary service area, Millinocket, East Millinocket and Medway. There are multiple smaller communities in the secondary service area including, Brownville, Stacyville, Sherman, Patten and Island Falls. The area has struggled and realized an unemployment rate in the teens for the past ten years and community outmigration. The population of the primary service area is approximately 7500 people. The hospital has realized this

Part VI Supplemental Information

population change by large volume declines in 2013. The average median household income is 22% behind the state average. The average resident age is 14% older than the state median age.

**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

2012

Open to Public Inspection

Name of the organization

Millinocket Regional Hospital

Employer identification number

01-0223482

Part I Questions Regarding Compensation

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

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> 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, but explain in Part III.

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

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

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

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

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

- a** The organization?
- b** Any related organization?
- If "Yes" to line 5a or 5b, describe in Part III.

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

- a** The organization?
- b** Any related organization?
- If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

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

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

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

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

Schedule J (Form 990) 2012

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Mark Kowalski Medical Staff President	(i)	432,157.	0.	0.	10,950.	23,088.	466,195.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) Edward Dunstan Medical Staff Secretary	(i)	184,683.	0.	0.	5,336.	22,860.	212,879.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) Venkataraman Munusamy Medical Staff Vice President	(i)	193,511.	0.	0.	7,929.	22,597.	224,037.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) Marie Vienneau CEO	(i)	200,625.	0.	0.	8,681.	26,394.	235,700.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) Daniel Herbert, M.D. Hospitalist	(i)	229,602.	32,100.	0.	9,497.	16,210.	287,409.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) Kwaku Owusu-Abrokwa, M.D. Hospitalist	(i)	187,948.	0.	0.	7,673.	8,967.	204,588.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) Nilesh Patil Surgeon	(i)	442,712.	0.	0.	2,450.	23,078.	468,240.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) Jason Campbell Surgeon	(i)	262,277.	0.	0.	6,134.	22,860.	291,271.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) Joseph Aquilina ER PA	(i)	178,238.	0.	0.	7,475.	16,291.	202,004.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

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.

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

Part I Bond Issues See Part VI for Columns (a) and (f) Continuations

(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 and Higher Educational Facilities	A01-0314384	560427WV4	05/23/13	1,423,837.	Refinancing of 2003 D bond issue		X		X	X	
B											
C											
D											

Part II Proceeds

	A	B	C	D
1 Amount of bonds retired	185,226.			
2 Amount of bonds legally defeased				
3 Total proceeds of issue	1,423,837.			
4 Gross proceeds in reserve funds				
5 Capitalized interest from proceeds				
6 Proceeds in refunding escrows				
7 Issuance costs from proceeds	15,439.			
8 Credit enhancement from proceeds				
9 Working capital expenditures from proceeds				
10 Capital expenditures from proceeds				
11 Other spent proceeds				
12 Other unspent proceeds				
13 Year of substantial completion	2013			
	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?	X			
15 Were the bonds issued as part of an advance refunding issue?		X		
16 Has the final allocation of proceeds been made?	X			
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X			

Part III Private Business Use

	A		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						
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X						

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c Are there any research agreements that may result in private business use of bond-financed property?		X						
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Does the bond issue meet the private security or payment test?		X						
8a Has there been a sale or disposition of any of the bond-financed property to a non-governmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X							

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T?		X						
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?		X						
b Exception to rebate?		X						
c No rebate due?		X						
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?		X						
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								

Part IV Arbitrage (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period?		X						
7 Has the organization established written procedures to monitor the requirements of section 148?		X						

Part V Procedures To Undertake Corrective Action

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

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

Schedule K, Part I, Bond Issues:

(a) Issuer Name: Maine Health and Higher Educational Facilities Authority
 (f) Description of Purpose: Refinancing of 2003 D bond issue

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
Julie Brown	Family Member of Ro	37,392.	Employment		X
Rose Ann Hunt	Family Member of Pa	125,564.	Employment		X
Dale McLaughlin	Family Member of Ch	94,640.	Employment		X
Ona McAvoy	Family Member of Me	67,622.	Employment		X
Cynthia Morneault	Family Member of Jo	28,866.	Employment		X

Part V Supplemental Information

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

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

(a) Name of Person: Julie Brown

(b) Relationship Between Interested Person and Organization:

Family Member of Ronald Brown, member of Board of Directors

(c) Amount of Transaction \$ 37,392.

(d) Description of Transaction: Employment

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Rose Ann Hunt

(b) Relationship Between Interested Person and Organization:

Family Member of Patrick Hunt, member of Board of Directors

(c) Amount of Transaction \$ 125,564.

(d) Description of Transaction: Employment

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Dale McLaughlin

(b) Relationship Between Interested Person and Organization:

Family Member of Christine McLaughlin, CFO of Organization

(c) Amount of Transaction \$ 94,640.

(d) Description of Transaction: Employment

Part V Supplemental Information

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

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Ona McAvoy

(b) Relationship Between Interested Person and Organization:

Family Member of Mellissa Edwards, Board President

(c) Amount of Transaction \$ 67,622.

(d) Description of Transaction: Employment

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Cynthia Morneault

(b) Relationship Between Interested Person and Organization:

Family Member of Joyce Given, member of Board of Directors

(c) Amount of Transaction \$ 28,866.

(d) Description of Transaction: Employment

(e) Sharing of Organization Revenues? = No

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No. 1545-0047

2012

Open to Public
Inspection

Name of the organization

Millinocket Regional Hospital

Employer identification number

01-0223482

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

2. MRH medical staff sponsored three high school scholarships June 14,
2013

3. MRH sponsored the Katahdin area snowmobile map.

4. MRH sponsored a Rehab & Wellness Open House on October 25, 2012,
part of October therapy month.

5. MRH held multiple flu shot and H1N1 flu shot clinics from October
26, 2012 through December 2012

6. MRH sponsored the Stearns-Schenck Musical (Hello Dolly Fall Musical
program)

7. MRH sponsored the 2013 Life Style Fitness Center open New Years day.

8. MRH sponsored a community Weight Watchers 12 week program - January
2013.

9. MRH sponsored a Jr. Pro Hoop Classic in January of 2013.

10. MRH paid a sponsorship to Millinocket Little League in May of 2013
which paid for a team, the Yankees, and also a scoreboard sign.

Name of the organization

Millinocket Regional Hospital

Employer identification number

01-0223482

11. MRH sponsored a cardiac support group the first Wednesday of each month.

12. MRH sponsors a diabetes support group, the first Tuesday of every month beginning November 3, 2009

13. MRH's Hospital Auxiliary sponsored charismas luncheon for staff.

14. MRH sponsored the Millinocket Community Blood Drive - April 27, 2013

15. MRH purchased ad space to raise money for multiple causes including: Schenck and Stearns High School yearbooks, Millinocket Historical Society 2012 Calendars, VFW Convention Ad Book, and also ads for Special Sections of the Bangor Daily News that covered area Football and Basketball Teams.

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

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

Rotary, ALA-NON, Cub Scout Meeting, Penquis C.A.P., & MRH Hospital

Name of the organization

Millinocket Regional Hospital

Employer identification number

01-0223482

Auxiliary.

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

19. Millinocket Regional Hospital announced the efforts of staff earning three major awards for 2012. They are: Well Work Place Gold Award from the Wellness Council of America, VHA 2012 Leadership Award of Clinical Excellence in the category of critical access, acute care hospitals, and The Avatar patient Satisfaction Award.

20. MRH departments acknowledge, recognize and celebrate staff professional days/week, and National Hospital week for their continued accomplishments of service in health care.

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

Form 990, Part VI, Section B, Line 12c: Each board member is required to sign a conflict of interest disclosure form on an annual basis. In connection with any actual or possible conflicts of interest, an interested individual must disclose the existence of his or her conflict annually and

Name of the organization

Millinocket Regional Hospital

Employer identification number

01-0223482

whenever the conflict arises for action at a meeting. After receiving all annual attestations, the CEO will provide the signed statements to the Hospital's attorney for review. After review, the attorney will determine if a conflict exists and inform the CEO and Board chair of the conflicted individuals. There is a listing of Board, Medical Staff and Manager conflicts available at all meetings for reference. The Agenda for every Board, Medical Staff or Department meeting will clearly list the discussion items that require action during the meeting. At the beginning of the meeting, the President will ask the members to review the list of action items and declare whether or not they have a conflict.

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

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

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

Name of the organization

Millinocket Regional Hospital

Employer identification number

01-0223482

Form 990, Part IX, Line 11g, Other Fees:

Purchased Services:

Program service expenses	1,820,832.
Management and general expenses	374,648.
Fundraising expenses	0.
Total expenses	2,195,480.

Service Contracts:

Program service expenses	366,891.
Management and general expenses	0.
Fundraising expenses	0.
Total expenses	366,891.

Professional Services:

Program service expenses	438,935.
Management and general expenses	0.
Fundraising expenses	0.
Total expenses	438,935.

Outside Services:

Program service expenses	18,159.
Management and general expenses	0.
Fundraising expenses	0.
Total expenses	18,159.

Total Other Fees on Form 990, Part IX, line 11g, Col A 3,019,465.

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

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

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

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

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

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

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) Disproportion- ate 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	

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	(i) Section 512(b)(13) controlled entity?	
								Yes	No
First Millinocket Regional Investment Corp. - 01-0396196, 200 Somerset Street, Millinocket, ME 04462	Physician Program Operations	ME	Millinocket Regional Hospital	C CORP	273,301.	1,418,343.	100.00%	X	

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

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

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		X
b Gift, grant, or capital contribution to related organization(s)		X
c Gift, grant, or capital contribution from related organization(s)		X
d Loans or loan guarantees to or for related organization(s)		X
e Loans or loan guarantees by related organization(s)		X
f Dividends from related organization(s)		X
g Sale of assets to related organization(s)		X
h Purchase of assets from related organization(s)		X
i Exchange of assets with related organization(s)		X
j Lease of facilities, equipment, or other assets to related organization(s)		X
k Lease of facilities, equipment, or other assets from related organization(s)	X	
l Performance of services or membership or fundraising solicitations for related organization(s)		X
m Performance of services or membership or fundraising solicitations by related organization(s)		X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
o Sharing of paid employees with related organization(s)		X
p Reimbursement paid to related organization(s) for expenses		X
q Reimbursement paid by related organization(s) for expenses	X	
r Other transfer of cash or property to related organization(s)		X
s 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-s)	(c) Amount involved	(d) Method of determining amount involved
(1) First Millinocket Regional Investment Corp.	K	173,660.FMV	
(2) First Millinocket Regional Investment Corp.	Q	173,660.FMV	
(3)			
(4)			
(5)			
(6)			

Application for Extension of Time To File an Exempt Organization Return

OMB No. 1545-1709

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

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

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

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

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

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

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

Enter the Return code for the return that this application is for (file a separate application for each return) 011

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

Christine McLaughlin

- The books are in the care of ▶ **200 Somerset Street - Millinocket, ME 04462**
 Telephone No. ▶ **207-723-5161** FAX No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until **February 15, 2014**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
 ▶ calendar year _____ or
 ▶ tax year beginning **JUL 1, 2012**, and ending **JUN 30, 2013**.

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

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

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.
 LHA For Privacy Act and Paperwork Reduction Act Notice, see instructions. Form 8868 (Rev. 1-2013)

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

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

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

Enter filer's identifying number, see instructions

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

Enter the Return code for the return that this application is for (file a separate application for each return) **011**

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

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

Christine McLaughlin

• The books are in the care of **200 Somerset Street - Millinocket, ME 04462**
 Telephone No. **207-723-5161** FAX No. _____

• If the organization does not have an office or place of business in the United States, check this box
 • If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until **May 15, 2014**
 5 For calendar year _____, or other tax year beginning **JUL 1, 2012**, and ending **JUN 30, 2013**
 6 If the tax year entered in line 5 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

7 State in detail why you need the extension
Information from third parties has not yet been received. Therefore, additional time is necessary to file a complete and accurate return.

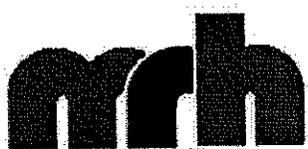
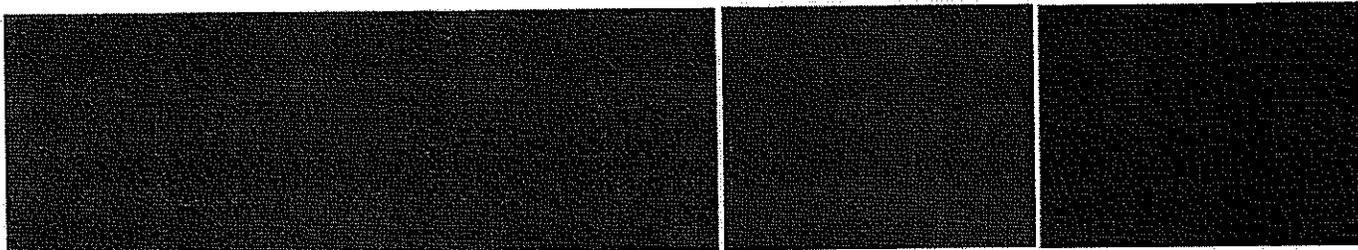
8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$	0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$	0.
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$	0.

Signature and Verification must be completed for Part II only.

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

Signature **Barbara J McCrean** Title **CPA**

Date **2/6/14**



**MILLINOCKET
REGIONAL HOSPITAL**

MILLINOCKET REGIONAL HOSPITAL

CONSOLIDATED FINANCIAL STATEMENTS

and

ADDITIONAL INFORMATION

June 30, 2013 and 2012

With Independent Auditor's Report



MILLINOCKET REGIONAL HOSPITAL

Consolidated Financial Statements

June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Millinocket Regional Hospital

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Millinocket Regional Hospital (the Hospital), which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Millinocket Regional Hospital as of June 30, 2013 and 2012, and the results of its operations, changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Board of Directors
Millinocket Regional Hospital

Other Matter

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Schedules 1, 2 and 3 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

Berry Dunn McNeil & Parker, LLC

Portland, Maine
September 23, 2013

MILLINOCKET REGIONAL HOSPITAL

Consolidated Balance Sheets

June 30, 2013 and 2012

ASSETS		
	<u>2013</u>	<u>2012</u>
Current assets		
Cash and equivalents	\$ 735,220	\$ 966,432
Accounts receivable, less allowances for doubtful accounts and contractual allowances of \$4,316,186 in 2013 and \$4,497,370 in 2012	2,961,557	2,515,593
Estimated third-party payor settlements	180,607	178,802
Assets limited as to use, current portion	832,178	844,863
Supplies	421,206	404,073
Prepaid expenses and other current assets	420,448	616,272
Due from related parties	<u>14,553</u>	<u>70,941</u>
Total current assets	5,565,769	5,596,976
Assets limited as to use, net of current portion	10,011,794	9,548,937
Property and equipment, net	7,950,095	8,212,259
Other assets	<u>62,766</u>	<u>69,376</u>
Total assets	<u>\$23,590,424</u>	<u>\$23,427,548</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current installments of long-term debt	\$ 474,710	\$ 465,351
Accounts payable	604,115	560,123
Accrued payroll and amounts withheld	415,201	342,209
Accrued benefit time payable	1,022,449	1,054,443
Accrued retirement payable	955,618	828,460
Other accrued expenses	<u>28,088</u>	<u>79,727</u>
Total current liabilities	3,500,181	3,330,313
Long-term debt, less current installments	<u>5,048,152</u>	<u>5,623,900</u>
Total liabilities	<u>8,548,333</u>	<u>8,954,213</u>
Contingencies (Note 10)		
Net assets		
Unrestricted	14,928,633	14,365,302
Temporarily restricted	108,458	103,033
Permanently restricted	<u>5,000</u>	<u>5,000</u>
Total net assets	15,042,091	14,473,335
Total liabilities and net assets	<u>\$23,590,424</u>	<u>\$23,427,548</u>

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

MILLINOCKET REGIONAL HOSPITAL
Consolidated Statements of Operations
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted revenues, gains and other support		
Patient service revenue (net of contractual allowances and discounts)	\$ 28,184,277	\$28,148,399
Less provision for bad debts	<u>1,489,878</u>	<u>1,113,522</u>
Net patient service revenue	26,694,399	27,034,877
Other revenue	283,588	159,999
Meaningful use revenues	279,385	-
Net assets released from restrictions for operating purposes	<u>20,537</u>	<u>37,284</u>
Total revenues, gains and other support	27,277,909	27,232,160
Expenses		
Salaries and wages	13,709,751	13,692,183
Employee benefits	3,482,152	3,417,192
Professional fees	444,635	521,208
Supplies and other expenses	8,824,203	9,041,993
Depreciation and amortization	943,900	823,729
Interest	<u>258,396</u>	<u>243,008</u>
Total expenses	<u>27,663,037</u>	<u>27,739,313</u>
Operating loss	<u>(385,128)</u>	<u>(507,153)</u>
Other gains (losses)		
Investment income	514,081	247,733
Gain (loss) on investment in affiliate	6,771	(12,133)
Other, net	<u>20,365</u>	<u>(11,423)</u>
Other gains, net	<u>541,217</u>	<u>224,177</u>
Excess (deficiency) of revenues, gains and other support over expenses and losses	156,089	(282,976)
Net assets released from restrictions for purchase of property and equipment	155,387	103,591
Net unrealized gains on investments	<u>251,855</u>	<u>59,872</u>
Increase (decrease) in unrestricted net assets	\$ <u>563,331</u>	\$ <u>(119,513)</u>

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

MILLINOCKET REGIONAL HOSPITAL

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted net assets		
Operating loss	\$ (385,128)	\$ (507,153)
Other gains, net	541,217	224,177
Net assets released from restrictions for purchase of property and equipment	155,387	103,591
Net unrealized gains on investments	<u>251,855</u>	<u>59,872</u>
Increase (decrease) in unrestricted net assets	<u>563,331</u>	<u>(119,513)</u>
Temporarily restricted net assets		
Contributions	181,344	146,101
Investment income	5	5
Net assets released from restrictions	<u>(175,924)</u>	<u>(140,875)</u>
Increase in temporarily restricted net assets	<u>5,425</u>	<u>5,231</u>
Increase (decrease) in net assets	<u>568,756</u>	<u>(114,282)</u>
Net assets, beginning of year	<u>14,473,335</u>	<u>14,587,617</u>
Net assets, end of year	<u>\$ 15,042,091</u>	<u>\$ 14,473,335</u>

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

MILLINOCKET REGIONAL HOSPITAL
Consolidated Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 568,756	\$ (114,282)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	943,900	823,729
Provision for bad debts	1,489,878	1,113,522
(Gain) loss on disposal of property and equipment	(109,521)	27,440
Net realized and unrealized gains on investments	(588,880)	(143,184)
(Gain) loss on investment in affiliate	(6,771)	12,133
Changes in assets and liabilities		
Accounts receivable	(1,935,842)	(790,379)
Estimated third-party payor settlements	(1,805)	(1,108,447)
Supplies	(17,133)	50,763
Prepaid expenses and other current assets	195,824	(53,140)
Due from related parties	56,388	(6,802)
Accounts payable	43,992	(401,664)
Accrued payroll and amounts withheld	72,992	141,990
Accrued benefit time payable	(31,994)	41,704
Accrued retirement payable	127,158	(38,827)
Other accrued expenses	(51,639)	(5,166)
Net cash provided (used) by operating activities	<u>755,303</u>	<u>(450,610)</u>
Cash flows from investing activities		
Purchases of property and equipment	(731,417)	(1,485,464)
Proceeds from sale of property and equipment	161,290	22,569
Proceeds from sale of investments	3,497,997	2,615,416
Purchases of investments	(3,432,726)	(3,338,208)
Net cash used by investing activities	<u>(504,856)</u>	<u>(2,185,687)</u>
Cash flows from financing activities		
Repayment of long-term debt	(466,220)	(333,323)
Proceeds from issuance of long-term debt	-	2,500,000
Bond issuance costs	(15,439)	-
Net cash (used) provided by financing activities	<u>(481,659)</u>	<u>2,166,677</u>
Net decrease in cash and equivalents	<u>(231,212)</u>	<u>(469,620)</u>
Cash and equivalents, beginning of year	<u>966,432</u>	<u>1,436,052</u>
Cash and equivalents, end of year	<u>\$ 735,220</u>	<u>\$ 966,432</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 295,821</u>	<u>\$ 244,707</u>

Noncash transactions:

During 2013, the Hospital refinanced its 2003D Bonds by issuing 2013A Bonds. The Series 2013A Bonds and retirement of the Series 2003D Bonds have been treated as a noncash transaction.

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

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

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Nature of Operations

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

1. Financial Reporting

Principles of Consolidation

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

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents

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

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

Patient Accounts Receivable

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

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

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

Supplies

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

Assets Limited as to Use and Investment Income

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

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

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets and statements of operations. Investments are periodically reviewed for impairment to determine if such declines are other than temporary. Investments were evaluated for impairment as of June 30, 2013 and 2012, and all impairments were considered temporary. At June 30, 2013, historical cost exceeded market value by approximately \$35,600 for stocks purchased within the past twelve months. No stocks held greater than twelve months had historical cost that exceeded market value.

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

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Property and Equipment

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

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

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

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

Charity Care

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

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Employee Benefit Plans

The Hospital has a defined contribution retirement plan which covers all employees who have met certain eligibility requirements. Each eligible employee receives a 50% match up to 3% of their salary. There is also a 1% base contribution at year-end for employees over 21, who are employed at year-end and have worked at least 416 hours during the fiscal year. Contributions of \$380,501 and \$390,413 were made to the plan in 2013 and 2012, respectively.

The Hospital has a nonqualified deferred compensation plan which was established for a select group of management or highly compensated employees. The plan's assets are invested in mutual funds and were valued at \$832,178 and \$702,438 at June 30, 2013 and 2012, respectively, and are reported in the current portion of assets limited as to use and accrued retirement payable on the balance sheet.

Donor-Restricted Gifts

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

Income Taxes

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

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

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

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

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Reclassification

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

Subsequent Events

For purposes of the preparation of these financial statements, the Hospital has considered transactions or events occurring through September 23, 2013, which was the date that the financial statements were available to be issued.

3. Net Patient Service Revenue and Accounts Receivable

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

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

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

Revenue from the Medicare and MaineCare programs accounted for approximately 50% and 11%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2013, and for approximately 50% and 15%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2012. Laws and regulations governing the Medicare and MaineCare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased by approximately \$10,000 in 2012 due to differences in retroactive adjustments compared to amounts previously estimated. There was no related impact in 2013.

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

The allowance for doubtful accounts was \$1,855,100 and \$1,629,100 at June 30, 2013 and 2012, respectively, and relates almost entirely to self-pay accounts. Gross self-pay accounts receivable were \$2,405,148 and \$2,166,513 at June 30, 2013 and 2012, respectively. Revenue related to self-pay patients was \$1,988,600 and \$1,857,700 for the years ended June 30, 2013 and 2012, respectively.

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

4. Charity Care

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

	<u>2013</u>	<u>2012</u>
Charges forgone, based on established rates	\$ 1,026,140	\$ 1,289,639
Estimated costs and expenses incurred to provide charity care	635,963	798,117
Equivalent percentage of charity care charges to all Hospital patient charges	2.30 %	2.88 %

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

5. Assets Limited as to Use

The composition of assets limited as to use at June 30, 2013 and 2012, is shown below.

	<u>2013</u>	<u>2012</u>
Under Board designation for capital improvements		
Cash and cash equivalents	\$ 1,091,308	\$ 1,195,689
U.S. Government bonds	421,520	598,117
Corporate bonds	1,173,479	1,184,526
Equity securities	5,918,706	5,167,624
Mutual funds	<u>1,032,596</u>	<u>1,029,058</u>
	9,637,609	9,175,014
Under debt agreements		
Cash and cash equivalents	374,185	516,348
Deferred compensation plan		
Mutual funds	<u>832,178</u>	<u>702,438</u>
	10,843,972	10,393,800
Less current portion	<u>832,178</u>	<u>844,863</u>
	<u>\$10,011,794</u>	<u>\$ 9,548,937</u>

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 177,056	\$ 164,421
Realized gain on sales of securities	<u>337,025</u>	<u>83,312</u>
	514,081	247,733
Unrealized gain on securities	<u>251,855</u>	<u>59,872</u>
	<u>\$ 765,936</u>	<u>\$ 307,605</u>

6. Line of Credit

On November 5, 2012, the Hospital extended the maturity date of its \$700,000 line of credit with a bank to October 30, 2013. The line of credit has a variable rate equal to the Wall Street Journal prime, with a rate floor of 3.75%. There was no outstanding balance as of June 30, 2013 or 2012.

7. Property and Equipment

The details of property and equipment at June 30, 2013 and 2012, were as follows:

	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 708,554	\$ 810,779
Buildings and fixed equipment	13,783,758	13,506,329
Major movable equipment	6,794,168	5,931,436
Construction in progress	<u>5,804</u>	<u>767,172</u>
	21,292,284	21,015,716
Less accumulated depreciation and amortization	<u>13,342,189</u>	<u>12,803,457</u>
	<u>\$ 7,950,095</u>	<u>\$ 8,212,259</u>

MILLINOCKET REGIONAL HOSPITAL
Notes to Consolidated Financial Statements
June 30, 2013 and 2012

8. Long-Term Debt

Long-term debt at June 30, 2013 and 2012, consisted of the following:

	<u>2013</u>	<u>2012</u>
4.25% mortgage note payable to the U.S. Department of Agriculture, Rural Development due in monthly principal and interest payments of \$12,300 through August 2041; collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital.	\$ 2,421,305	\$ 2,464,987
4.25% mortgage note payable to the U.S. Department of Agriculture, Rural Development due in monthly principal and interest payments of \$5,658 through July 2037; collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital.	1,022,300	1,046,196
5% mortgage note payable to the U.S. Department of Agriculture, Rural Development due in monthly principal and interest payments of \$12,828 through July 2015; collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital.	262,141	400,043
Maine Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds, Series 2013A (average coupon rate 3.95%), requiring annual debt service payments ranging from \$100,000 to \$150,000 through July 2023, including original issue premium of \$135,536 in 2013; collateralized by a security interest in the Hospital's gross receipts, equipment, and a mortgage lien on its facility.	1,238,611	-
Maine Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds, Series 2003D (average coupon rate 4.4%). Bonds were refinanced during 2013.	-	1,443,780
Capital lease bearing fixed interest of 5.35%, in monthly installments of \$10,778, including interest through June 2017; collateralized by equipment.	464,784	566,283

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Capital lease bearing fixed interest of 5.25%, in monthly installments of \$4,478, including interest through August 2015; collateralized by equipment.	109,828	156,466
Other	<u>3,893</u>	<u>11,496</u>
	5,522,862	6,089,251
Less current installments	<u>474,710</u>	<u>465,351</u>
Long-term debt, excluding current installments	<u>\$ 5,048,152</u>	<u>\$ 5,623,900</u>

During 2013, the Hospital refinanced its MHHEFA Revenue Bonds, Series 2003D with proceeds from the issuance of the MHHEFA Revenue Bonds, Series 2013A. No loss on early extinguishment of debt was recorded as this was determined to be a modification of terms.

A debt service fund of \$154,000 is maintained in accordance with the provisions of the 5% mortgage note payable maturing in 2015. A debt service fund in accordance with the provisions of the 4.25% mortgage note payable, maturing in 2037, was \$67,896, and a debt service fund in accordance with the provisions of the 4.25% mortgage note payable, maturing in 2041, was \$147,600 at June 30, 2013.

The indentures related to the revenue bond contain provisions regarding debt service coverage ratios, limitations on additional indebtedness, liens on property and equipment and restrictions on encumbering revenues. At June 30, 2013, the Hospital was in compliance with these covenants.

Maturities of long-term debt and capital leases for the five years subsequent to June 30, 2013, are as follows:

	<u>Long-term debt</u>	<u>Capital leases</u>
2014	\$ 317,213	\$ 183,066
2015	307,000	183,066
2016	190,000	138,286
2017	200,000	129,330
2018	205,000	-
Thereafter	<u>3,729,037</u>	<u>-</u>
	<u>\$ 4,948,250</u>	633,748
Less amount representing interest under capital leases obligations		<u>59,136</u>
		<u>\$ 574,612</u>

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Health care services		
Health services	\$ <u>108,458</u>	\$ <u>103,033</u>

Permanently restricted net assets are restricted as follows:

Investments to be held in perpetuity, the income from which is expendable for the benefit of crippled and otherwise handicapped children in the Millinocket area	\$ <u>5,000</u>	\$ <u>5,000</u>
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10. Malpractice Insurance

The Hospital maintains malpractice insurance coverage on a claims made basis. The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business. U.S. generally accepted accounting principles require the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Hospital has evaluated its exposure to losses arising from potential claims and determined no such accrual is necessary for the year ended June 30, 2013. The Hospital intends to renew coverage on a claims made basis and anticipates that such coverage will be available.

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

11. Investment in Affiliate

The Hospital is a member of a shared services not-for-profit corporation, Katahdin Shared Services, Inc. (the "Affiliate"), which provides ultrasound and occupational therapy to Millinocket Regional Hospital and another member hospital. The Hospital's share of the gain of the Affiliate, which is based proportionately on charges to each member for the year ended June 30, 2013 was \$6,771 and the Hospital's share of the loss of the Affiliate at June 30, 2012 was \$12,133. The Hospital's investment in the Affiliate is included in other assets and amounted to \$47,327 and \$40,556 at June 30, 2013 and 2012, respectively.

Ultrasound services purchased from the Affiliate by the Hospital for the years ended June 30, 2013 and 2012, were approximately \$283,400 and \$299,600, respectively, and occupational therapy services were approximately \$99,200 and \$125,300, respectively.

MILLINOCKET REGIONAL HOSPITAL
Notes to Consolidated Financial Statements
June 30, 2013 and 2012

12. Concentrations

Credit Risk

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

	<u>2013</u>	<u>2012</u>
Medicare	31.9 %	24.6 %
MaineCare	11.9	27.6
Blue Cross	6.7	3.6
Other third-party payors	18.0	15.0
Patients	<u>31.5</u>	<u>29.2</u>
	<u>100.0 %</u>	<u>100.0 %</u>

Labor Force

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

13. Functional Expenses

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

	<u>2013</u>	<u>2012</u>
Health care services	\$ 25,842,637	\$ 25,946,285
General and administrative	<u>1,820,400</u>	<u>1,793,028</u>
	<u>\$ 27,663,037</u>	<u>\$ 27,739,313</u>

14. Electronic Health Records Incentive Program

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The Medicare criteria for meaningful use will be staged in three steps from fiscal year 2013 through 2016. The meaningful use attestation is subject to audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by the Hospital.

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

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. There will be no payment adjustments under the Medicaid EHR incentive program.

During 2013, the Hospital recorded meaningful use revenues of \$279,385, from the Medicaid EHR program. The Hospital has demonstrated a minimum of 10% Medicaid encounters and is upgrading to a certified physician practice EHR.

15. Fair Value Measurements

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

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

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

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

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

<u>Fair Value Measurements at June 30, 2013, Using</u>				
	<u>Total</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	\$ 1,465,493	\$ 1,465,493	\$ -	\$ -
U.S. Government bonds	421,520	421,520	-	-
Corporate bonds	1,173,479	-	1,173,479	-
Equity securities	5,918,706	5,918,706	-	-
Mutual funds	1,032,596	1,032,596	-	-
Investments to fund deferred compensation	<u>832,178</u>	<u>832,178</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,843,972</u>	<u>\$ 9,670,493</u>	<u>\$ 1,173,479</u>	<u>\$ -</u>

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

<u>Fair Value Measurements at June 30, 2012, Using</u>				
	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Cash and cash equivalents	\$ 1,712,037	\$ 1,712,037	\$ -	\$ -
U.S. Government bonds	598,117	598,117	-	-
Corporate bonds	1,184,526	-	1,184,526	-
Equity securities	5,167,624	5,167,624	-	-
Mutual funds	1,029,058	1,029,058	-	-
Investments to fund deferred compensation	<u>702,438</u>	<u>702,438</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,393,800</u>	<u>\$ 9,209,274</u>	<u>\$ 1,184,526</u>	<u>\$ -</u>

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

ADDITIONAL INFORMATION

MILLINOCKET REGIONAL HOSPITAL
Consolidating Statement of Operations
Year Ended June 30, 2013

	Millinocket Regional Hospital	First Millinocket Regional Investment Company	Eliminations	Consolidated
Unrestricted revenues, gains and other support				
Routine service	\$ 2,475,640	\$ -	\$ -	\$ 2,475,640
Ancillary services				
Inpatient	9,228,921	-	-	9,228,921
Outpatient	<u>32,827,148</u>	-	-	<u>32,827,148</u>
	<u>44,531,709</u>	-	-	<u>44,531,709</u>
Deductions from revenue				
Contractual adjustments	15,321,292	-	-	15,321,292
Charity care	<u>1,026,140</u>	-	-	<u>1,026,140</u>
Patient service revenue (net of contractual allowances and discounts)	28,184,277	-	-	28,184,277
Less provision for bad debts	<u>1,489,878</u>	-	-	<u>1,489,878</u>
Net patient service revenue	26,694,399	-	-	26,694,399
Other revenue	163,412	293,836	(173,660)	283,588
Meaningful use revenues	279,385	-	-	279,385
Net assets released from restrictions for operating purposes	<u>20,537</u>	-	-	<u>20,537</u>
Total revenues, gains and other support	27,157,733	293,836	(173,660)	27,277,909
Expenses				
Salaries and wages	13,709,751	-	-	13,709,751
Employee benefits	3,482,152	-	-	3,482,152
Professional fees	444,635	-	-	444,635
Supplies and other expenses	8,833,232	164,631	(173,660)	8,824,203
Depreciation and amortization	870,933	72,967	-	943,900
Interest	<u>258,396</u>	-	-	<u>258,396</u>
Total expenses	<u>27,599,099</u>	<u>237,598</u>	<u>(173,660)</u>	<u>27,663,037</u>
Operating (loss) gain	<u>(441,366)</u>	<u>56,238</u>	-	<u>(385,128)</u>
Other gains (losses)				
Investment income	514,081	-	-	514,081
Gain on investment in affiliate	6,771	-	-	6,771
Gain from subsidiary (FMRIC)	56,238	-	(56,238)	-
Other, net	<u>20,365</u>	-	-	<u>20,365</u>
Other gains, net	<u>597,455</u>	-	<u>(56,238)</u>	<u>541,217</u>
Excess of revenues, gains and other support over expenses and losses	156,089	56,238	(56,238)	156,089
Net assets released from restrictions for purchase of property and equipment	155,387	-	-	155,387
Net unrealized gains on investments	<u>251,855</u>	-	-	<u>251,855</u>
Increase in unrestricted net assets	<u>\$ 563,331</u>	<u>\$ 56,238</u>	<u>\$ (56,238)</u>	<u>\$ 563,331</u>

MILLINOCKET REGIONAL HOSPITAL

Schedule of Net Patient Service Revenue
(Hospital Only)

Year Ended June 30, 2013

	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
Adults and pediatrics	\$ 2,475,640	\$ -	\$ 2,475,640
Operating room	1,275,865	3,308,423	4,584,288
Recovery room	62,799	170,662	233,461
Anesthesiology	722,884	1,008,607	1,731,491
Radiology - diagnostic	718,062	6,246,382	6,964,444
Laboratory	729,031	4,169,249	4,898,280
Respiratory therapy	136,216	625,251	761,467
Physical therapy	233,834	909,691	1,143,525
Occupational therapy	103,713	136,227	239,940
Medical supplies charged to patients	3,315,357	2,223,280	5,538,637
Drugs charged to patients	1,719,278	2,943,741	4,663,019
Other ancillary services	-	121,614	121,614
Provider-based clinics	-	5,607,917	5,607,917
Emergency	161,246	4,875,680	5,036,926
Observation beds	9,497	395,817	405,314
Speech	41,139	84,607	125,746
	<u>\$ 11,704,561</u>	<u>\$ 32,827,148</u>	44,531,709
Total gross patient revenue			
Contractual allowances			15,321,292
Charity care			<u>1,026,140</u>
Patient service revenue (net of contractual allowances and discounts)			28,184,277
Less provision for bad debts			<u>1,489,878</u>
Net patient service revenue			<u>\$ 26,694,399</u>

MILLINOCKET REGIONAL HOSPITAL

Schedule of Operating Expenses
(Hospital Only)

Year Ended June 30, 2013

	<u>Salaries</u>	<u>Non-salary</u>	<u>Total</u>
Employee benefits	\$ 140,030	\$ 3,482,152	\$ 3,622,182
Administrative and general	1,545,148	2,136,434	3,681,582
Maintenance and repairs	267,420	179,888	447,308
Operation of plant	-	480,270	480,270
Laundry and linen	39,798	15,874	55,672
Housekeeping	263,891	94,315	358,206
Dietary	228,932	110,799	339,731
Nursing administration	672,713	29,255	701,968
Central services and supply	-	(1,544)	(1,544)
Medical records	171,406	176,393	347,799
Social services	135,007	30,676	165,683
Adults and pediatrics	1,917,969	224,576	2,142,545
Operating room	504,240	215,907	720,147
Recovery room	82,878	-	82,878
Anesthesiology	478,474	16,170	494,644
Radiology	558,234	1,471,502	2,029,736
Laboratory	786,070	806,125	1,592,195
Cardio-pulmonary therapy	95,795	54,619	150,414
Physical therapy	444,550	13,188	457,738
Occupational therapy	63,331	1,842	65,173
Electrocardiology	21,536	97,215	118,751
Electroencephalography	629,274	52,767	682,041
Medical supplies charged to patients	-	1,115,051	1,115,051
Drugs charged to patients	204,601	1,510,005	1,714,606
Other ancillary services	83,435	8,131	91,566
Provider-based clinics	2,804,528	326,402	3,130,930
Emergency	1,487,034	70,529	1,557,563
Speech	68,506	1,663	70,169
Nonreimbursable cost centers			
Occupational health	958	-	958
Community relations	-	39,815	39,815
Other non-reimbursable services	13,993	-	13,993
	<u>\$13,709,751</u>	<u>\$ 12,760,019</u>	<u>26,469,770</u>
Depreciation and amortization			870,933
Interest			<u>258,396</u>
Total operating expenses			<u>\$ 27,599,099</u>



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

Board of Trustees
Millinocket Regional Hospital

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Millinocket Regional Hospital (the Hospital), which comprise the consolidated balance sheets as of as of June 30, 2013, and the related consolidated statements of operations, changes in net assets and cash flows for the the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 23, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Trustees
Millinocket Regional Hospital

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berry Duann McNeil & Parker, LLC

Portland, Maine
September 23, 2013

