

MAY 19 2014

** PUBLIC DISCLOSURE COPY **

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)

Open to Public Inspection

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

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

Form sections B through M: B Check if applicable; C Name of organization (Maine Coast Regional Health Facilities); D Employer identification number (01-0198331); E Telephone number (207-664-5311); F Name and address of principal officer (Charles Therrien); G Gross receipts (\$82,563,536); H(a) Is this a group return; H(b) Are all affiliates included?; I Tax-exempt status; J Website (www.mcmhospital.org); K Form of organization (Corporation); L Year of formation (1964); M State of legal domicile (ME)

Part I Summary

Table with 3 columns: Description, Prior Year, Current Year. Rows include: 1 Briefly describe the organization's mission; 2-7a Activities & Governance; 8-12 Revenue; 13-19 Expenses; 20-22 Net Assets or Fund Balances.

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.

Signature and Preparer information: Sign Here (Charles Therrien, CEO); Preparer (Barbara J. McGuan, CPA); Firm (Berry Dunn McNeil & Parker, LLC); Date (5-15-14); PTIN (P00219457); Firm's EIN (01-0523282); Phone no. ((207) 775-2387)

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission: The Hospital is a not-for-profit entity established to provide health care services through its acute care facility and physician practices.

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

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations 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 \$ 74,778,582. including grants of \$ 10,000.) (Revenue \$ 79,703,153.) Admissions 3,512 Patient Days 9,846 Average Stay 2.80 Days

Clinic Visits:

Eleanor Widener Dixon Clinic 11,983

S.W. Harbor Medical Center 5,501

Emergency Room Visits 17,445

Surgical Cases- Inpatient 764

Surgical Cases- Outpatient 3,174

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 74,778,582.

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 If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	X	
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25	X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
d 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? If "Yes," complete Schedule L, Part I		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part 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? If "Yes," complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	X	
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	X	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b 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)? If "Yes," complete Schedule R, Part V, line 2		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		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 body containing questions 1a through 14b with corresponding input fields and a Yes/No column.

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

	1a	1b	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.	21			
b Enter the number of voting members included in line 1a, above, who are independent		16		
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	X	
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		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?		

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: **Chris Frauenhofer, CFO - 207-664-5311**
50 Union Street, Ellsworth, ME 04605

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) Michelle H. Beal Trustee	1.00	X					0.	0.	0.	
(2) Robert A. Beekman, M.D. Trustee/Physician	50.00	X					179,000.	0.	36,592.	
(3) Christopher B. Brown Trustee	1.00	X					0.	0.	0.	
(4) Edith R. Dixon Trustee	0.50	X					0.	0.	0.	
(5) Jeffrey R. Dow Trustee	1.00	X					0.	0.	0.	
(6) Debra A. Ehrlenbach Treasurer	1.00 0.50	X		X			0.	0.	0.	
(7) Thomas J. Fernald Trustee	1.00	X					0.	0.	0.	
(8) Alan J. Goldstein Trustee	0.50	X					0.	0.	0.	
(9) Daniel A. Hurley, III Trustee	1.00	X					0.	0.	0.	
(10) Scott A. Kimball Trustee	1.00	X					0.	0.	0.	
(11) Sean T. Maloney, M.D. Trustee/Physician	50.00	X					264,031.	0.	46,559.	
(12) Alan H. Nauss, M.D. Trustee	1.00	X					0.	0.	0.	
(13) Rebecca J. Sargent Chair	10.00 0.50	X		X			0.	0.	0.	
(14) Karen W. Stanley Trustee	1.00	X					0.	0.	0.	
(15) Kevin B. Tesseo Trustee	1.00	X					0.	0.	0.	
(16) Charles D. Therrien CEO	60.00 0.50	X		X			313,917.	0.	35,930.	
(17) Adin M. Tooker Vice Chairman	10.00 0.50	X		X			0.	0.	0.	

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) Nicholas S. Vachon, D.P.M. Trustee	1.00	X						0.	0.	0.
(19) Sheena E. Whittaker, M.D. President of Medical Staff	55.00	X						243,535.	0.	44,533.
(20) Robert J. Williams Secretary	1.00 0.50	X		X				0.	0.	0.
(21) Matthew C. Worthen Trustee	1.00	X						0.	0.	0.
(22) Michael A. Hendrix, Jr. Past CFO	50.00			X				108,875.	0.	27,514.
(23) Richard Jeffcote Interim CFO	50.00			X				0.	0.	0.
(24) Mary Collins Physician	50.00				X			336,356.	0.	29,981.
(25) Martin R. Curlick Physician	50.00				X			425,562.	0.	44,791.
(26) Paul M. Denoncourt Physician	50.00				X			449,908.	0.	35,258.
1b Sub-total								2,321,184.	0.	301,158.
c Total from continuation sheets to Part VII, Section A								993,912.	0.	88,309.
d Total (add lines 1b and 1c)								3,315,096.	0.	389,467.

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 **67**

	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
H.E. Callahan Construction Inc. P.O. Box 677, Auburn, ME 04212	Construction Services	2,685,989.
Transcend Services, Inc., 1 Glenlake Parkway, Suite 1325, Atlanta, GA 30328	Transcription Services	376,820.
Neurology Associates 498 Essex St. Suite 105, Bangor, ME 04401	Neurology; Sleep Study; EEG Professio	302,302.
Eastern Maine Medical Center 43 Whiting Hill Road, Brewer, ME 04412	Medical Services	299,995.
Blue Hill Laundry Services P.O. Box 258, Surry, ME 04684	Laundry & Linen Services	201,882.

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 **11**

See Part VII, Section A Continuation sheets

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	160,626.				
	d Related organizations	1d	110,276.				
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	566,107.				
	g Noncash contributions included in lines 1a-1f: \$		49,725.				
	h Total. Add lines 1a-1f		837,009.				
Program Service Revenue	2 a Patient Service Rev.	Business Code	621990	169,565,338.	169,565,338.		
	b Other Medical Services	621990	1,826,330.	1,826,330.			
	c Cafeteria/Vending	621990	301,902.			301,902.	
	d Bad Debt	621990	-4,723,936.	-4,723,936.			
	e Contractual/Char. Adj.	621990	-86,964,579.	-86,964,579.			
	f All other program service revenue						
	g Total. Add lines 2a-2f		80,005,055.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		439,385.			439,385.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	(ii) Personal				
		b Less: rental expenses					
		c Rental income or (loss)					
		d Net rental income or (loss)					
	7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		b Less: cost or other basis and sales expenses					
		c Gain or (loss)					
		d Net gain or (loss)			14,588.		14,588.
	8 a Gross income from fundraising events (not including \$ 160,626. 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			-45,919.		-45,919.		
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							
b							
c							
d All other revenue							
e Total. Add lines 11a-11d							
12 Total revenue. See instructions.			81,250,118.	79,703,153.	0.	709,956.	

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	10,000.	10,000.		
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	1,300,485.	526,182.	774,303.	
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	39,591,291.	38,441,729.	1,042,677.	106,885.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	860,168.	835,193.	22,653.	2,322.
9 Other employee benefits	5,645,750.	5,481,821.	148,687.	15,242.
10 Payroll taxes	2,626,786.	2,489,409.	129,310.	8,067.
11 Fees for services (non-employees):				
a Management				
b Legal	98,411.		98,411.	
c Accounting	163,340.		157,979.	5,361.
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	90,430.		90,430.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	6,035,587.	5,165,615.	869,972.	
12 Advertising and promotion	112,439.		112,439.	
13 Office expenses	2,647,106.	1,825,156.	812,069.	9,881.
14 Information technology	933,976.	854,164.	74,235.	5,577.
15 Royalties				
16 Occupancy	1,266,065.	1,239,510.	26,555.	
17 Travel	57,925.	55,081.	2,844.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	288,886.	240,440.	48,098.	348.
20 Interest	756,010.	756,010.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	3,363,197.	3,001,360.	360,717.	1,120.
23 Insurance	1,133,695.	651,042.	482,653.	
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	9,195,056.	9,173,781.	21,275.	
b Health Care Prov. Tax	2,067,958.	2,067,958.		
c Repairs & Maintenance	1,281,392.	1,262,499.	18,893.	
d Other	1,058,328.	701,632.	340,107.	16,589.
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	80,584,281.	74,778,582.	5,634,307.	171,392.
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	4,035.	1	4,105.	
	2	Savings and temporary cash investments	13,108,606.	2	10,810,216.	
	3	Pledges and grants receivable, net	89,004.	3	0.	
	4	Accounts receivable, net	9,122,240.	4	8,868,070.	
	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		7		
	8	Inventories for sale or use	685,665.	8	594,493.	
	9	Prepaid expenses and deferred charges	1,274,404.	9	1,059,027.	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 64,542,346.			
	b	Less: accumulated depreciation	10b 31,336,244.	10c 31,182,640.	33,206,102.	
	11	Investments - publicly traded securities	8,387,848.	11	8,664,783.	
	12	Investments - other securities. See Part IV, line 11		12		
	13	Investments - program-related. See Part IV, line 11		13		
	14	Intangible assets	279,436.	14	201,566.	
	15	Other assets. See Part IV, line 11	10,968,058.	15	13,877,851.	
16	Total assets. Add lines 1 through 15 (must equal line 34)	75,101,936.	16	77,286,213.		
Liabilities	17	Accounts payable and accrued expenses	8,748,621.	17	8,611,806.	
	18	Grants payable		18		
	19	Deferred revenue		19		
	20	Tax-exempt bond liabilities	12,737,200.	20	12,259,477.	
	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	2,148,368.	23	1,342,421.	
	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	5,330,332.	25	7,801,483.	
	26	Total liabilities. Add lines 17 through 25	28,964,521.	26	30,015,187.	
	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
Net Assets or Fund Balances	27	Unrestricted net assets	44,660,861.	27	46,193,661.	
	28	Temporarily restricted net assets	789,423.	28	387,488.	
	29	Permanently restricted net assets	687,131.	29	689,877.	
	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	46,137,415.	33	47,271,026.		
34	Total liabilities and net assets/fund balances	75,101,936.	34	77,286,213.		

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	81,250,118.
2	Total expenses (must equal Part IX, column (A), line 25)	2	80,584,281.
3	Revenue less expenses. Subtract line 2 from line 1	3	665,837.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	46,137,415.
5	Net unrealized gains (losses) on investments	5	465,028.
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	2,746.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	47,271,026.

Part XII Financial Statements and Reporting

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

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? 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: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
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: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
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		

Form 990 (2012)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization **Maine Coast Regional Health Facilities** Employer identification number **01-0198331**

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?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? 11g(i)		
(ii) A family member of a person described in (i) above? 11g(ii)		
(iii) A 35% controlled entity of a person described in (i) or (ii) above? 11g(iii)		
- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(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

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

Maine Coast Regional Health Facilities

01-0198331

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

Maine Coast Regional Health Facilities

01-0198331

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		\$ 12,522.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2		\$ 16,200.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3		\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4		\$ 75,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5		\$ 129,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6		\$ 7,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization Maine Coast Regional Health Facilities	Employer identification number 01-0198331
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7		\$ <u>10,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
8		\$ <u>5,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
9		\$ <u>5,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
10		\$ <u>12,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
11		\$ <u>5,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
12		\$ <u>10,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization Maine Coast Regional Health Facilities	Employer identification number 01-0198331
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Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
13		\$ 25,150.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
14		\$ 10,300.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
15		\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
16		\$ 19,950.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
17		\$ 6,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
18		\$ 21,411.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization Maine Coast Regional Health Facilities	Employer identification number 01-0198331
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Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
19	 <hr/> <hr/> <hr/>	\$ 7,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
20	 <hr/> <hr/> <hr/>	\$ 7,600.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
21	 <hr/> <hr/> <hr/>	\$ 6,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
22	 <hr/> <hr/> <hr/>	\$ 110,276.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
23	 <hr/> <hr/> <hr/>	\$ 25,239.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
24	 <hr/> <hr/> <hr/>	\$ 10,019.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization

Employer identification number

Maine Coast Regional Health Facilities

01-0198331

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
25		\$ 5,040.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
26		\$ 5,066.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" 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.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization Maine Coast Regional Health Facilities	Employer identification number 01-0198331
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Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
23	38 shares of Priceline Inc.	\$ 25,239.	12/10/12
24	755 Shares of Bank of America	\$ 10,019.	06/18/13
25	114 Shares of Campbell Soup	\$ 5,040.	06/13/13
26	113 Shares of TJX COS Inc.	\$ 5,066.	08/16/12
		\$	
		\$	

Name of organization

Employer identification number

Maine Coast Regional Health Facilities

01-0198331

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

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

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

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

SCHEDULE C
(Form 990 or 990-EZ)

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 **Maine Coast Regional Health Facilities** Employer identification number **01-0198331**

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 I-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%; border-collapse: collapse;"> <thead> <tr> <th style="width:35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width:65%;">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					

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		15,821.
j Total. Add lines 1c through 1i			15,821.
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 Hospital 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

Maine Coast Regional Health Facilities

Employer identification number

01-0198331

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

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

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

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

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

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

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

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

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

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

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

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

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

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

9 In Part 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.

- 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.
- b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
- (i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____
- (ii) Assets included in Form 990, Part X ▶ \$ _____
- 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:
- a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____
- b Assets included in Form 990, Part X ▶ \$ _____

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

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange programs
 - e Other _____
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part 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 |
|---------------------------------|--------|
| c Beginning balance | 1c |
| d Additions during the year | 1d |
| e Distributions during the year | 1e |
| f Ending balance | 1f |
- 2a Did the organization include an amount on Form 990, Part X, line 21? Yes No
- b If "Yes," explain the arrangement in Part 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	12,362,378.	11,712,210.	3,349,752.	2,953,215.	4,701,120.
b Contributions		135,584.	7,664,082.	27,935.	52,994.
c Net investment earnings, gains, and losses	904,112.	536,573.	710,004.	383,779.	-689,342.
d Grants or scholarships					68,360.
e Other expenditures for facilities and programs	378,564.	21,989.	11,628.	15,177.	1,043,197.
f Administrative expenses					
g End of year balance	12,887,926.	12,362,378.	11,712,210.	3,349,752.	2,953,215.

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment 93.00 %
 - b Permanent endowment 7.00 %
 - c Temporarily restricted endowment .00 %
- 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 | | X |
| (ii) related organizations | | X |
- b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

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		361,138.		361,138.
b Buildings		42,342,875.	14,522,346.	27,820,529.
c Leasehold improvements		257,863.	121,074.	136,789.
d Equipment		21,580,470.	16,692,824.	4,887,646.
e Other				

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶ 33,206,102.

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

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

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

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

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

(a) Description	(b) Book value
(1) Construction in Progress	468,150.
(2) Other Assets	36,208.
(3) Estimated Third-Party Payor Settlements	12,402,188.
(4) Due from Related Parties	51,855.
(5) Deferred Compensation	919,450.
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.)	13,877,851.

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

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Deferred Compensation	919,450.
(3) Estimated Third-Party Payor Settlements	6,882,033.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	7,801,483.

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

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

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

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

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

Part XIII Supplemental Information

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

Part V, line 4: The intended uses of the endowment funds are funded

depreciation, the oncology clinic and the breast clinic.

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

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events	
		Poinsettia Ball (event type)	Chef's Gala (event type)	None (total number)	(add col. (a) through col. (c))	
Revenue	1	101,331.	94,015.		195,346.	
	2	83,091.	77,535.		160,626.	
	3	18,240.	16,480.		34,720.	
Direct Expenses	4					
	5					
	6					
	7	11,003.	5,555.		16,558.	
	8					
	9	33,843.	30,238.		64,081.	
	10	Direct expense summary. Add lines 4 through 9 in column (d) ▶				(80,639)
	11	Net income summary. Combine line 3, column (d), and line 10. ▶				-45,919.

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

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

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

b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? Yes No

b If "Yes," explain: _____

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

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 **Maine Coast Regional Health Facilities** Employer identification number **01-0198331**

Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
1b If "Yes," was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to 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 _____ %	X	
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 checked="" type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	X	
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"?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		X
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a Did the organization prepare a community benefit report during the tax year?	X	
b If "Yes," did the organization make it available to the public?	X	

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

7 Financial Assistance and Certain Other Community Benefits at Cost	(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)			2,019,762.		2,019,762.	2.66%
b Medicaid (from Worksheet 3, column a)			11,057,622.	7,752,045.	3,305,577.	4.36%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			13,077,384.	7,752,045.	5,325,339.	7.02%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			115,959.	26,088.	89,871.	.12%
f Health professions education (from Worksheet 5)			154,695.	4,560.	150,135.	.20%
g Subsidized health services (from Worksheet 6)			14,071,866.	8,008,551.	6,063,315.	7.99%
h Research (from Worksheet 7)			0.			
i Cash and in-kind contributions for community benefit (from Worksheet 8)			10,000.		10,000.	.01%
j Total Other Benefits			14,352,520.	8,039,199.	6,313,321.	8.32%
k Total. Add lines 7d and 7j			27,429,904.	15,791,244.	11,638,660.	15.34%

Part V Facility Information

Section A. Hospital Facilities

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

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

Name, address, and primary website address

1 Maine Coast Memorial Hospital
50 Union Street
Ellsworth, ME 04605

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Maine Coast Memorial Hospital

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

Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		Yes	No
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 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 checked="" 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)	X	
2	Indicate the tax year the hospital facility last conducted a CHNA: <u>20 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? If "Yes," indicate how the CHNA report was made widely available (check all that apply): a <input checked="" type="checkbox"/> Hospital facility's website b <input checked="" type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	X	
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 checked="" type="checkbox"/> Execution of the implementation strategy c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input checked="" type="checkbox"/> Prioritization of health needs in its community h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input 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(f)(3)?		X
8b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
8c	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? \$ <u> </u>		

Part V Facility Information (continued) **Maine Coast Memorial 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? 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.	X	
11	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>250</u> % If "No," explain in Part VI the criteria the hospital facility used.	X	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply):	X	
a	<input checked="" type="checkbox"/> Income level		
b	<input type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input checked="" 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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	X	
a	<input type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input 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? If "Yes," check all actions in which the hospital facility or a third party engaged:		X
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		

Part V Facility Information (continued) **Maine Coast Memorial 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

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

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 <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d <input checked="" type="checkbox"/> Other (describe in Part VI)		
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?		X
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?		X
If "Yes," explain in Part VI.		

Part V Facility Information (continued)

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

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

How many non-hospital health care facilities did the organization operate during the tax year? 16

Name and address	Type of Facility (describe)
1 Ellsworth Internal Medicine 32 Resort Way Ellsworth, ME 04605	Physician Practice
2 Ellsworth Family Practice 32 Resort Way Ellsworth, ME 04605	Physician Practice
3 Maine Coast Pediatrics 32 Resort Way Ellsworth, ME 04605	Physician Practice
4 Eleanor Widener Dixon Memorial Clinic 37 Clinic Road Ellsworth, ME 04605	Physician Practice
5 Southwest Harbor Medical Center 45 Herrick Road Ellsworth, ME 04605	Physician Practice
6 Maine Coast Specialty Clinic 306 Main Street Ellsworth, ME 04605	Physician Practice
7 Maine Coast Urology 50 Union Street Ellsworth, ME 04605	Physician Practice
8 Maine Coast Rheumatology 50 Union Street Ellsworth, ME 04605	Physician Practice
9 Down East Dermatology 50 Union Street Ellsworth, ME 04605	Physician Practice
10 Maine Coast General Surgery 50 Union Street Ellsworth, ME 04605	Physician Practice

Part V Facility Information (continued)

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

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

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

Name and address	Type of Facility (describe)
11 Maine Coast Women Care 50 Union Street Ellsworth, ME 04605	Physician Practice
12 Maine Coast Hand & Shoulder 50 Union Street Ellsworth, ME 04605	Physician Practice
13 Frenchman Bay Orthopedics 50 Union Street Ellsworth, ME 04605	Physician Practice
14 Maine Coast Otolaryngology 50 Union Street Ellsworth, ME 04605	Physician Practice
15 Maine Coast Memorial Hospital Nocturn 50 Union Street Ellsworth, ME 04605	Physician Practice
16 Maine Coast Neurology 50 Union Street Ellsworth, ME 04605	Physician Practice

Part V Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; 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: Maine Coast Regional Health Facilities uses the
 Federal poverty guidelines to determine eligibility.

Part I, Line 7: The IRS 990H Instructions/Guidance provide a
 template (Worksheet 2 Template) as a way to determine the overall cost to
 charge ratio that could be applied throughout the IRS 990H form in order
 to convert charges to cost. Where applicable, we have utilized the
 worksheet 2 template calculation. The only areas we did not utilize this
 template calculation were the following.

A. IRS 990H worksheet 6- Subsidized Health Services- (The supporting
 schedule for Part I, Line 7G) we did not utilize the worksheet 2
 percentage when we were determining the profit/ loss of each of our
 provider based clinics. In addition, when we were compiling the subsidized
 provider based clinics listed in 1C above, we utilized the actual
 estimated costs on the modified Medicare cost report we prepared instead
 of applying the worksheet 2 cost to charge percentage.

Part VI Supplemental Information

B. IRS 990H Worksheet 3- Unreimbursed Medicaid and other means tested government programs (the supporting schedule for Part I, Lines 7B and 7C) and worksheet 6 Medicaid allowable costs for the subsidized health services listed in line 1C above (part of the line 7G costs) - we did not utilize the worksheet 2 percentage when calculating the Medicaid allowable cost. Instead we utilized the actual Medicaid filed cost report for the allowable costs.

Part I, Line 7g: Maine Coast Regional Health Facilities has several provider based physician practices. Per the instructions for IRS Form 990H, Worksheet 6, we are allowed to include any applicable physician practice that the Hospital subsidizes (i.e., operates at a loss). As such, we have included the following provider based physician practices that operate at a loss (i.e., are subsidized by the Hospital) and the associated costs of these practices.

A. Southwest Harbor Clinic

B. Ellsworth Internal Medicine

C. Pediatrics

D. Rheumatology

E. Family Practice

F. Frenchman Bay Clinic

G. Women Care Clinic

H. Physician Clinic

I. Specialty Clinic

J. Gouldsboro Clinic

K. Otolaryngology Clinic

L. Dermatology Clinic

M. General Surgery

Part V Supplemental Information

N. Urology Clinic

O. Psychiatry

P. Neurology

The above listed provider based physician practices have a community benefit (i.e., aggregate loss or subsidy from the Hospital) of approximately \$6.1 million. This community benefit does not include any hospital overhead allocated to these clinics. In addition, the community benefit also does not take into account bad debts, charity care and contractual adjustment. Thus this community benefit of approximately \$6.1 million is a conservative figure that reconciles to the community benefit reported on IRS form 990H, Part I, Line 7G, Column E.

Community Building Activities

Maine Coast Regional Health Facilities provides a variety of resources for several different types of community building activities. These resources include, but are not limited to:

- Free monthly education sessions
- CPR classes
- Free mammograms
- Volunteer and pet therapy program
- Infant family support
- Speaking engagements relative to prevalence of cancer in the area by the oncology director
- Heart healthy community wellness program
- Physician referral phone system
- Disease management
- Cardiac rehab exercise program

Part VI Supplemental Information

-Nursing education for local students

Part I, Ln 7 Col(f): Bad debt expenses are no longer part of the expense grouping on the income statement of the audited financial statements.

They are included as a deduction from revenue. As such, the Part I, Line 7 column f calculation, per the IRS instructions, are already net of bad debt expense.

Schedule H, Part I, Line 6a:

Community Benefit Report

Maine Coast Regional Health Facilities prepares a community benefit report through its annual report process. The annual report is available three months after fiscal year end. Within the annual report the Hospital describes community benefit in financial terms and a summary of services provided. This includes the losses from: subsidized physician practices; subsidized community health and wellness programs; the cost of patients who cannot afford to pay; Medicaid and Medicare shortfalls; and patients who do not pay or are unable to pay.

Part III, Line 4: Maine Coast Regional Health Facilities, in compliance with accounting guidelines, classify bad debts as a deduction from revenue. The Hospital follows the Medicare guidelines for allowable bad debts. It uses the following criteria:

- a. Establishing that reasonable collection efforts were made
- b. Establishing that the accounts were uncollectible
- c. Establishing that there is no likelihood of recovery at anytime in the

Part VI Supplemental Information

future

The bad debt adjustment is at cost and is the total write-offs reduced by the ratio of patient care cost to charge.

Part III, Line 8: The IRS 990H instructions/guidance provide a template (worksheet 2 template) as a way to determine the overall cost to charge ratio that could be applied throughout the IRS 990H form in order to convert charges to cost. Where applicable, we have utilized the worksheet 2 template calculation. The only area where we did not utilize this template calculation was in form 990H worksheet B, Line 2 & 6- Medicare allowable costs and payments related to the subsidized health services- we utilized the Medicare cost report estimated cost and payment for these services.

The Hospital believes that provider based clinics listed in 1C above should be and are considered a community benefit due to the fact that without the Hospital subsidizing and offering the services that these clinics offer, the community at large would have to travel at least 45 minutes to the nearest like hospital and that hospital's service offerings. As such, Maine Coast believes that by offering and subsidizing these clinics within its community and thus enabling community members to have easy access and an easier commute for these services, that this benefits the whole community at large.

Part III, Line 9b: When a patient is referred out to collections but then applies for free or discounted care, we pull the account back from collections when it is determined they qualify for one of the programs. If

Part VI Supplemental Information

the collection agency suspects that someone may need to apply for one of the programs, they send out an application and notify us. We make every effort to screen as many people as possible before we send them to collections.

Maine Coast Memorial Hospital:

Part V, Section B, Line 3: On a statewide basis, the research consultants developed an advisory committee that met several times during the assessment research and drafting of the publication. These individuals represented a broad spectrum of backgrounds, and they are named below:

Carol Bell, Healthy Maine Partnership Director

Kelly Bentley, Healthy Maine Partnership Director

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

Patricia Hart, Maine Development Foundation

Barbara Leonard, MPH, Maine Health Access Foundation (philanthropic foundation focused on access to care in Maine)

Becca Matisovich, Maine Center for Disease Control

Lisa Miller, Bingham Foundation (philanthropic foundation)

Dora Ann Mills, MD, Maine Center for Disease Control

Elizabeth Mitchell, Maine Health Management Coalition (representing the state's major employers, insurers and providers)

Trish Riley, Governor's Office of Health Policy and Finance (GOHPF)

Brian Rines, Advisory Committee for Health System Development (overseen by GOHPF)

Rachel Talbot-Ross, Maine Chapter, NAACP

Ted Trainer, Public Health Coordinating Council

Shawn Yardley, City of Bangor, Department of Health and Welfare

Part VI Supplemental Information

In the local area served by the assessment, multiple parties were engaged in dissemination of the assessment findings and establishment of priorities.

Dissemination and prioritizing process, as well as needs identified and prioritized:

In June 2011, EMHS in conjunction with Maine Coast Memorial Hospital hosted a community forum to present an overview of local assessment results and recommendations. Invitees included:

1. Other area hospitals
2. Physician leaders
3. Federally Qualified Health Centers
4. Healthy Maine Partnerships
5. District Liaisons linked to Maine CDC
6. Home Health and Long Term Care leaders
7. Social Service Agencies
8. Leaders of the tribal communities
9. Business leaders
10. Legislative leaders
11. Representatives of the State administration

Attendees were provided an executive summary of the assessment as well as a summary table of data reflective of the service area. A presentation was made by EMHS staff who led the assessment, providing sample data, trends over time and the priorities and recommendations as suggested by the

Part VI Supplemental Information

research consultants.

Maine Coast Memorial Hospital:

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

Maine Coast Memorial Hospital:

Part V, Section B, Line 20d: All patients are billed/charged an amount equal to gross charges and then depending on their insurance payment, prompt pay discounts or discounted care are balance billed the unpaid or adjusted amount.

Part VI, Line 2: Maine Coast Regional Health Facilities assessed the medical needs of the community as part of the process for establishing the medical staff development plan. The new medical staff and services were identified in the strategic planning process brought forth from the provider community. It then was determined and prioritized what services the Hospital could comfortably address and implement.

Part VI, Line 3: We notify patients and customers about access to assistance in various ways. The simplest way is the signage, pamphlets and

Part V Supplemental Information

educational material located around the organization and in the offices.

In every patient access/ patient financial services area, is a sign explaining the availability of free/ discounted care and the federal poverty guidelines. There are also pamphlets located in the outpatient areas explaining free care/ discounted care and providing information on Mainecare. For inpatients, there is a book in the room which provides all the information on all programs available.

Scheduled medical imaging, surgery patients and inpatients all generally speak with a hospital employee who can provide information on available programs. Inpatients are also offered the services of unicare to assist them with applying for Mainecare. Patient accounting staffs are generally available to assist any patient inquiring about programs when presenting for services.

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

Part VI, Line 4: Maine Coast Regional Health Facilities Services,

D/B/A Maine Coast Memorial Hospital, is a 48 staffed bed full service acute care not-for profit hospital located in Ellsworth, Maine (Hancock County). The Hospital is accredited by the Joint Commission and its mission is to serve its communities with excellence in health care. Its services include acute inpatient, 24 hours emergency center, and diagnostic and surgical services. Along with hospital services, the Hospital employs the majority of primary and specialty care physicians in the area. It is the only full service hospital located in either Hancock

Part VI Supplemental Information

or adjacent Washington County. The Hospital is regularly used as referral facility by the four (4) critical access hospitals located in these two counties as well.

Hancock and Washington county is considered rural by the state of Maine and the United States Census Bureau, under guidelines set forth by the office of Management and Budget (OMB). The Hospital service area (HSA) as defined by the Maine Health Data Organization (MHDO) uses the statistical method where the greatest proportion of residents received their inpatient care. The following towns make up the Maine Coast Memorial Hospital HSA as determined by the MHDO:

Eastbrook

Beddington

Deblois

Cherryfield

Ellsworth

Franklin

Milbridge

Gouldsboro

Hancock

Lamoine

Mariaville

Osborn

Otis

Steuben

Sorrento

Sullivan

Part VI Supplemental Information

Surry

Trenton

Waltham

Winter Harbor

Oqiton TWP

T3 ND

T7 SD

T8 SD

T9 SD

T10 SD

T16 MD

T22 MD

T28 MD

T34 MD

T35 MD

T39 MD

T40 MD

T41 MD

The following demographics represent the counties served by Maine Coast

Memorial Hospital:

- Population: Hancock County 54,845; Washington County 32,190; State of Maine 1,328,000

- Persons < 5 yrs: Hancock County 4.3%; Washington County 4.9%; State of Maine 5.0%

- Persons < 18 yrs: Hancock County 17.6%; Washington County 19.3%; State of Maine 20.0%

- Persons 65 yrs & over: Hancock County 19.8%; Washington County

Part VI Supplemental Information

20.8%; State of Maine 17.0%

- Median Household Income: Hancock County \$48,635; Washington County \$36,486; State of Maine \$48,219

- Persons below poverty level: Hancock County 12.7%; Washington County 19.8%; State of Maine 13.3%

Part VI, Line 5: Maine Coast Regional Health Facilities is a local not for profit hospital that serves its local communities and people regardless of their ability to pay. Maine Coast provides financial assistance and sliding scale discounts to self pay and low income patients. Also the Hospital participates in government sponsored health care programs including Medicare, Medicaid, Champus and Tricare. The volunteer Board of Trustees sets the strategic direction for the Hospital and is comprised of community members from the Hospital's service area. This group is made up of local business owners, professionals and retirees. Maine Coast's non-profit status allows the Hospital to reinvest any excess of revenues over expense back into the Hospital to continuously improve the medical care it delivers. The Hospital allows access to healthcare that would otherwise be difficult. The Hospital is the main employer for the local physicians, including specialty physicians that would otherwise have to be accessed out of the area.

**SCHEDULE I
(Form 990)**

Department of the Treasury
Internal Revenue Service

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

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

OMB No. 1545-0047

2012

Open to Public
Inspection

Name of the organization **Maine Coast Regional Health Facilities** Employer identification number **01-0198331**

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LifeFlight Foundation P.O. Box 899 Camden, ME 04843	52-2377085	501(c)(3)	10,000.	0.			Operational Support

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

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

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

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

Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Schedule I, Part I, Line 2: The Organization makes payments only to other 501(c)(3) organizations. Therefore, additional monitoring was not deemed necessary.

**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

Maine Coast Regional Health Facilities

Employer identification number

01-0198331

Part I Questions Regarding Compensation

	Yes	No
<p>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.</p> <p> <input type="checkbox"/> First-class or charter travel <input checked="" type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) </p>		
<p>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</p>		X
<p>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?</p>	X	
<p>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.</p> <p> <input checked="" type="checkbox"/> Compensation committee <input checked="" type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations <input checked="" type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee </p>		
<p>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:</p> <p>a Receive a severance payment or change-of-control payment?</p> <p>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p> <p>c Participate in, or receive payment from, an equity-based compensation arrangement?</p> <p>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.</p>		X
<p>4a</p>		X
<p>4b</p>		X
<p>4c</p>		X
<p>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:</p> <p>a The organization?</p> <p>b Any related organization?</p> <p>If "Yes" to line 5a or 5b, describe in Part III.</p>		X
<p>5a</p>		X
<p>5b</p>		X
<p>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:</p> <p>a The organization?</p> <p>b Any related organization?</p> <p>If "Yes" to line 6a or 6b, describe in Part III.</p>		X
<p>6a</p>		X
<p>6b</p>		X
<p>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</p>	X	
<p>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</p>		X
<p>9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</p>		

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

Schedule J (Form 990) 2012

Part III 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) Robert A. Beekman, M.D. Trustee/Physician	(i)	177,425.	51.	1,524.	4,098.	32,494.	215,592.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) Sean T. Maloney, M.D. Trustee/Physician	(i)	256,132.	7,719.	180.	5,625.	40,934.	310,590.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) Charles D. Therrien CEO	(i)	306,979.	51.	6,887.	5,625.	30,305.	349,847.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) Sheena E. Whittaker, M.D. President of Medical Staff	(i)	235,850.	7,505.	180.	4,399.	40,134.	288,068.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) Mary Collins Physician	(i)	237,155.	98,665.	536.	5,575.	24,406.	366,337.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) Martin R. Curlick Physician	(i)	377,185.	31,351.	17,026.	5,625.	39,166.	470,353.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) Paul M. Denoncourt Physician	(i)	311,605.	48,151.	90,152.	5,625.	29,633.	485,166.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) Gerald Rosenberg Physician	(i)	301,264.	123,178.	516.	5,625.	31,217.	461,800.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) Sterling C. Williamson Physician	(i)	307,006.	215,869.	46,079.	5,625.	45,842.	620,421.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

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

Part I, Line 1B: Travel for companions: The Board of Directors for the hospital are not compensated. In lieu of compensation meals are supplemented for their spouses when they are required to attend forums and seminars on behalf of the hospital. The amount involved is very minimal.

Part I, Line 7: The bonus payments for Sterling C. Williamson, Gerald Rosenberg, Paul Denoncourt, Martin Curlik, Mary Collins, Sean T. Maloney, and Sheena Whittaker are RVU incentive payments.

The Hospital also provided minimal holiday bonus payments to its employees based on their full-time, part-time and per diem status.

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

Supplemental Information on Tax-Exempt Bonds

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

OMB No. 1545-0047

2012
Open to Public Inspection

Name of the organization

Maine Coast Regional Health Facilities

Employer identification number
01-0198331

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A MHHEFA	01-0314384	5604253L2	12/03/08	6,960,000.	Construction of Emergency Dept. Refunding Series 2001B		X		X		X
B MHHEFA	01-0314384	560427NM4	11/30/11	1,865,000.	Refunding Series 2001B		X		X		X
C MHHEFA	01-0314384	560427WV4	05/23/13	4,395,000.	Refunding Series 2003C		X		X	X	
D											

Part II Proceeds

	A		B		C		D	
1 Amount of bonds retired	743,869.		326,708.					
2 Amount of bonds legally defeased								
3 Total proceeds of issue	6,960,000.		1,865,000.		4,395,000.			
4 Gross proceeds in reserve funds	498,869.		210,238.		341,913.			
5 Capitalized interest from proceeds	439,006.							
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds	131,414.		35,050.		52,407.			
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds	5,890,711.							
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion	2009							
14 Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
15 Were the bonds issued as part of an advance refunding issue?		X		X	X			
16 Has the final allocation of proceeds been made?	X		X		X		X	
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		
		X		X		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		X		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		X		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		X		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		X		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		X		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		X		X		
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?		X		X		X		
b Exception to rebate?		X		X		X		
c No rebate due?		X		X		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		X		X		
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X	X			X		
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?				X				
e Was the hedge terminated?				X				

**SCHEDULE M
(Form 990)**

Noncash Contributions

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

Name of the organization

Maine Coast Regional Health Facilities

Employer identification number
01-0198331

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art - Works of art				
2 Art - Historical treasures				
3 Art - Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities - Publicly traded	X	7	49,725.	Stock Market Value
10 Securities - Closely held stock				
11 Securities - Partnership, LLC, or trust interests				
12 Securities - Miscellaneous				
13 Qualified conservation contribution - Historic structures				
14 Qualified conservation contribution - Other				
15 Real estate - Residential				
16 Real estate - Commercial				
17 Real estate - Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ()				
26 Other ()				
27 Other ()				
28 Other ()				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement **29**

	Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		X
b If "Yes," describe the arrangement in Part II.		
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?		X
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?	X	
b If "Yes," describe in Part II.		
33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.		

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

Schedule M (Form 990) (2012)

Part I **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Schedule M, Line 32b: The Organization sells contributions of securities through its investment broker. All gifts of securities are sold as soon as administratively possible.

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

Maine Coast Regional Health Facilities

Employer identification number

01-0198331

Form 990, Part I, Line 1, Description of Organization Mission:

care facility and physician practices.

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

Laboratory Tests: 276,993

Radiology Exams:

Diagnostic Radiology 17,640

Ultrasound 5,371

CT Scan 5,203

Mammography 3,779

Nuclear Medicine 2,724

MRI 2,061

Physical Therapy 62,982

Births 312

Form 990, Part VI, Section A, line 2: Rebecca Sargent and Debra

Ehrleben have a business relationship.

Form 990, Part VI, Section A, line 6: Maine Coast Healthcare Corporation
is the sole member of the Organization.

Form 990, Part VI, Section A, line 7a: The Member shall have the right to
elect trustees and honorary trustees to the board of trustees.

Name of the organization

Maine Coast Regional Health Facilities

Employer identification number

01-0198331

Form 990, Part VI, Section A, line 7b: The following decisions are subject to approval by the Member of the Organization:

1. The removal of members of the Board of Trustees;
2. The change of the number of Trustees constituting the Board of Trustees with the limitations prescribed in the Articles of Incorporation;
3. The amendment, restatement, or modification of the Bylaws or Articles of Incorporation of the Corporation;
4. The approval of the sale, mortgage, lease, or other dispositions of all, or substantially all, of the assets and property of the Organization, the dissolution of the Organization, or its merger with or consolidation into another Organization;
5. The right to approve the donation, unfunded disposition, or other expenditure of corporate assets, whether principal or income;
6. The right to approve corporate strategic planning goals, objectives, and capital expenditure plans;
7. The right to approve substantial program changes, including health services;
8. The right to approve the Organization's cumulative annual borrowings in any amount exceeding one percent of the annual gross revenues of the Organization as set forth in the most recent annual financial statements of the Organization;
9. The right to approve the appointment of an auditor for the Organization; and
10. Upon recommendation of the Board of Trustees, the right to appoint or remove the President and Treasurer.

Form 990, Part VI, Section B, line 11: Prior to filing, a presentation on

Name of the organization

Maine Coast Regional Health Facilities

Employer identification number

01-0198331

the Form 990 was provided to the leadership of the board of trustees, and a copy of the form was provided to the entire board.

Form 990, Part VI, Section B, Line 12C:

MCMH's policies and procedures require that all board members, senior leaders, department managers, and medical staff members disclose any potential conflicts of interest in writing. These forms are reviewed by the Board Chair, the Human Resource Director, or the compliance officer, depending on the disclosing individual's role.

Form 990, Part VI, Section B, Line 12c: Examples of how potential conflicts are managed include disclosing the conflict when applicable, (e.g., during discussions at the board meeting) and excusing the party with the potential conflict from participation and voting.

Form 990, Part VI, Section B, Line 15: Executive Committee with the help of the search firm and Maine Hospital Association salary survey was used to set the compensation levels for the CEO. The MHA survey was primarily used to set the compensation levels for the top management officials.

Form 990, Part VI, Section C, Line 19: Government documents and conflict of interest policy are available upon request. The financial statements are made public through the annual report.

Form 990, Part XI, line 9, Changes in Net Assets:

Change in Value of Trust 2,746.

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 **Maine Coast Regional Health Facilities** Employer identification number **01-0198331**

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
Maine Coast Medical Realty, Inc. - 01-0390918, 50 Union Street, Ellsworth, ME 04605	Purnishing Medical Facilities	Maine	501(c)(3)	Line 11a, I	Maine Coast Regional Health Facilities	X	
Maine Coast Healthcare Corporation - 22-3176167, 50 Union Street, Ellsworth, ME 04605	Parent Organization for Hospital	Maine	501(c)(3)	Line 11b, II	n/a		X
Maine Coast Healthcare Foundation - 26-2344952, 50 Union Street, Ellsworth, ME 04605	Raise and hold donations for hospital	Maine	501(c)(3)	Line 11a, I	Maine Coast Regional Health Facilities	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) Maine Coast Healthcare Foundation	C	110,276.	FMV
(2) Maine Coast Medical Realty, Inc.	Q	76,272.	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 **X**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

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

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

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

Part I only

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

Type or print	Name of exempt organization or other filer, see instructions. Maine Coast Regional Health Facilities	Employer identification number (EIN) or 01-0198331
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. 50 Union Street	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Ellsworth, ME 04605	

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

Application Is For	Return Code	Application Is For	Return Code
Form 990 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

Charles Therrien, CEO
 50 Union Street - Ellsworth, ME 04605

- The books are in the care of ▶ **50 Union Street - Ellsworth, ME 04605**
 Telephone No. ▶ **207-664-5303** 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 Maine Coast Regional Health Facilities	Employer identification number (EIN) or 01-0198331
	Number, street, and room or suite no. If a P.O. box, see instructions. 50 Union Street	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Ellsworth, ME 04605	

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

Application Is For	Return Code	Application Is For	Return Code
Form 990 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.

Charles Therrien, CEO

- The books are in the care of **50 Union Street - Ellsworth, ME 04605**
Telephone No. **207-664-5303** 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.

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

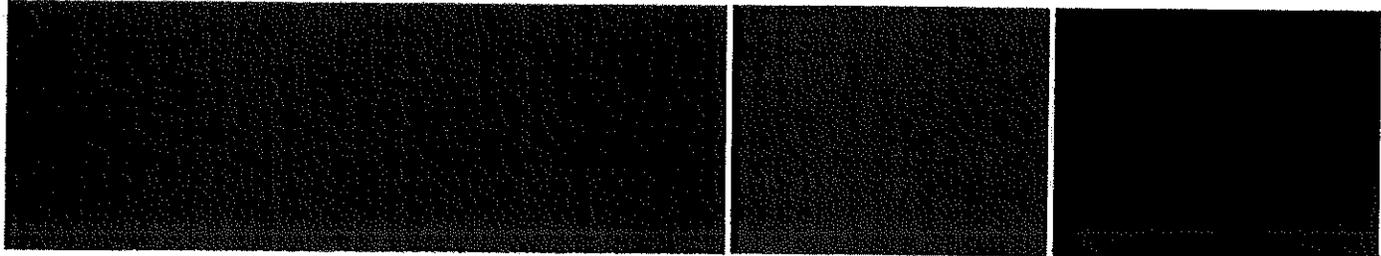
8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$	0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior 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 McMan** Title **CPA**

Date **2/6/14**
Form 8868 (Rev. 1-2013)



**MAINE COAST REGIONAL HEALTH FACILITIES
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

and

OTHER FINANCIAL INFORMATION

June 30, 2013 and 2012

With Independent Auditor's Report



MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

**Consolidated Financial Statements
and Other Financial Information**

Years Ended June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Maine Coast Regional Health Facilities

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Maine Coast Regional Health Facilities (the Hospital) and Subsidiaries, subsidiaries of Maine Coast Healthcare Corporation, which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated 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 consolidated 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated financial statements.

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

Board of Trustees
Maine Coast Regional Health Facilities

Opinion

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

Other Matter

Other Information

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

Berry Dunn McNeil & Parker, LLC

Portland, Maine
September 4, 2013

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2013 and 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 5,634,473	\$ 8,037,075
Patient and other accounts receivable, less allowance for uncollectible accounts of \$5,588,000 in 2013 and \$6,459,000 in 2012	8,871,236	9,131,836
Supplies	594,493	685,665
Estimated third-party payor settlements	12,402,188	-
Prepaid expenses and other current assets	1,059,027	1,274,404
Assets limited as to use, current portion	<u>489,278</u>	<u>774,388</u>
Total current assets	29,050,695	19,903,368
Assets limited as to use, less current portion	16,272,643	15,047,694
Other assets		
Deferred costs, net of amortization	201,566	279,436
Long-term investments	1,533,775	1,764,172
Other assets	1,116,182	1,131,946
Long-term receivable from State of Maine	<u>-</u>	<u>8,076,331</u>
	<u>2,851,523</u>	<u>11,251,885</u>
Property and equipment		
Land and land improvements	4,014,203	4,011,608
Buildings and leasehold improvements	39,841,962	36,223,886
Equipment	<u>21,641,408</u>	<u>20,352,503</u>
	65,497,573	60,587,997
Less accumulated depreciation and amortization	<u>(32,042,045)</u>	<u>(29,133,364)</u>
	33,455,528	31,454,633
Construction in progress	<u>545,900</u>	<u>1,977,297</u>
	<u>34,001,428</u>	<u>33,431,930</u>
Total assets	\$ <u>82,176,289</u>	\$ <u>79,634,877</u>

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

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 2,571,493	\$ 2,686,189
Accrued payroll and related liabilities	6,057,896	6,063,785
Estimated third-party payor settlements	6,882,033	4,501,117
Current portion of long-term obligations	<u>691,080</u>	<u>1,245,947</u>
Total current liabilities	16,202,502	14,497,038
Long-term obligations, less current portion	12,910,818	13,639,621
Other long-term liabilities	<u>989,185</u>	<u>908,506</u>
Total liabilities	<u>30,102,505</u>	<u>29,045,165</u>
Commitments and contingencies (Note 9)		
Net assets		
Unrestricted	50,501,685	48,673,378
Temporarily restricted	443,866	829,203
Permanently restricted	<u>1,128,233</u>	<u>1,087,131</u>
Total net assets	<u>52,073,784</u>	<u>50,589,712</u>

Total liabilities and net assets

\$ 82,176,289 \$ 79,634,877

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Net Assets

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)	\$ 82,600,759	\$ 83,379,402
Provision for bad debts	<u>(4,723,936)</u>	<u>(5,246,401)</u>
Net patient service revenue	77,876,823	78,133,001
Other revenue	2,247,260	1,798,297
Net assets released from restrictions used for operations	<u>197,118</u>	<u>149,724</u>
Total unrestricted revenues, gains, and other support	<u>80,321,201</u>	<u>80,081,022</u>
Expenses		
Salaries and benefits	50,076,943	52,613,268
Supplies and expenses	15,282,602	14,779,442
Purchased services	9,098,887	7,512,921
Health care provider tax	2,067,958	1,759,630
Depreciation and amortization	3,385,765	3,534,879
Interest	<u>756,010</u>	<u>835,955</u>
Total expenses	<u>80,668,165</u>	<u>81,036,095</u>
Operating loss	<u>(346,964)</u>	<u>(955,073)</u>
Other income (loss)		
Contributions	133,179	166,656
Investment income	394,877	350,955
Change in market value of investments	872,050	306,413
Loss on early extinguishment of long-term debt	<u>(116,945)</u>	<u>(45,391)</u>
Total other income	<u>1,283,161</u>	<u>778,633</u>
Excess (deficiency) of revenues, gains, and other support over expenses	<u>936,197</u>	<u>(176,440)</u>

(Continued on next page)

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

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Net Assets (Concluded)

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Excess (deficiency) of revenues, gains, and other support over expenses (brought forward)	\$ 936,197	\$ (176,440)
Net assets released from restrictions used for capital projects	<u>892,110</u>	<u>602,713</u>
Increase in unrestricted net assets	<u>1,828,307</u>	<u>426,273</u>
Temporarily restricted net assets		
Contributions	703,891	967,984
Net assets released from restrictions	<u>(1,089,228)</u>	<u>(752,437)</u>
(Decrease) increase in temporarily restricted net assets	<u>(385,337)</u>	<u>215,547</u>
Permanently restricted net assets		
Contributions	38,356	-
Change in value of trust	<u>2,746</u>	<u>3,660</u>
Increase in permanently restricted net assets	<u>41,102</u>	<u>3,660</u>
Increase in net assets	1,484,072	645,480
Net assets, beginning of year	<u>50,589,712</u>	<u>49,944,232</u>
Net assets, end of year	\$ <u>52,073,784</u>	\$ <u>50,589,712</u>

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

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Increase in net assets	\$ 1,484,072	\$ 645,480
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Net realized and unrealized gains on investments	(872,050)	(306,413)
Loss on sale of assets	74,176	48,013
Loss on early extinguishment of long-term debt	116,945	45,391
Restricted contributions	(742,247)	(967,984)
Depreciation and amortization	3,385,765	3,534,879
Provision for bad debts	4,723,936	5,246,401
Changes in current assets and liabilities		
Patient and other accounts receivable	(4,463,336)	(7,260,167)
Prepaid expenses, supplies and other current assets	306,549	(22,483)
Estimated third-party payor settlements	(1,944,941)	(386,960)
Accounts payable and accrued expenses	(114,696)	112,559
Accrued payroll and related liabilities	(5,889)	(873,748)
Net cash provided by operating activities	<u>1,948,284</u>	<u>14,978</u>
Cash flows from investing activities		
Purchases of property and equipment	(4,015,816)	(2,962,788)
Proceeds from sales of property and equipment	-	21,556
Trustee held funds	285,110	(27,730)
Purchase of investments	(1,544,035)	(1,606,796)
Proceeds from sales of investments	1,421,533	1,261,708
Other assets	15,764	(59,215)
Long-term liabilities	80,679	148,379
Net cash used by investing activities	<u>(3,756,765)</u>	<u>(3,224,886)</u>
Cash flows from financing activities		
Proceeds from restricted contributions and restricted investment income	742,247	967,984
Payments of long-term obligations	(1,400,615)	(1,200,155)
Reduction of bond issuance costs	64,247	10,350
Net cash used by financing activities	<u>(594,121)</u>	<u>(221,821)</u>
Decrease in cash and cash equivalents	<u>(2,402,602)</u>	<u>(3,431,729)</u>
Cash and cash equivalents at beginning of year	<u>8,037,075</u>	<u>11,468,804</u>
Cash and cash equivalents at end of year	<u>\$ 5,634,473</u>	<u>\$ 8,037,075</u>
Supplemental disclosures of cash flow information:		
Interest paid, of which none was capitalized in 2013 and 2012.	<u>\$ 876,120</u>	<u>\$ 853,291</u>

Noncash transactions:

During 2012, the Hospital refinanced its Series 2001B Bonds (\$1,708,815) by issuing Series 2011C Bonds (\$1,654,763).

The Series 2011C Bonds and the retirement of the Series 2001B Bonds have been treated as noncash transactions.

During 2013, the Hospital refinanced its Series 2003C Bonds (\$4,541,829) by issuing Series 2013A Bonds (\$4,053,088).

The Series 2013A Bonds and the retirement of the Series 2003C Bonds have been treated as noncash transactions.

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

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

1. Significant Accounting Policies

Organization

The consolidated financial statements include the accounts of Maine Coast Regional Health Facilities (the Hospital) and its subsidiaries, Maine Coast Healthcare Foundation (the Foundation), and Maine Coast Medical Realty, Inc. (Medical Realty). The Hospital is a subsidiary of Maine Coast Healthcare Corporation (Healthcare), which also has another subsidiary, Maine Coast Physician Affiliates (MCPA), which had no activity during 2013 or 2012. The consolidated financial statements do not include the accounts or activity of Healthcare or MCPA. The Hospital is a not-for-profit entity established to provide health care services through its acute care and physician practice facilities. Medical Realty acquires real or personal property and holds, administers and manages the space for the benefit of the Hospital and other parties. The Foundation's primary purpose is to raise and hold donations for the benefit of the Hospital. The Hospital, the Foundation and Medical Realty are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. All significant intercompany balances and transactions have been eliminated in consolidation.

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas which are affected by the use of estimates include the allowance for uncollectible accounts, allowance for contractual adjustments, estimated third-party payor settlements and estimated employee health benefit obligations.

Cash and Cash Equivalents

All highly liquid savings deposits and investments with maturities of six months or less when purchased, other than assets limited as to use, are considered to be cash equivalents.

Patient Accounts Receivables

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 the provision for bad debts 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 collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

major payor sources in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service based on past experience, which indicates that many patients are unable or unwilling to pay amounts for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or eligible) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

During 2013, the Hospital decreased its estimate from \$6,443,468 to \$5,538,193 in the allowance for doubtful accounts relating to self-pay patients. During 2013, self-pay write-offs increased from \$4,522,437 to \$6,942,136. The increase resulted from trends experienced in the collection of amounts from self-pay patients and an increased effort by the Hospital to write-off amounts for which all reasonable collection efforts had been exhausted.

Supplies

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

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Trustees for future purposes, over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Hospital have been reclassified in the balance sheets as of June 30, 2013 and 2012.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss, including realized and unrealized gains and losses on investments, interest and dividends, is included in the excess (deficiency) of revenues, gains, and other support over expenses pursuant to the fair value option under ASC Topic 825, unless the income or loss is restricted by donor or law.

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, statements of operations, and changes in net assets.

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Property and Equipment

Property and equipment acquisitions are recorded at cost. 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, and are excluded from the excess (deficiency) of revenues, gains and other support over expenses, 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 assets 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.

Donor-Restricted Gifts

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

Self-Insured Programs

The Hospital participates in a self-insured program for its group health insurance. Total expense to the Hospital for employee health care was approximately \$5,115,000 in 2013 and \$6,558,000 in 2012. These figures represent claims to outside health care facilities, pharmacy costs, as well as services provided by the Hospital. The Hospital recorded revenue for services provided to participants in the plan of approximately \$4,260,000 in 2013 and \$5,081,000 in 2012. Stop loss insurance coverage is in force which mitigates the Hospital's exposure to loss on an individual basis.

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

The Hospital also participates in a workers' compensation insurance plan through an industry cooperative. Current funding levels are considered to be adequate to meet future claims. Excess insurance has been purchased to mitigate the cooperative's exposure on an individual basis.

Retirement Plans

The Hospital participates in a defined contribution plan. All employees who have one year of service, reached age 21 and worked a minimum of 1,000 hours per year are eligible. Effective October 1, 2011, the Hospital provides a base contribution for all eligible employees, whether they participate in the plan or not, of 1.25% and 3.00% of annual compensation for non-union and unionized employees, respectively. Under the terms of the plan, the Hospital may make a discretionary contribution. The Hospital matches 25% of the employee's salary contribution up to an additional 1% of the employee's compensation. The Hospital's contributions vest 20% per year. Expense for employer contributions was approximately \$883,000 in 2013 and \$892,000 in 2012.

The Hospital has established a 457(b) plan for certain eligible highly compensated employees. This plan allows these employees to set aside up to an additional \$17,500 of annual salary on a tax-deferred basis, over and above any other retirement contributions. Amounts in the 457(b) plan are included in other assets and long-term liabilities and total \$919,450 and \$829,215 at June 30, 2013 and 2012, respectively.

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 discharge, reimbursed costs, discounted charges, fee schedules, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and other for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in these estimates are reflected in the consolidated financial statements in the year in which they occur.

Activities directly associated with services related to acute and ancillary care services are considered to be operating activities and are included as patient service revenue. Revenue which is not related to patient medical care and which is normal to the day-to-day operations of the Hospital is included in other revenue.

The Hospital recognizes patient service revenue associated with services rendered to patients who have third-party payor coverage on the basis of contractual rates for such services. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates (or on the basis of discounted rates, if negotiated or provided by policy). Based on historical trends, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services rendered. Thus, the Hospital records a provision for bad debts related to uninsured patients in the period the services are rendered. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

fiscal year ended June 30, 2013 totaled \$82,600,759, of which \$81,043,042 was revenue from third-party payors and \$1,557,717 was revenue from self-pay patients.

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. The Hospital maintains records to identify 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 year ended June 30:

	<u>2013</u>	<u>2012</u>
Charges foregone, based on established rates	\$ <u>5,895,307</u>	\$ <u>4,587,246</u>
Estimated costs and expenses incurred to provide charity care	\$ <u>2,805,000</u>	\$ <u>2,149,000</u>
Equivalent percentage of charity care charges to all Hospital patient charges	<u>3.48%</u>	<u>2.65%</u>

Cost of providing charity care services has been estimated based on an overall financial statement ratio of total costs to total charges applied to charity charges forgone for the services.

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

The consolidated statements of operations and changes in net assets include excess (deficiency) of revenues, gains, and other support over expenses. In 2013 and 2012, changes in unrestricted net assets which are excluded from this measure, consistent with industry practice, include net assets released from restrictions used for capital projects.

Reclassifications

Certain amounts in the 2012 consolidated financial statements have been reclassified to conform to the current year's presentation. Such reclassifications did not have a material effect on the consolidated financial statements.

Recently Issued Accounting Pronouncements

In July 2011, the FASB issued ASU No. 2011-07, "Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities" (ASU 2011-07), which requires reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. It also requires enhanced disclosure about the policies for recognizing revenue and assessing bad debts, disclosures of patient service revenue, as well as

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

qualitative and quantitative information about changes in the allowance for doubtful accounts. The provisions of ASU 2011-07 were effective for the Hospital beginning July 1, 2012 and have been incorporated into the June 30, 2013 consolidated financial statements.

Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated subsequent events through September 4, 2013, which is the date the consolidated financial statements were available to be issued.

2. Estimated Third-Party Payer Settlements

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

As of July 1, 2011, the Hospital elected to participate in a Rural Community Hospital Demonstration Project. Under this program, the Hospital is paid based on cost for inpatient services for the year ended June 30, 2012, and based on those costs plus inflation in subsequent years. The Demonstration Project is for a period of five years, and the Hospital may opt out of the program at certain times. The Hospital elected to remain in the Project for the year ending June 30, 2013. Outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a predetermined fee schedule that is based on clinical, diagnosis and other factors. At the conclusion of each year, the Hospital files an annual cost report to report activity and to settle various reimbursement items. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2008, except for June 30, 2005 and 2006.

MaineCare

~~MaineCare, the State of Maine's Medicaid program, is a medical assistance program offered by~~ the State of Maine Department of Health and Human Services. Inpatient and outpatient services rendered to MaineCare program beneficiaries are reimbursed under a variety of methodologies, including prospective rates, fee schedules and discounted cost reimbursement. Final settlement is determined after submission of an annual cost report by the Hospital and audit thereof by MaineCare. Cost reports filed through June 30, 2004 have been final settled.

The balance sheets at June 30, 2013 and 2012 include amounts due from the State under the MaineCare program. For several years, interim payments from the MaineCare program have been significantly below the amounts due to the Hospital based upon the reimbursement statutes in effect. In 2012, amounts due from MaineCare were classified as long-term assets as there was no expectation of the amounts being paid within a year. Recently, the State of Maine has made provisions for the repayment of past amounts due to Maine hospitals. As a result, the Hospital has

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

classified amounts due from MaineCare as a current asset for the year ended June 30, 2013.

The State has enacted legislation establishing a health care provider tax (State tax). The enactment of the State tax allowed the State to add revenues to the State of Maine General Fund while optimizing federal matching funds to the MaineCare Program. As a result, the Hospital recorded \$2,067,958 and \$1,759,630 of State tax in 2013 and 2012, respectively. This tax is partially offset through increased MaineCare reimbursement. The amount of the tax is shown separately in expenses on the consolidated statements of operations, while the increased MaineCare reimbursement is reflected within the Hospital's contractual adjustments.

Anthem Blue Cross

Services provided to Anthem Blue Cross subscribers were reimbursed at prospectively determined rates and a discount from established charges for hospital services and the physician payments are based upon a fee schedule. Blue Cross settlements have not been finalized for 2013.

Other

The Hospital has also entered into contractual agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Hospital includes various reimbursement methodologies.

The estimated third-party payor settlements reflected on the financial statements represent the estimated amounts to be received or paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (Medicare), Anthem Blue Cross and MaineCare.

During 2013, net patient service revenue in the statement of operations and changes in net assets increased by approximately \$3,900,000 due primarily to the State of Maine's provision for repayment of outstanding balances. During 2012, net patient service revenue in the statement of operations and changes in net assets decreased by approximately \$792,000 as a result of unfavorable settlements and changes in prior year estimated third-party payor settlements.

Revenues from the Medicare and MaineCare programs accounted for approximately 63% and 64% of the Hospital's gross patient service revenues for the years ended 2013 and 2012, respectively.

The Hospital is subject to compliance with laws and regulations of various governmental agencies. Laws and regulations governing the Medicare and MaineCare programs are complex and subject to interpretation. Management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Recently, governmental review of compliance with these laws and regulations has increased, resulting in fines and penalties for noncompliance by individual health care providers. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and MaineCare programs.

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

3. Investments

Investments consist of:

	<u>2013</u>	<u>2012</u>
Assets limited as to use - Board designated	\$16,272,643	\$ 15,047,694
Long-term investments	1,533,775	1,764,172
Assets limited as to use, current portion - trustee held funds	<u>489,278</u>	<u>774,388</u>
Total assets	<u>\$18,295,696</u>	<u>\$ 17,586,254</u>

Investments are comprised of the following at June 30:

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 5,671,418	\$ 5,329,126
Marketable equity securities	9,140,933	8,138,835
Corporate bonds	1,444,204	1,759,986
U.S. Government bonds	252,959	309,037
International bonds	103,253	103,812
Mutual funds	1,593,052	1,858,527
Other	<u>89,877</u>	<u>87,131</u>
Total investments	<u>\$18,295,696</u>	<u>\$ 17,586,454</u>

Investment income consisted of the following for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 501,307	\$ 463,547
Realized gains on sales of securities	223,745	15,901
Unrealized gains on securities	<u>648,305</u>	<u>290,512</u>

The Foundation considers interest and dividend income part of operations and in 2013 and 2012 has included \$106,430 and \$112,592, respectively, of income as part of other revenue.

Fair Value Measurements

FASB ASC 820 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. FASB 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.

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

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 and liabilities measured at fair value on a recurring basis are summarized below. Fair values were primarily determined using market and income approaches.

	<u>Fair Value Measurements at June 30, 2013, 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 equivalents	\$ 5,671,418	\$ 5,671,418	\$.	\$ -
U.S. Treasury obligations and government securities	252,959	252,959	.	-
International bonds	103,253	-	103,253	-
Corporate bonds	1,444,204	-	1,444,204	-
Marketable equity securities				
Consumer discretionary	1,019,546	1,019,546	.	-
Consumer staples	1,231,888	1,231,888	.	-
Energy	207,639	207,639	.	-
Financials	2,023,510	2,023,510	.	-
Healthcare	1,510,825	1,510,825	.	-
Industrials	965,382	965,382	.	-
Information technology	1,331,511	1,331,511	.	-
Materials	124,060	124,060	.	-
Telecommunication services	164,002	164,002	.	-
Utilities	562,570	562,570	.	-
Mutual funds				
Bond funds	860,533	860,533	.	-
Growth funds	58,011	58,011	.	-
Exchange traded funds	350,065	350,065	.	-
Intermediate bond fund	143,930	143,930	.	-
International funds	180,513	180,513	.	-
Beneficial interest in perpetual trust	89,877	-	.	89,877
Investments to fund deferred compensation	919,450	919,450	.	-
Total assets	<u>\$19,216,146</u>	<u>\$ 17,577,812</u>	<u>\$ 1,547,457</u>	<u>\$ 89,877</u>

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

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 equivalents	\$ 5,329,126	\$ 5,329,126	\$ -	\$ -
U.S. Treasury obligations and government securities	309,037	309,037	-	-
International bonds	103,812	-	103,812	-
Corporate bonds	1,759,986	-	1,759,986	-
Marketable equity securities				
Consumer discretionary	394,074	394,074	-	-
Consumer staples	1,162,302	1,162,302	-	-
Energy	684,838	684,838	-	-
Financials	1,209,834	1,209,834	-	-
Healthcare	846,142	846,142	-	-
Industrials	427,292	427,292	-	-
Information technology	1,209,893	1,209,893	-	-
Materials	479,377	479,377	-	-
Telecommunication services	231,965	231,965	-	-
Utilities	657,307	657,307	-	-
Other	791,600	791,600	-	-
Warrants	44,211	44,211	-	-
Mutual funds				
Income funds	915,820	915,820	-	-
Balanced funds	323,789	323,789	-	-
Intermediate bond fund	149,730	149,730	-	-
International funds	469,188	469,188	-	-
Beneficial interest in perpetual trust	87,131	-	-	87,131
Investments to fund deferred compensation	<u>829,215</u>	<u>829,215</u>	-	-
Total assets	<u>\$18,415,669</u>	<u>\$ 16,464,740</u>	<u>\$ 1,863,798</u>	<u>\$ 87,131</u>

The fair value for Level 2 assets is primarily based on market prices of underlying assets, comparable securities.

The fair value of the beneficial interest in perpetual trust is based on the market value of the underlying assets, but is classified as Level 3 as there is no market in which to trade the beneficial interest itself.

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

4. Pledges Receivable

Pledges receivable consist of unconditional promises of \$195,981, net of reserve for uncollectible amounts of \$54,096, at June 30, 2013 to be received in future years. Pledges receivable are included in other assets and other current assets and were \$402,775, net at June 30, 2012.

Pledges amounts are scheduled to be received in the following years:

2014	\$ 149,324
2015	38,413
2016	5,244
2017	2,000
2018	1,000

5. Long-Term Obligations

Debt

Long-term debt consists of the following at June 30:

	<u>2013</u>	<u>2012</u>
Bonds payable to Maine Health and Higher Educational Facilities Authority (MHHEFA) in connection with Revenue Bonds, Series 2013A which bear interest at rates varying from 2.0% to 5.0%, maturing in annual amounts ranging from \$130,000 to \$325,000, with a final payment due on July 1, 2033.	\$ 4,505,054	\$ -
Bonds payable to MHHEFA in connection with Revenue Bonds, Series 2011C which bear interest at rates varying from 2.0% to 5.0%, maturing in annual amounts ranging from \$145,000 to \$190,000, with a final payment due on July 1, 2022.	1,538,292	1,714,240
Bonds payable to MHHEFA in connection with Revenue Bonds, Series 2008D which bear interest at rates varying from 4.00% to 5.75%, maturing in annual amounts ranging from \$125,000 to \$470,000, with a final payment due on July 1, 2038.	6,216,131	6,341,131
Bonds payable to MHHEFA in connection with Revenue Bonds, Series 2003C which bear interest at rates varying from 3.3% to 4.6%, maturing in annual amounts ranging from \$145,000 to \$350,000, refunded in 2013.	-	4,681,829
Note payable to a bank in monthly installments of \$43,099, including interest at a fixed rate of 6.49%, payments to be made through September 27, 2013, at which time the remaining outstanding balance is due; collateralized by equipment.	127,472	619,505

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Note payable to a bank in monthly installments of \$5,372, including interest at a fixed rate of 4.75%, payments to be made through June 20, 2014; collateralized by equipment.	62,814	122,679
Note payable to a bank in monthly installments of \$8,380, including interest at a fixed rate of 4.1%, payments to be made through January 1, 2014; collateralized by equipment.	<u>57,306</u>	<u>153,304</u>
	12,507,069	13,632,688
Less current portion	<u>(522,591)</u>	<u>(1,087,897)</u>
	<u>\$11,984,478</u>	<u>\$ 12,544,791</u>

In November 2011, Series 2011C Revenue Bonds in the amount of \$1,654,763, net of debt service reserve funding, were issued at a premium of \$62,947 through MHHEFA for the purpose of refunding its Series 2001B Revenue Bonds.

In May 2013, Series 2013A Revenue Bonds in the amount of \$4,053,088, net of debt service reserve funding, were issued at a premium of \$451,966 through MHHEFA for the purpose of refunding its Series 2003C Revenue Bonds.

The notes under the Series 2013A, 2011C and 2008D Revenue Bonds are secured by security interests in the Hospital's building equipment, its gross receipts and a mortgage lien on the Hospital's facility, as defined by the bond agreements.

The Hospital is required to make monthly deposits of interest and principal sufficient to make the semi-annual interest payments and to retire the Bonds when due for each of the notes payable to MHHEFA. These amounts, as funded, are included in current assets as assets limited as to use to pay current revenue bond debt service and consist of cash and cash equivalents.

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

Capital Leases

A summary of the present value of future lease payments under capital leases is as follows at June 30, 2013:

2014	\$ 233,780
2015	233,780
2016	233,780
2017	233,780
2018	233,780
Thereafter	<u>136,484</u>
	1,305,384
Less amounts representing interest	<u>(210,555)</u>
Present value of minimum lease payments	1,094,829
Less current portion	<u>(168,489)</u>
	<u>\$ 926,340</u>

Assets recorded under capital leases totaled \$5,122,719 and \$5,142,736 in 2013 and 2012, respectively. Accumulated amortization associated with these leases totaled \$3,782,518 and \$3,379,273 in 2013 and 2012, respectively. The cost of these assets has been included with property and equipment and accumulated amortization with accumulated depreciation. Amortization expense for assets under capital leases was \$423,262 in 2013 and \$675,259 in 2012 and has been included with depreciation and amortization expense in the accompanying consolidated financial statements.

Aggregate principal maturities on long-term debt and capital leases for the next five years are as follows:

	<u>MHHEFA</u>	<u>Bank Notes</u>	<u>Capital Leases</u>	<u>Total</u>
2014	\$ 275,000	\$ 247,591	\$ 168,489	\$ 691,080
2015	415,000	-	179,616	594,616
2016	450,000	-	191,479	641,479
2017	470,000	-	204,125	674,125
2018	480,000	-	217,606	697,606
Thereafter	<u>10,169,478</u>	<u>-</u>	<u>133,514</u>	<u>10,302,992</u>
	<u>\$ 12,259,478</u>	<u>\$ 247,591</u>	<u>\$ 1,094,829</u>	<u>\$ 13,601,898</u>

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

6. Lines of Credit

The Hospital has two available lines of credit with a local lending institution with available credit up to \$1,500,000 (available for equipment and secured by equipment expenditures) and \$2,000,000 (for operating purposes, secured by Hospital assets, subordinate to the MHHEFA bonds), both of which are subject to renewal on February 28, 2014. Advances bear interest at the prime rate (3.25% at June 30, 2013). There were no advances outstanding under the lines at June 30, 2013 and 2012.

7. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2013</u>	<u>2012</u>
Special health care services	\$ <u>443,866</u>	\$ <u>829,203</u>

Permanently restricted net assets at June 30 are restricted to:

	<u>2013</u>	<u>2012</u>
Net assets to be held in perpetuity, the income of which is unrestricted by donors.	\$ 1,000,000	\$ 1,000,000
Net assets to be held in perpetuity, the income of which is restricted by donors	38,356	-
Beneficial interest in perpetual trust, the income of which is unrestricted.	<u>89,877</u>	<u>87,131</u>
	\$ <u>1,128,233</u>	\$ <u>1,087,131</u>

The Hospital's permanently restricted net assets are invested in a portfolio which includes fixed income vehicles and mutual funds.

8. Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Functional expenses related to providing these services are as follows for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Health care services	\$ 76,642,652	\$ 76,027,949
General and administrative	3,878,997	4,671,667
Fundraising	<u>146,516</u>	<u>336,479</u>
	\$ <u>80,668,165</u>	\$ <u>81,036,095</u>

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

9. Commitments and Contingencies

Medical Malpractice Insurance

The Hospital insures its medical 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. 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 that 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.

Concentration of Credit Risk and Other Concentrations

Financial instruments which subject the Hospital to credit risk consist of cash equivalents, accounts receivable and certain investments. The Hospital maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The risk with respect to cash equivalents is minimized by the Hospital's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. Accounts receivable represent receivables from patients and third-party payors for services provided by the Hospital. At June 30, 2013 and 2012, patient accounts receivable from the government-related programs comprised 46% and 51% of net receivables, respectively, with the remainder to be collected from commercial insurers or directly from patients. The Hospital's investments consist of diversified securities and, while subject to market risk, do not represent any significant concentrations in any sectors. Certain employees including nursing personnel are part of a bargaining unit that are members of Maine State Nurses Association and the California Nurses Association, which include approximately 25% of the total Hospital work force.

10. Meaningful Use Revenues

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The Medicare criteria for meaningful use will be staged in three steps from fiscal year 2012 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.

The Medicaid program will provide incentive payments to hospitals and eligible professionals as they adopt, and 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 \$935,000 from the Medicaid EHR program for its eligible physicians.

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2013 and 2012

During 2012, the Hospital recorded meaningful use revenues of \$519,116 from the Medicaid EHR program. The Hospital has demonstrated a minimum of 10% Medicaid encounters and is upgrading to a certified EHR.

11. Volunteer Services (Unaudited)

Total volunteer service hours provided annually to the Hospital was approximately 13,816 and 13,500 hours in 2013 and 2012, respectively. The volunteers provide various services to the Hospital, none of which has been recognized as revenue or expense in the statements of operations and changes in net assets.

OTHER FINANCIAL INFORMATION

MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Consolidating Balance Sheet

June 30, 2013

ASSETS

	Maine Coast Regional Health Facilities	Maine Coast Medical Realty, Inc.	Maine Coast Healthcare Foundation	Elimi- nations	Consolidated
Current assets					
Cash and cash equivalents	\$ 5,574,101	\$ 60,372	\$ -	\$ -	\$ 5,634,473
Patient and other accounts receivable, net	8,868,070	2,766	400	-	8,871,236
Due from related parties	51,855	-	-	(51,855)	-
Supplies	594,493	-	-	-	594,493
Estimated third-party payor settlements	12,402,188	-	-	-	12,402,188
Prepaid expenses and other current assets	1,059,027	-	-	-	1,059,027
Assets limited as to use, current portion	<u>489,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>489,278</u>
Total current assets	29,039,012	63,138	400	(51,855)	29,050,695
Assets limited as to use, less current portion	12,338,360	-	3,934,283	-	16,272,643
Other assets					
Deferred costs, net of amortization	201,566	-	-	-	201,566
Long-term investments	1,077,365	-	456,410	-	1,533,775
Other assets	<u>955,658</u>	<u>-</u>	<u>160,524</u>	<u>-</u>	<u>1,116,182</u>
	<u>2,234,589</u>	<u>-</u>	<u>616,934</u>	<u>-</u>	<u>2,851,523</u>
Property, plant and equipment					
Land and improvements	3,935,074	79,129	-	-	4,014,203
Buildings and leasehold improvements	39,026,802	815,160	-	-	39,841,962
Equipment	<u>21,580,470</u>	<u>60,938</u>	<u>-</u>	<u>-</u>	<u>21,641,408</u>
Less accumulated depreciation	64,542,346	955,227	-	-	65,497,573
	<u>(31,336,244)</u>	<u>(705,801)</u>	<u>-</u>	<u>-</u>	<u>(32,042,045)</u>
Construction in progress	33,206,102	249,426	-	-	33,455,528
	<u>468,160</u>	<u>77,750</u>	<u>-</u>	<u>-</u>	<u>545,900</u>
	<u>33,674,252</u>	<u>327,176</u>	<u>-</u>	<u>-</u>	<u>34,001,428</u>
Total assets	\$ <u>77,286,213</u>	\$ <u>390,314</u>	\$ <u>4,551,617</u>	\$ <u>(51,855)</u>	\$ <u>82,176,289</u>

LIABILITIES AND NET ASSETS

	<u>Maine Coast Regional Health Facilities</u>	<u>Maine Coast Medical Realty, Inc.</u>	<u>Maine Coast Healthcare Foundation</u>	<u>Elimi- nations</u>	<u>Consolidated</u>
Current liabilities					
Accounts payable and accrued expenses	\$ 2,553,910	\$ 17,583	\$ -	\$ -	\$ 2,571,493
Accrued payroll and related liabilities	6,057,896	-	-	-	6,057,896
Due to related parties	-	165	51,690	(51,855)	-
Estimated third-party payor settlements	6,882,033	-	-	-	6,882,033
Current portion of long-term obligations	<u>691,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>691,080</u>
Total current liabilities	16,184,919	17,748	51,690	(51,855)	16,202,502
Long-term obligations, less current portion	12,910,818	-	-	-	12,910,818
Other long-term liabilities	<u>919,450</u>	<u>-</u>	<u>69,735</u>	<u>-</u>	<u>989,185</u>
Total liabilities	<u>30,015,187</u>	<u>17,748</u>	<u>121,425</u>	<u>(51,855)</u>	<u>30,102,505</u>
Net assets					
Unrestricted	46,193,661	372,566	3,935,458	-	50,501,685
Temporarily restricted	387,488	-	56,378	-	443,866
Permanently restricted	<u>689,877</u>	<u>-</u>	<u>438,356</u>	<u>-</u>	<u>1,128,233</u>
Total net assets	<u>47,271,026</u>	<u>372,566</u>	<u>4,430,192</u>	<u>-</u>	<u>52,073,784</u>

Total liabilities and net assets	\$ <u>77,286,213</u>	\$ <u>390,314</u>	\$ <u>4,551,617</u>	\$ <u>(51,855)</u>	\$ <u>82,176,289</u>
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MAINE COAST REGIONAL HEALTH FACILITIES AND SUBSIDIARIES

Consolidating Schedule of Operations

Year Ended June 30, 2013

	Maine Coast Regional Health Facilities	Maine Coast Medical Realty, Inc.	Maine Coast Healthcare Foundation	Elimi- nations	Consolidated
Unrestricted revenues, gains and other support					
Patient service revenue (net of contractual allowances and discounts)	\$ 82,600,759	\$ -	\$ -	\$ -	\$ 82,600,759
Provision for bad debts	<u>(4,723,936)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,723,936)</u>
Net patient service revenue	77,876,823	-	-	-	77,876,823
Other revenue	2,098,564	187,544	106,430	(145,278)	2,247,260
Net assets released from restrictions used for operations	<u>197,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,118</u>
Total unrestricted revenues, gains and other support	<u>80,172,505</u>	<u>187,544</u>	<u>106,430</u>	<u>(145,278)</u>	<u>80,321,201</u>
Expenses					
Salaries and benefits	50,031,165	-	45,778	-	50,076,943
Supplies and expenses	15,089,873	166,983	25,746	-	15,282,602
Purchased services	9,239,772	2,796	1,597	(145,278)	9,098,887
Health care provider tax	2,067,958	-	-	-	2,067,958
Depreciation and amortization	3,363,197	22,568	-	-	3,385,765
Interest	<u>756,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>756,010</u>
Total expenses	<u>80,547,975</u>	<u>192,347</u>	<u>73,121</u>	<u>(145,278)</u>	<u>80,668,165</u>
Operating income (loss)	<u>(375,470)</u>	<u>(4,803)</u>	<u>33,309</u>	<u>-</u>	<u>(346,964)</u>
Other income (loss)					
Contributions	184,436	-	(51,257)	-	133,179
Investment income	394,877	-	-	-	394,877
Change in market value of investments	553,792	-	318,258	-	872,050
Loss on early extinguishment of long-term debt	<u>(116,945)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116,945)</u>
Total other income	<u>1,016,160</u>	<u>-</u>	<u>267,001</u>	<u>-</u>	<u>1,283,161</u>
Excess (deficiency) of revenues, gains, and other support over expenditures	640,690	(4,803)	300,310	-	936,197
Net assets released from restrictions used for capital projects	<u>892,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>892,110</u>
Increase (decrease) in unrestricted net assets	<u>\$ 1,532,800</u>	<u>\$ (4,803)</u>	<u>\$ 300,310</u>	<u>\$ -</u>	<u>\$ 1,828,307</u>

