

Return of Organization Exempt From Income Tax

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

2012

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 2012 calendar year, or tax year beginning 10/01, 2012, and ending 9/30, 2013

Header section containing organization name (EASTERN MAINE HEALTHCARE SYSTEMS), address, EIN (01-0263628), and website (http://sebasticoovalleyhealth.org).

Part I Summary

Summary table with columns for Activities & Governance, Revenue, Expenses, and Net Assets of Fund Balances. Includes rows for mission statement, revenue (Total: 55,733,518), and expenses (Total: 53,318,900).

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.

Signature block for Randall Clark, Chief Financial Officer, dated 8/13/14.

Preparer information section for Self-Prepared, including firm name and address.

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

Sebasticook Valley Health is a critical access hospital whose mission is to be the regional leader in meeting the health needs of our communities, providing quality care, always treating people with dignity and respect.

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.

4a (Code:) (Expenses \$ 45,610,255. including grants of \$) (Revenue \$ 54,152,386.)

See Schedule O

4b (Code:) (Expenses \$ 933,717. including grants of \$) (Revenue \$)

Charity Care provided (at cost). 393 persons served.

4c (Code:) (Expenses \$ 63,188. including grants of \$) (Revenue \$)

Medicare Shortfalls (at cost) 4,078 persons served.

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

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

4e Total program service expenses 46,607,160.

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If 'Yes,' complete Schedule A.</i>	X	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If 'Yes,' complete Schedule C, Part I.</i>		X
4	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 (see instructions).</i>		X
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If 'Yes,' complete Schedule G, Part II.</i>		X
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If 'Yes,' complete Schedule G, Part III.</i>		X
20 a	Did the organization operate one or more hospital facilities? <i>If 'Yes,' complete Schedule H.</i>	X	
b	If 'Yes' to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	

Part IV Checklist of Required Schedules (continued)

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

BAA

Form 990 (2012)

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

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

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

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

Section A. Governing Body and Management

		Yes	No
1 a	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.		
	1 a	11	
1 b	Enter the number of voting members included in line 1a, above, who are independent.		
	1 b	8	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders? See Schedule O	X	
7 a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? See Schedule O	X	
7 b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or other persons other than the governing body? See Sch. O	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8 a	The governing body?	X	
8 b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O.		X

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

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

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ME
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public during the tax year. See Schedule O
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization:
RANDALL L CLARK 447 NORTH MAIN STREET PITTSFIELD ME 04967 207-487-5141

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted 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) DEBRA ACHRAMOWICZ BOARD MEMBER	0 0	X						0.	0.	0.
(2) KRISHNA BHATTA, MD BOARD MEMBER	0 0	X						0.	0.	0.
(3) CHARLIE CIANCHETTE BOARD MEMBER	0 0	X						0.	0.	0.
(4) STACEY FITTS BOARD MEMBER	0 0	X						0.	0.	0.
(5) STEPHEN GEORGE BOARD MEMBER	0 0	X						0.	0.	0.
(6) MICHAEL GALLAGHER Chairman	0 0	X		X				0.	0.	0.
(7) BETTY LOU MITCHELL BOARD MEMBER	0 0	X						0.	0.	0.
(8) DAVID RICHARDSON VICE CHAIR	0 0	X		X				0.	0.	0.
(9) ROBERT SCHLAGER CMO	40 0	X		X				133,368.	0.	12,914.
(10) RANDALL CLARK CFO	40 0	X		X				166,662.	0.	32,923.
(11) ANDREW GIBSON BOARD MEMBER	0 0	X						0.	0.	0.
(12) MICHAEL HODGINS BOARD MEMBER	0 0	X						0.	0.	0.
(13) TERESA P VIEIRA ACTING CEO	40 0	X		X				181,587.	0.	25,454.
(14) CHARLIE KLEIN CNO	40 0			X				101,645.	0.	4,515.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted 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			
(15) LIISA HAAPENEN-JANELLE CHIEF HR OFFICE	40 0			X			124,106.	0.	13,866.
(16) MICHAEL D PETERSON CAO	40 0			X			148,158.	0.	26,290.
(17) GAIL LAMB PHYSICIAN	39 0				X		314,606.	0.	10,060.
(18) ALAN D. LILLY, D.O. SURGEON	28 0				X		319,186.	0.	10,629.
(19) JO-NELL MARTIN PHYSICIAN	39 0				X		314,623.	0.	30,506.
(20) MICHAEL LEMIEUX CARDIOLOGIST	40 0				X		361,539.	0.	24,960.
(21) TODD A TRITCH, M.D. ER PHYSICIAN	39 0				X		314,487.	0.	25,025.
(22) VICTORIA ALEXANDER-L CEO	40 0					X	256,410.	0.	31,355.
(23) JOHN MAY CEO	40 0					X	136,534.	0.	0.
(24)									
(25)									
1 b Sub-total							2,872,911.	0.	248,497.
c Total from continuation sheets to Part VII, Section A							0.	0.	0.
d Total (add lines 1b and 1c)							2,872,911.	0.	248,497.

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 ▶ 24

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
CIANBRO BRASFIELD AND GORRIE CIANBRO SQUARE PITTSFIELD, ME 04967	SERVICE CONTRACT	9,583,063.
EASTERN MAINE HEALTHCARE 43 WHITTEN ROAD BREWER, ME 04412	SERVICE CONTRACT	1,369,508.
NEHE MRI LLC P O BOX 6600 NEWPORT BEACH, CA 92658	SERVICE CONTRACT	559,410.
EASTERN MAINE MEDICAL CENTER 769 ESSEX STREET BANGOR, ME 04401	SERVICE CONTRACT	550,568.
AFFILIATED HEALTHCARE MANAGEMENT P O BOX 811 BANGOR, ME 04401	SERVICE CONTRACT	279,117.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶ 15

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	1 a 11,494.				
	b Membership dues	1 b				
	c Fundraising events	1 c				
	d Related organizations	1 d 250.				
	e Government grants (contributions)	1 e 499,973.				
	f All other contributions, gifts, grants, and similar amounts not included above	1 f 652,008.				
	g Noncash contributions included in lns 1a-1f: \$	11,494.				
	h Total. Add lines 1a-1f		1,163,725.			
PROGRAM SERVICE REVENUE	Business Code					
	2 a <u>CRITICAL ACCESS HOSPITAL</u>	621990	53,780,534.	53,780,534.		
	b					
	c					
	d					
	e					
	f All other program service revenue					
g Total. Add lines 2a-2f		53,780,534.				
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts)		255,966.		255,966.	
	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	74,302.	39,948.		
		(ii) Other				
		b Less: cost or other basis and sales expenses	48,123.	15,324.		
		c Gain or (loss)	26,179.	24,624.		
	d Net gain or (loss)		50,803.		50,803.	
	8 a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a				
		b Less: direct expenses	b			
		c Net income or (loss) from fundraising events				
	9 a Gross income from gaming activities. See Part IV, line 19	a				
		b Less: direct expenses	b			
c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a					
	b Less: cost of goods sold	b				
	c Net income or (loss) from sales of inventory					
Miscellaneous Revenue		Business Code				
11 a <u>Meaningful Use</u>	621990	308,331.	308,331.			
b <u>Cafeteria Revenue</u>	621990	110,638.		110,638.		
c <u>Misc Revenue</u>	621990	52,256.	52,256.			
d All other revenue	WKS	11,265.	11,265.			
e Total. Add lines 11a-11d		482,490.				
12 Total revenue. See instructions		55,733,518.	54,152,386.	0.	417,407.	

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. X

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>				
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,395,788.	1,142,620.	253,168.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.	0.	0.	0.
7 Other salaries and wages	14,664,542.	11,731,633.	2,932,909.	
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions)	367,101.	275,326.	91,775.	
9 Other employee benefits	2,382,148.	1,667,503.	714,645.	
10 Payroll taxes	1,066,022.	746,215.	319,807.	
11 Fees for services (non-employees):				
a Management				
b Legal	27,460.		27,460.	
c Accounting	134,670.		134,670.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	659.		659.	
g Other. (If line 11g amt exceeds 10% of line 25, column (A) amt, list line 11g expenses on Sch O)				
12 Advertising and promotion	172,800.	2,457.	170,343.	
13 Office expenses	511,899.	464,233.	47,666.	
14 Information technology	200,318.	200,318.		
15 Royalties				
16 Occupancy	847,903.	742,818.	105,085.	
17 Travel	87,919.	43,191.	44,728.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	113,411.	28,634.	84,777.	
20 Interest	96,244.	96,244.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,668,218.	1,476,696.	191,522.	
23 Insurance	151,545.	151,545.		
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 Contractual adjustments	16,603,621.	16,603,621.		
b Purchase Services	3,285,103.	2,219,788.	1,065,315.	
c Bad Debt Expense	2,960,113.	2,960,113.		
d Medical Supplies	2,397,761.	2,397,761.		
e All other expenses	4,183,655.	3,656,444.	349,742.	177,469.
25 Total functional expenses. Add lines 1 through 24e	53,318,900.	46,607,160.	6,534,271.	177,469.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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	1,513.	1	653.
	2	Savings and temporary cash investments	1,481,501.	2	4,476,729.
	3	Pledges and grants receivable, net	288,788.	3	651,978.
	4	Accounts receivable, net	3,725,154.	4	2,595,300.
	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 instructions). Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	269,383.	8	221,869.
	9	Prepaid expenses and deferred charges	223,923.	9	348,185.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 40,241,915.		
	b	Less: accumulated depreciation	10b 18,320,548.		
			12,615,666.	10c	21,921,367.
	11	Investments — publicly traded securities		11	
	12	Investments — other securities. See Part IV, line 11		12	
	13	Investments — program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
15	Other assets. See Part IV, line 11	13,477,236.	15	11,814,737.	
16	Total assets. Add lines 1 through 15 (must equal line 34)	32,083,164.	16	42,030,818.	
LIABILITIES	17	Accounts payable and accrued expenses	4,789,323.	17	3,657,537.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	2,843,485.	20	10,340,510.
	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	94,953.	23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	5,066,562.	25	6,307,262.
	26	Total liabilities. Add lines 17 through 25	12,794,323.	26	20,305,309.
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	18,459,725.	27	20,504,464.
	28	Temporarily restricted net assets	465,878.	28	851,187.
	29	Permanently restricted net assets	363,238.	29	369,858.
	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	19,288,841.	33	21,725,509.	
34	Total liabilities and net assets/fund balances	32,083,164.	34	42,030,818.	

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	55,733,518.
2	Total expenses (must equal Part IX, column (A), line 25)	2	53,318,900.
3	Revenue less expenses. Subtract line 2 from line 1	3	2,414,618.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	19,288,841.
5	Net unrealized gains (losses) on investments	5	275,935.
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). See Schedule O	9	-253,885.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	21,725,509.

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.			
2 a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
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			
2 b	Were the organization's financial statements audited by an independent accountant?	X	
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 type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separate basis			
2 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?	X	
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3 a	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
3 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		

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 EASTERN MAINE HEALTHCARE SYSTEMS SEBASTICOOK VALLEY HEALTH	Employer identification number 01-0263628
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

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

- 1 A church, convention of churches or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions – subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III – Functionally integrated d Type III – 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 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?	11 g (i)	
(ii) A family member of a person described in (i) above?	11 g (ii)	
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11 g (iii)	

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

BAA 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 the 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 yr 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 yr 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 lns 9, 10c, 11, and 12.)						

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

Section C. Computation of Public Support Percentage

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 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 35a (Proxy Tax), then

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

Name of organization EASTERN MAINE HEALTHCARE SYSTEMS	Employer identification number 01-0263628
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2 a Lobbying non-taxable 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					

BAA

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

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 See Part IV			
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		6,489.
j Total. Add lines 1c through 1i.			6,489.
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 - Description of Lobbying Activity

NON DEDUCTIBLE DUES

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization

Employer identification number

EASTERN MAINE HEALTHCARE SYSTEMS
SEBASTICOOK VALLEY HEALTH

01-0263628

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

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

- 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? Yes No
- 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? Yes No

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

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).
- | | |
|--|--|
| <input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) | <input type="checkbox"/> Preservation of an historically important land area |
| <input type="checkbox"/> Protection of natural habitat | <input type="checkbox"/> Preservation of a certified historic structure |
| <input type="checkbox"/> Preservation of open space | |

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

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

- 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.

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

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

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

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

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

b If 'Yes,' explain the arrangement in Part 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	(b) Prior year	(c) Two years	(d) Three years	(e) Four years
1 a Beginning of year balance	105,995.	103,495.	103,495.	103,495.	103,495.
b Contributions					
c Net investment earnings, gains, and losses	2,500.	2,500.	-1,616.	13,493.	
d Grants or scholarships					
e Other expenditures for facilities and programs			-1,616.	13,493.	
f Administrative expenses					
g End of year balance	108,495.	105,995.	103,495.	103,495.	103,495.

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

- a Board designated or quasi-endowment %
 - b Permanent endowment 100.00 %
 - c Temporarily restricted endowment %
- The percentages in lines 2a, 2b, and 2c should equal 100%.

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1 a Land		433,067.		433,067.
b Buildings		21,827,156.	5,211,566.	16,615,590.
c Leasehold improvements		113,586.	44,632.	68,954.
d Equipment		17,064,086.	12,453,805.	4,610,281.
e Other		804,020.	610,545.	193,475.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				21,921,367.

BAA

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

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

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

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

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

(a) Description	(b) Book value
(1) Assets Whose Use is Limited	2,311,501.
(2) Beneficial Interest in Perpetual Trusts	261,362.
(3) Board Designated Investments	6,466,936.
(4) Bond Issuance Costs	101,903.
(5) Endowment fund investment	285,586.
(6) Other Assets	17,446.
(7) Third party settlements	2,370,003.
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, column (B), line 15.) ▶	11,814,737.

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

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Accrued for Self-Ins Post Employee	16,980.
(3) Estimated Third Party Settlements	6,290,282.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, column (B) line 25.) ▶	6,307,262.

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. See Part XIII

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

1	Total revenue, gains, and other support per audited financial statements.....	1	34,209,268.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
	a Net unrealized gains on investments.....	2a	275,464.
	b Donated services and use of facilities.....	2b	
	c Recoveries of prior year grants.....	2c	
	d Other (Describe in Part XIII.) .. See Part XIII.....	2d	-21,231,571.
	e Add lines 2a through 2d.....	2e	-20,956,107.
3	Subtract line 2e from line 1.....	3	55,165,375.
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.) .. See Part XIII.....	4b	568,143.
	c Add lines 4a and 4b.....	4c	568,143.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.).....	5	55,733,518.

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

1	Total expenses and losses per audited financial statements.....	1	32,087,329.
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.) .. See Part XIII.....	2d	
	e Add lines 2a through 2d.....	2e	
3	Subtract line 2e from line 1.....	3	32,087,329.
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.) .. See Part XIII.....	4b	21,231,571.
	c Add lines 4a and 4b.....	4c	21,231,571.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.).....	5	53,318,900.

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 - Intended Uses Of Endowment Fund

Endowment funds are designated for purposes that align within this organizations exempt purpose

Part X - FIN 48 Footnote

The Hospital has been determined by the Internal Revenue Service to be a tax-exempt charitable organization as described in Section 501(c)(3) of the Internal Revenue Code, whereby, only unrelated business income, as defined by Seciton 512(a)(1) of the Code, is subject to federal income tax. Accordingly, no provision for federal

Part XIII Supplemental Information *(continued)*

Part X - FIN 48 Footnote (continued)

income taxes has been recorded in the accompanying consolidated Statements.

Schedule D, Part XI, Line 2d
Other Revenue Included In F/S But Not Included On Form 990

Bad Debt reclassified to expense.....	\$ -2,960,113.
Charity Care expense reclassified to expens.....	-1,655,397.
Contractual expense reclassified to expense.....	-16,603,620.
Fund Raising expense reclassified to exp.....	-12,441.
Total	<u>\$ -21,231,571.</u>

Schedule D, Part XI, Line 4b
Other Revenue Included On Form 990 But Not Included In F/S

Restricted Contributions from Fund Balan.....	\$ 648,440.
Restricted Expense from Fund Balance.....	-80,297.
Total	<u>\$ 568,143.</u>

Schedule D, Part XII, Line 4b
Other Expenses Included On Form 990 But Not Included In F/S

Bad Debt reclass.....	\$ 2,960,113.
Charity Care expense reclass from revenu.....	1,655,397.
Contractual expense reclass from revenue.....	16,603,620.
Fundraising expense reclass from revenue.....	12,441.
Total	<u>\$ 21,231,571.</u>

SCHEDULE H
(Form 990)

Hospitals

OMB No. 1545-0047

2012

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

Name of the organization

Employer identification number

EASTERN MAINE HEALTHCARE SYSTEMS

01-0263628

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	
b 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 the various hospital facilities during the tax year. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year. a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If 'Yes,' indicate which of the following was the FPG family income limit for eligibility for free care:	X	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If 'Yes,' indicate which of the following was the family income limit for eligibility for discounted care:		X
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% Other _____ %		
c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care. Part VI		
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	

7 Financial Assistance and Certain Other Community Benefits at Cost						
Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		393	933,717.	1,000.	932,717.	2.90
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)			169,430.		169,430.	0.53
d Total Financial Assistance and Means-Tested Government Programs	0	393	1,103,147.	1,000.	1,102,147.	3.43
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	16	1,049	484,509.	1,210.	483,299.	1.50
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)	1		49,699.		49,699.	0.15
h Research (from Worksheet 7)	1		119,585.		119,585.	0.37
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits	18	1,049	653,793.	1,210.	652,583.	2.02
k Total. Add line 7d and 7j)	18	1,442	1,756,940.	2,210.	1,754,730.	5.45

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy	1		4,500.		4,500.	0.01
8 Workforce development						
9 Other						
10 Total	1	0	4,500.	0.	4,500.	0.01

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

- Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? **1** X
- Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount. **2** 1,669,151.
- Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and rationale, if any, for including this portion of bad debt as community benefit. **3**
- Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements. **Part VI**

Section B. Medicare

- Enter total revenue received from Medicare (including DSH and IME). **5** 10,576,793.
- Enter Medicare allowable costs of care relating to payments on line 5. **6** 10,639,981.
- Subtract line 6 from line 5. This is the surplus (or shortfall). **7** -63,188.
- Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: **Part VI**
 Cost accounting system Cost to charge ratio Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group _____

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If 'No,' skip to line 9.	X	
If 'Yes,' indicate what the CHNA report describes (check all that apply):			
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input checked="" type="checkbox"/> Other (describe in Part VI) Part VI		
2	Indicate the tax year the hospital facility last conducted a CHNA: <u>2011</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 Part VI	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. Part VI	X	
5	Did the hospital facility make its CHNA widely available to the public?	X	
If 'Yes,' indicate how the CHNA was made widely available (check all that apply):			
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input checked="" type="checkbox"/> Other (describe in Part VI) Part VI		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input checked="" type="checkbox"/> Other (describe in Part VI) Part VI		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If 'No,' explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	X	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b	If 'Yes' to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
c	If 'Yes' to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V Facility Information (continued)

Sebasticook Valley Health Copy 1 of 1

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 <i>free</i> care? If 'Yes,' indicate the FPG family income limit for eligibility for free care: <u> 200 </u> % If 'No,' explain in Part VI the criteria the hospital facility used.	X	
11	Used FPG to determine eligibility for providing <i>discounted</i> care? If 'Yes,' indicate the FPG family income limit for eligibility for discounted care: <u> </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):		
a	<input checked="" type="checkbox"/> Income level		
b	<input type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	X	
14	Included measures to publicize the policy within the community served by the hospital facility? If 'Yes,' indicate how the hospital facility publicized the policy (check all that apply):	X	
a	<input checked="" 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 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 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 checked="" type="checkbox"/> Other (describe in Part VI)		

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 the 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 a third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? 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)

18 Indicate which efforts the hospital facility made before initiating any of the actions checked in line 17 (check all that apply)

- a Notified patients of the financial assistance policy on admission
- b Notified patients of the financial assistance policy prior to discharge
- c Notified patients 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 Financial 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) 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? 9

Name and address	Type of Facility (describe)
1 SVH Convenient Care, LLC 1573 Main Street Newport, ME 04953	Outpatient Medical Facility
2 SVH Rehabilitation Services 141 Leighton Street Pittsfield, ME 04967	Outpatient Medical Facility
3 SVH Sleep Center of Maine 114 Chandlet Street Pittsfield, ME 04967	Outpatient Medical Facility
4 SVH Rehabilitation Services 118 Moosehead Trail, Suite 4 Newport, ME 04953	Outpatient Medical Facility
5 SVH Speciality Physicians 72 North Main Road Detroit, ME 04929	Outpatient Medical Facility
7 SVH Family Care 470 Somerset Avenue Pittsfield, ME 04967	Outpatient Medical Facility
8 SVH Family Care 8 Main Street Newport, ME 04953	Outpatient Medical Facility
9 SVH Family Care & Speciality Physicians 1309 Main Street, Unit 1 Clinton, ME 04927	Outpatient Medical Facility
1 Sebasticook Valley Work Health, LLC 125 Main Street Pittsfield, ME 04967	Outpatient Medical Facility

BAA

Schedule H (Form 990) 2012

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section 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.
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Part I, Line 3c - Charity Care Eligibility Criteria (FPG Is Not Used)

SVH uses 200% over the FPG and reviews each patient information on a case by case basis.

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

Leadership: Teresa P. Vieira, acting CEO and Michael Gallagher, Chair, Location:

Pittsfield, Clinton, Detroit, Newport, Palmyra

Employees: 344

Description: Twenty-five bed critical access hospital with a women's health center; surgical, special care and swing bed units; rehabilitation centers; occupational health services; diagnostics; laboratory; cardiopulmonary services; primary, walk-in, and specialty practices; diabetes and nutrition clinic; sleep study center; and community health services including dental health and transportation.

The SVH community benefit report is contained in an annual community benefit report prepared by Eastern Maine Healthcare Systems which is the parent organization of all related organizations.

SVH Highlights

- Recognized by Leapfrog for high quality care.

- Received the Leadership Award from the Veteran's Administration for patient care

Part VI Supplemental Information

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Part I, Line 6a - Related Organization Community Benefit Report (continued)

quality and efforts to improve patient experience.

- Received Joint Commission recognition for Core Measures Excellence with three-year accreditation.

- Recognized by Wellness Council of America (WELCOA) with a platinum level award for their Wellness Program.

- Received National Committee for Quality Assurance (NCQA) designation in all three locations for SVH Family Care, and was approved for phase two of the primary care Patient Centered Medical Home.

Sebasticook Valley Health, along with community partners, continues to focus on community outreach and access to care in our efforts to align services with health priorities identified in the 2010 statewide Community Health Needs Assessment. The project, nicknamed "Little Beacon" after the Bangor Beacon Community project, brings area providers and care managers together to reduce barriers to care in our community. Currently, "Little Beacon" is making progress in work to help reduce the number of unnecessary emergency department visits. The group looks at reports on ED utilization by levels, practice, insurer, time of day, and has developed materials for providers, care coordinators, and families that better meet their needs and addresses issues associated with access and appropriate utilization of medical

Part VI Supplemental Information

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Part I, Line 6a - Related Organization Community Benefit Report (continued)

services.

Part I, Line 7 - Explanation of Costing Methodology

Ratio of Patient Care Cost-to-Charges is used in calculation

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

\$2,960,113 of bad debt expense, \$1,655,397 of charity care, \$16,603,621 of contractual allowances is included on Form 990, Part IX, line 24, column (A)

Part III, Line 2 - Methodology Used To Estimate Bad Debt Expense

The allowance for doubtful accounts is provided based on an analysis by management of the collectability of outstanding balances. Management considers the age of outstanding balances and past collection efforts in determining the allowance for doubtful accounts. Accounts deemed uncollectible are charged off against the established allowance. The costing methodology used to determine the amount reported on line 2 is cost to charge ratio.

Part III, Line 4 - Bad Debt Expense

The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Hospital. Essentially, these policies define charity care as those services for which no payment is anticipated. In assessing a patient's inability to pay, the Hospital utilizes generally recognized poverty income levels, but also includes

Part VI Supplemental Information

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Part III, Line 4 - Bad Debt Expense (continued)

certain cases where incurred charges are significant when compared to income.

Charity care is measured based on the Hospital's established rates. These charges

are not included in net patient service revenue. The costs and expenses incurred in

providing these services are included in operating expenses. Revenue for services

rendered to individuals from payment is expected and ultimately not received is

written off and included as part of the provision for bad debts.

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

Medicare losses should be treated as a community benefit because the losses are

incurred in performing an important public service, and Maine hospitals experience

one of the lowest Medicare reimbursement rates in the country.

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

All account guarantors who express an inability to pay inpatient and outpatient

services will be screened for eligibility for charity care using an application and

guidelines established by Seabrook Valley Hospital. An account may be

reconsidered for charity care at any time when new information is available about a

patient's inability to pay.

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

a. Seabrook Valley serves a population of approximately 30,000 people in Southern

Penobscot, Southern Somerset, Northern Kennebec, and Western Waldo Counties. The

Part VI Supplemental Information

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

counties where the largest number of patients reside, Penobscot and Somerset, had median annual household incomes of \$43,382 and \$38,141 respectively. Families living in poverty numbered 17.4% in Penobscot County and 18.2% in Somerset County.

1.b. Sebasticook Valley Health and its related physician practices utilize extensive electronic medical records, including disease registries, which provide a vast amount of data relative to patients in care. The needs assessment provides a broader picture of the community as a whole, including the health status and social-demographics (such as employment, income, and education levels). The local units of the State's public health infrastructure (known as Healthy Maine Partnerships) are also integrated into the process so that their relative to health, environmental and social measures are part of the community dissemination process.

1c. In the Somerset County/Sebasticook Valley service area, key collaborators include, Sebasticook Valley Health (Hospital/primary care services/outpatient services), Sebasticook Family Doctors (FOHC), other primary care practices, Healthy SV (public health /HMP) coalition partners, including schools, EMS services, law enforcement, members of the business community, and public officials.

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section 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.
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Part V, Line 1j - Description of Other Needs Assessment (continued)

1d-1e-1f EMHS, the parent company of Sebecook Valley Health, routinely conducts a community health needs assessment (Hereafter needs assessment) across the service area of all of its member hospitals. The most recent assessment, published in 2011, was conducted under a contract with the University of New England Center for Health Planning, Policy and Research (CHPPR) and the University of Southern Maine's Muskie School for Public Health. Using a methodology developed by CHPPR over decades of work, the assessment integrates primary data from a telephone survey to heads of households with secondary data retrieved from state databases (ED usage, Mortality, Cancer Registry, etc.). That data is reviewed in the context of multiple health related domains to develop a composite view of health status, behavioral risks, and barriers to access and care. Results are compared to national and state benchmarks to produce priorities and recommendations as prepared by the consultants.

1.g. (See question #3)

1.h. On a statewide basis, the research consultants developed an advisory committee that met two times during the assessment research and drafting of the publication.

These individuals represented a broad spectrum of backgrounds, and they are named:

Carol Bell, Healthy Maine Partnership Director; Kelly Bentley, Healthy Maine

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section 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.
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Part V, Line 1j - Description of Other Needs Assessment (continued)

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

Patricia Hart, Maine Development Foundation; Barbara Leonard, MPH, Maine Health

Access Foundation (philanthropic foundation focused on access to care in Maine);

Becca Matusovich, Maine Center for Disease Control; Lisa Miller, Bingham Foundation

(philanthropic foundation); Dora Ann Mills, MD, Maine Center for Disease Control;

Elizabeth Mitchell, Maine Health Management Coalition (representing the state's

major employers, insurers and providers); Trish Riley, Governor's Office of Health

Policy and Finance (GOHPF); Brian Rines, Advisory Committee for Health System

Development (overseen by GOHPF); Rachel Talbot-Ross, Maine Chapter, NAACP; Ted

Trainer, Public Health Coordinating Council Shawn Yardley, City of Bangor,

Department of Health and Welfare. In the local area served by the assessment,

multiple parties were engaged in dissemination of the assessment findings and

establishment of priorities (see Section 5).

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

On a statewide basis, the research consultants developed an advisory committee that

met two times during the assessment research and drafting of the publication. These

individuals represented a broad spectrum of backgrounds, and they are named: Carol

Bell, Healthy Maine Partnership Director; Kelly Bentley, Healthy Maine Partnership

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

Part VI Supplemental Information

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

Hart, Maine Development Foundation; Barbara Leonard, MPH, Maine Health Access

Foundation (philanthropic foundation focused on access to care in Maine); Becca

Matusovich, Maine Center for Disease Control; Lisa Miller, Bingham Foundation

(philanthropic foundation); Dora Ann Mills, MD, Maine Center for Disease Control;

Elizabeth Mitchell, Maine Health Management Coalition (representing the state's

major employers, insurers and providers); Trish Riley, Governor's Office of Health

Policy and Finance (GOHPF); Brian Rines, Advisory Committee for Health System

Development (overseen by GOHPF); Rachel Talbot-Ross, Maine Chapter, NAACP; Ted

Trainer, Public Health Coordinating Council Shawn Yardley, City of Bangor,

Department of Health and Welfare.

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

The needs assessment was developed as a statewide collaborative between the state's

three largest health systems: EMHS (in central, eastern and northern Maine),

MaineGeneral (in central Maine) and MaineHealth (in southern Maine). Multiple

collaborators were involved in the dissemination of the assessment findings and

establishment of priorities (see Section 5).

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

In conjunction with EMHS, Sebasticook Valley Health hosted a community forum to

present an overview of local assessment results and recommendations. Invitees

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section 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.
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Part V, Line 5c - Description of Making Needs Assessment Widely Available (continued)

included: Other area hospitals, Physician leaders, Federally Qualified Health

Centers, Healthy Maine Partnerships, District Liaisons linked to Maine CDC, Home

Health and Long Term Care leaders, Social Service Agencies, Leaders of the tribal

communities, Business leaders, Legislative leaders, Representatives of the State

administration

Attendees were provided an executive summary of the assessment as well as a summary

table of data reflective of the service area. A presentation was made by EMHS staff

who were members of the assessment development steering committee providing selected

data results, trends over time and the priorities and recommendations as suggested

by the research consultants.

In addition to the community forums, the entire statewide assessment (both narrative

and data sets) were posted to the EMHS website. After the forums, Power Point

presentations used at the Forum as well as input collected in the breakout sessions

were also posted on the website. Forum participants were encouraged to go to the

website to review the assessment in detail, and access the data for local planning.

Media releases were also sent to local news outlets in combination with the forums,

encouraging new articles on the forum and inviting all members of the public to view

the report on the website.

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section 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.
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Part V, Line 5c - Description of Making Needs Assessment Widely Available (continued)

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

Part V, Line 6i - Describe Other Needs Identified

Our Community Health Needs Assessment priorities include Substance Abuse and Mental Health, Access to Care, Obesity Prevention and Chronic Disease Management.

Sebasticook Valley Health has been implementing the following initiatives to meet the prioritized needs of the region:

Substance Abuse & Mental Health

- Implemented Prescription Monitoring Program protocols in the primary care setting and the emergency department.

- SVH continues to serve as the fiscal agent for the local Healthy Maine Partnership, which was awarded the Drug Free Communities grant (\$125,000/year for 5 years), a grant funding many of our substance abuse prevention efforts.

- Continues to partner with local school districts to support the delivery of the LifeSkills program, an evidence-based substance abuse prevention curriculum for middle school students.

- Promotes National Drug Take Back Day throughout service area.

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section 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.
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Part V, Line 6i - Describe Other Needs Identified (continued)

•Continues to host Responsible Beverage Server/Seller trainings for on- and off-premise liquor licensees in partnership with the local coalition.

•Sponsoring and promoting prescription take-back programs and raising awareness of the prescription drug problem with educational campaigns.

•Collaborates with law enforcement to implement "party patrols" and compliance checks. Established and facilitate the regional law enforcement Substance Abuse Prevention Team.

Access to Care

The vision for SVH primary care is to provide a Patient Centered Medical Home model that removes barriers for patients by connecting them to necessary and appropriate resources for the care needed. To that end, SVH:

- Continues to coordinate the local "Little Beacon" project whose goal is to facilitate healthcare in the region by removing barriers and creating patient navigation channels/protocols. The collaborative partners meet monthly.
- In partnership with EMHS and Inland Hospital, SVH established a Community Care Team.
- Established wellness services within the Occupational Health department to promote worksite wellness and prevention to our business partners.

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section 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.
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Part V, Line 6i - Describe Other Needs Identified (continued)

•Continues to offer patients' access to the SVH Courtesy Van.

•SVH held its first annual Community Health Fair, inviting community health partners and resource providers to participate at no cost. The goal was to increase the public's awareness about available resources and services in Sebecook Valley.

Obesity

SVH in collaboration with HealthySV, the local HMP, is working on several initiatives addressing obesity prevention:

•SVH and the local Healthy Maine Partnership, located within the hospital's Community Health division, received a SNAP-Ed subcontract to implement nutrition direct education to SNAP and SNAP eligible recipients. Nutrition education is being delivered in childcare, school, and community-based settings.

•SVH continues to coordinate and promote the Winter Walking Program, a collaborative with local schools to offer safe indoor walking for the general public

•Coordinates the regional Senior Farm Share program, linking seniors to farmers for fresh fruits and vegetables throughout the summer months.

•Promotes the Move and Improve program

•Launched the first annual Summer Slim Down program, which was coordinated through the Occupational Health department and promoted throughout the business

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section 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.
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Part V, Line 6i - Describe Other Needs Identified (continued)

community.

Part V, Line 14g - Other Means Hospital Facility Publicized the Policy

Signs and individual notices are posted in key public waiting areas in the hospital,

Physician practices and on the website regarding information pertaining to Free Care.

These notices inform the patient of the availability of Free Care including the

eligibility criteria and instruction on how to apply, obtain additional information

or assistance.

Part V, Line 20d - Other Billing Determination of Individuals Without Insurance

Hospital charges are discounted at 100% for the patients who qualify for Free Care

with income at or below the 200% FPL.

Part VI - Needs Assessment

Sebasticook Valley Health utilizes the EMHS Community Health Needs assessment data

from the Healthy Maine Partnership/Healthy SV Community Data Profile, and produces

an annual environmental needs analysis every year. The SVH community Health data, and

information gleaned from AVATAR International patients surveys and quality

measurement website data.

Part VI - Patient Education of Eligibility for Assistance

Sebasticook Valley Health provides information about financial assistance and the

contract information for SVH Billing is included in patients bills and is available

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section 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.
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Part VI - Patient Education of Eligibility for Assistance (continued)

at the Patient Accounts Office, Central Registration, and in all primary care locations. Our Patient Accounts staff work directly with each patient to educate, determine eligibility and assist in applying for assistance. In addition, information is posted to the public at our website. They are knowledgeable in a wide variety of programs and services that can help patients.

Part VI - Community Information

Sebasticook Valley Health serves over 34,000 in more than a dozen towns in Central Maine in the counties of Southern Penobscot, Southern Somerset, Northern Kennebec, and Western Waldo Counties. Central Maine serves a significant number of patients who utilize either Medicare or Medicaid (MaineCare) as their primary source of coverage for healthcare. The area has a diverse business and industrial base, however, no large companies or industry are located in the region.

Part VI - Community Building Activities

Sebasticook Valley Health works with other area healthcare organizations and providers, businesses, and industries, municipalities, civic organizations, communities of faith, schools, and private individuals and families to bring the highest quality of healthcare to the region. SVH also recognizes its role in helping the Sebasticook Valley be a healthy and economically vibrant place to live and work and collaborates with a number of partners to enhance the region's health

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section 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.
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Part VI - Community Building Activities (continued)

in the broadest sense.

Part VI - Explanation Of How Organization Furthers Its Exempt Purpose

Sebasticook Valley Health provides a wide range of services to the community including support groups for cancer, diabetes, and hosting for caregivers. SVH also offers free educational sessions and healthcare screenings. SVH goes into the schools with educational programs such as tobacco prevention programs such as Tar Wars and the "Swish Lady" sealant program and trains medical practice staff to provide oral health services to infants and toddlers. SVH works in collaboration with a number of area organizations to help deliver programs and services that address the need for improved nutrition and fitness, and elimination and reduction of tobacco and substance abuse. We also provide free transportation to our facilities, this is critical service to connect vulnerable populations, largely the elderly - with care services. SVH has also assisted in public education in the reform of providing speakers and literature on related health topics. This year we have provided a number of lunch-and-learn topics to business leaders, including such topics as ergonomic health, health care reform and workplace safety. SVH collaborated with the local FQHC by donating the space and equipment for dental care services to those uninsured or underinsured children and adults. This year SVH hosted a community health fair with a variety of other local providers of

Part VI Supplemental Information

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section 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.
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Part VI - Explanation Of How Organization Furthers Its Exempt Purpose (continued)

healthcare services and area agencies promoting a variety of health prevention topics. SVH also made available to the public free and reduced cost screenings, access to health risk assessment processes and experts on exercise and nutrition.

Part VI - Affiliated Health Care System Roles and Promotion

Both Seabasticook Valley Health and EMHS, the system, are member of the Wellness Council of America - SVH with Gold status and EMHS with Platinum status for employee health. To provote and provide community wellness programs, SVH must walk the walk with employees. As SVH brings system-wide or local programs into the communitities, it is done with an understanding of the work needed to help create healthy workplaces and healthy communities. See also Schedule O

Part VI - States Where Community Benefit Report Filed

ME

Part V - Explanation of Number of Facility Type

N/A

SCHEDULE J
(Form 990)

Compensation Information

OMB No. 1545-0047

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

2012

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

Name of the organization

Employer identification number

EASTERN MAINE HEALTHCARE SYSTEMS

01-0263628

Part I Questions Regarding Compensation

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

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

Schedule J (Form 990) 2012

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

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

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

(A) Name 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)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus and incentive compensation	(iii) Other reportable compensation				
1 RANDALL CLARK CFO	(i) 140,282. (ii) 0.	0.	26,380.	3,256.	29,667.	199,585.	0.
2 TERESA P VIEIRA ACTING CEO	(i) 157,789. (ii) 0.	0.	23,798.	6,629.	18,825.	207,041.	0.
3 MICHAEL D PETERSON CAO	(i) 148,158. (ii) 0.	0.	0.	5,403.	20,887.	174,448.	0.
4 GAIL LAMB PHYSICIAN	(i) 314,606. (ii) 0.	0.	0.	0.	10,060.	324,666.	0.
5 ALAN D. LILLY, D.O. SURGEON	(i) 319,186. (ii) 0.	0.	0.	0.	10,629.	329,815.	0.
6 JO-NELL MARTIN PHYSICIAN	(i) 314,623. (ii) 0.	0.	0.	0.	30,506.	345,129.	0.
7 MICHAEL LEMIEUX CARDIOLOGIST	(i) 361,539. (ii) 0.	0.	0.	0.	24,960.	386,499.	0.
8 TODD A TRITCH, M.D. ER PHYSICIAN	(i) 314,487. (ii) 0.	0.	0.	0.	25,025.	339,512.	0.
9 VICTORIA ALEXANDER-L CEO	(i) 256,410. (ii) 0.	0.	0.	31,355.	0.	287,765.	0.
10 JOHN MAY CEO	(i) 0. (ii) 0.	0.	136,534.	0.	0.	136,534.	136,534.
11							
12							
13							
14							
15							
16							

TEEA4102L 12/11/12

Schedule J (Form 990) 2012

BAA

Part III Supplemental Information

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

Part III - Additional Information

Part I, 6a: Victoria Alexander-Lane, Performance Incentive Bonus of \$22,761

Charles W. Klein, Performance Incentive Bonus of \$2,000

Jo-Nell Martin, Physician, 2 Incentive Bonuses of \$2,500 each.

Gail Lamb, Sign on Bonus of \$10,000

Michael Lemieux, Sign on Bonus of \$20,000

Todd Tritch, Physician, Incentive Bonus of \$2500

John C. May, 457f Distribution of \$136,534

SCHEDULE K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

EASTERN MAINE HEALTHCARE SYSTEMS

Part I Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A Maine Health & Higher Educ	01-0314384	560425UB4	12/09/2004	807,075.	Construction		X		X		X
B Finance Authority of ME	01-0392006	NONE	1/17/2013	6,000,000.	Construction		X		X		X
C Finance Authority of ME	01-0392006	NONE	1/17/2013	2,025,000.	Construction		X		X		X
D Finance Authority of ME	01-0392006	NONE	1/17/2013	2,475,000.	Construction		X		X		X

Employer identification number

01-0263628

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

Part II Proceeds

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired.....		620,000.						287,817.
2 Amount of bonds legally defeased.....								
3 Total proceeds of issue.....		807,075.		6,000,000.		2,025,000.		2,475,000.
4 Gross proceeds in reserve funds.....		57,035.						
5 Capitalized interest from proceeds.....								
6 Proceeds in refunding escrows.....								
7 Issuance costs from proceeds.....		14,529.						
8 Credit enhancement from proceeds.....								
9 Working capital expenditures from proceeds.....								
10 Capital expenditures from proceeds.....		735,511.		6,000,000.		2,025,000.		2,475,000.
11 Other spent proceeds.....								
12 Other unspent proceeds.....								
13 Year of substantial completion.....	2005		2013		2013		1991	
	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?.....		X		X		X		X
15 Were the bonds issued as part of an advance refunding issue?.....		X		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		X	

Part III Private Business Use

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

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

Schedule K (Form 990) 2012

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3 a Are there any management or service contracts that may result in private business use of bond-financed property?.....								
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		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?.....								
8 a 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		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		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		X
2 If 'No' to line 1, did the following apply?								
a Rebate not due yet?.....								
b Exception to rebate?.....								
c No rebate due?.....		X		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		X
4 a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?.....		X		X		X		X
b Name of provider.....								
c Term of hedge.....								
d Was the hedge superintegrated?.....								
e Was the hedge terminated?.....								

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

EASTERN MAINE HEALTHCARE SYSTEMS
SEBASTICOOK VALLEY HEALTH

Employer identification number

01-0263628

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

SEBASTICOOK VALLEY HEALTH is a nonprofit hospital, providing service for all that needs care, regardless of their ability to pay. In the 2013 fiscal year, SVH provided free care of \$1,655,396 and recorded \$2,960,113 in bad debts. Our hospital provides 24-hours-a-day emergency services with annual visits of 12,927. SVH provides many free services and programs that are designed to improve the health and well being of our surrounding communities.

Free/Reduced Cost Programs To Our Communities

Courtesy Van

Diabetes Awareness/Support Group Meeting Monthly

Breast Cancer Awareness, Education, and Free Mammograms

Business Lunch & Learns

Bone Densitometry Screenings

School & Community Organization hospital tours

Participation in ad provision of bone density screenings at Seabasticook Valley

Women's Heart Health Education

Caregiver Support Group

Heart Disease for Kids (Ongoing)

Blood Drives (twice yearly)

CPR/First Aide Classes

Supper sitter workshops (three times a year)

Move and Improve Site

Move and improve Community Walks

Living Well

Oversight of student experience processes including: job shadows, practicums, and clinical rotations.

Name of the organization EASTERN MAINE HEALTHCARE SYSTEMS SEBASTICOOK VALLEY HEALTH	Employer identification number 01-0263628
---	--

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

Community Health Fair

Nutrition and Cooking Education

Substance Abuse Prevention

Additional Statistics:

Total Admissions of 587

Emergency Room Visits 12,927

Surgical Cases 799

Clinic Visits 10,896

Physician Practice visits of 15,486

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

Sebasticook Valley Health (the "Corporation") is a Maine nonprofit corporation.

Eastern Maine Healthcare Systems (the "Member"), also a Maine nonprofit corporation, is the sole corporate member of the Corporation.

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

The Member has authority to elect directors of the Corporation.

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

The Member has authority to approve amendments to the Corporation's articles of incorporation and to its bylaws.

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

Form 990 is reviewed by the CFO of Sebasticook Valley Health.

Form 990 was provided to each board member electronically on August 8, 2014, prior to filing with the IRS.

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

The organization requests updates of potential conflicts and relationships from the officers and Board members on an annual basis. The request requires disclosure of

Name of the organization EASTERN MAINE HEALTHCARE SYSTEMS SEBASTICOOK VALLEY HEALTH	Employer identification number 01-0263628
---	--

Form 990, Part VI, Line 12c - Explanation of Monitoring and Enforcement of Conflicts (continued)

all business relationships, board memberships, and family relationships. A database is maintained that is compared to payroll records and the accounts payable vendor list to identify any potential conflicts of interest. Transactions are reviewed for reasonableness as an arm's length transaction.

The first agenda item for board meetings and board committee meetings is for members to declare any conflict of interest with upcoming agenda items or deliberations. At any point when consideration is being given to purchase/contract with a party in interest, the member with the conflict is either excused from the discussion and consideration process or abstains from voting on the matter.

All transactions identified with parties in interest are disclosed within the Form 990. All are deemed to be arm's length transactions.

Form 990, Part VI, Line 15a - Compensation Review & Approval Process - CEO, Top Management

The Seabasticook Valley Health Executive Committee is comprised of independent Board members. The Executive Committee works with the President and CEO to establish the performance evaluation for the ensuing year. The Committee develops the compensation program for the President and CEO, to coincide with the current job description. The Committee sets the annual compensation of the President and CEO.

The Committee:

Assures that the value of compensation provided by SVH does not exceed the value of services provided by the President & CEO.

Reviews periodic compensation survey information and provides input into the executive compensation program.

Reviews incentive compensation criteria and associated pay schedules for officers

Name of the organization EASTERN MAINE HEALTHCARE SYSTEMS
SEBASTICOOK VALLEY HEALTH

Employer identification number
01-0263628

Form 990, Part VI, Line 15a - Compensation Review & Approval Process - CEO, Top Management (continued)

and key employees.

15b. Compensation of other officers and key employees of the organization are established by the President and CEO and the Human Resources department; utilizing external market research to establish compensation ranges for specific positions.

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

Sebasticook Valley Health makes its governing documents, conflict of interest policy and financial statements available to the public upon request.

Form 990, Part XI, Line 9
Other Changes In Net Assets Or Fund Balances

Change in beneficial Interest Trust.....	\$	4,118.
RESTRICTED CONTRIBUTION.....		2,500.
Transfer to exempt parent - Eastern Maine Healthcare Systems.....		-260,503.
	Total \$	<u>-253,885.</u>

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

EASTERN MAINE HEALTHCARE SYSTEMS SEBASTICOOK VALLEY HEALTH

Employer identification number

01-0263628

OMB No. 1545-0047

2012

▶ **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.

Open to Public Inspection

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
(1) ----- ----- ----- -----					
(2) ----- ----- ----- -----					
(3) ----- ----- ----- -----					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Sec 512(b)(13) controlled entity?	
						Yes	No
(1) Eastern Maine Healthcare Systems (43 Whiting Hill Road Brewer, ME 04412 01-0527066	Supporting for organization for healthcare affiliates	ME	501 (c) (3)	11 TYPE 111 Func Int	N/A		X
(2) Eastern Maine Medical Center (EMMC) PO BOX 404 489 State Street Bangor, ME 04402-0404 01-0211501	Provide Healthcare Services	ME	501 (c) (3)	3	EMHS		X
(3) Eastern Maine Healthcare Real Estate 43 Whiting Hill Road Brewer, ME 04412 01-0391036	leases real estate	ME	501 (c) (2)		EMHS		X
(4) Rosscare 43 Whiting Hill Road Brewer, ME 04412 01-0391038	provide services to elderly	ME	501 (c) (3)	PF	EMHS		X

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

TEEA5001L 12/28/12

Schedule R (Form 990) 2012

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
See Part VII (1) Beacon Health, L.L.C. 43 Whitting Hill Brewer, ME 04412 45-2967056	Accountable care organization	ME	EMHS	N/A	N/A			N	A	N/A	N	A
(2) -----												
(3) -----												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Sec 512(b)(13) controlled entity?	
								Yes	No
(1) Affiliated Healthcare Systems P. O. BOX 940 Bangor, ME 04402-0940 01-0385322	Holding Co.	ME	EMHS	C	0.	0.			X
(2) Affiliated Healthcare Managemen P. O. BOX 811 Bangor, ME 04402-0811 01-0349339	Healthcare	ME	AHS	C	0.	0.			X
(3) Affiliated Laboratory, Inc. P. O. BOX 638 Bangor, ME 04402-0638 01-0381283	Clinical La	ME	AHS	C	0.	0.			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	1a	X
	b Gift, grant, or capital contribution to related organization(s)	1b	X
	c Gift, grant, or capital contribution from related organization(s)	1c	X
	d Loans or loan guarantees to or for related organization(s)	1d	X
	e Loans or loan guarantees by related organization(s)	1e	X
	f Dividends from related organization(s)	1f	X
	g Sale of assets to related organization(s)	1g	X
	h Purchase of assets from related organization(s)	1h	X
	i Exchange of assets with related organization(s)	1i	X
	j Lease of facilities, equipment, or other assets to related organization(s)	1j	X
	k Lease of facilities, equipment, or other assets from related organization(s)	1k	X
	l Performance of services or membership or fundraising solicitations for related organization(s)	1l	X
	m Performance of services or membership or fundraising solicitations by related organization(s)	1m	X
	n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	X
	o Sharing of paid employees with related organization(s)	1o	X
	p Reimbursement paid to related organization(s) for expenses	1p	X
	q Reimbursement paid by related organization(s) for expenses	1q	X
	r Other transfer of cash or property to related organization(s)	1r	X
	s Other transfer of cash or property from related organization(s)	1s	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) Eastern Maine Healthcare Systems (EMHS)	m	443,344.FMV	
(2) Eastern Maine Healthcare Systems (EMHS)	p	2,816,854.FMV	
(3) Eastern Maine Healthcare Systems (EMHS)	r	260,503.FMV	
(4) Eastern Maine Medical Center (EMMC)	m	496,576.FMV	
(5) EMHS Foundation	m	149,400.FMV	
(6) Inland Hospital	m	127,783.FMV	

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

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

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

(2) -----													

(3) -----													

(4) -----													

(5) -----													

(6) -----													

(7) -----													

(8) -----													

Part II Continuation of Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity	(G) Sec 512(b)(13) controlled entity?	
						Yes	No
Rosscare Nursing Homes, Inc. 43 Whiting Hill Road Brewer, ME 04412 01-0430751	Operation of Nursing Homes	ME	501(c)(3)	9	Rosscare		X
Acadia Hospital Corp. (AHC) 43 Whiting Hill Road Brewer, ME 04412 01-0459837	Provide healthcare services	ME	501(c)(3)	3	EMHS		X
Eastern Maine Medical Center Auxilia 43 Whiting Hill Road Brewer, ME 04412 01-0377901	Fund raising for exempt Eastern Maine Medical Center	ME	501(c)(3)	9	EMMC		X
Acadia Healthcare, Inc. 43 Whiting Hill Road Brewer, ME 04412 22-3183888	Provide Healthcare Services	ME	503(c)(3)	9	AHC		X
EMHS Foundation 43 Whiting Hill Road Brewer, ME 04412 22-2514163	Raise and manage funds for exempt organizations	ME	501(c)(3)	11 Type II	EMHS		X
Norumbega Medical Specialists, LTD 43 Whiting Hill Road, Ste 400 Brewer, ME 04412 01-0465231	Provide Patient care and education	ME	501(c)(3)	9	EMMC		X
Inland Hospital 200 Kennedy Memorial Drive Waterville, ME 04901 01-0217211	Provide Healthcare Services	ME	501(c)(3)	3	EMHS		X
Lakewood, A Continuing Care Center 220 Kennedy Memorial Drive Waterville, ME 04901 01-0421234	Provide Skilled and long-term nursing care	ME	501(c)(3)	3	Inland Hospital		X
C.A. Dean Memorial Hospital Pritham Avenue, PO Box 1129 Greenville, ME 04441-1129 04-3341666	Provide Healthcare Services	ME	501(c)(3)	3	EMHS		X

Part II Continuation of Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity	(G) Sec 512(b)(13) controlled entity?	
						Yes	No
The Aroostook Medical Center (TAMC) PO Box 151, 140 Academy Street Presque Isle, ME 04769-0151 01-0372148	Provide healthcare services	ME	501 (c) (3)	3	EMHS	X	
TAMC Endowments PO Box 151 140 Academy Street Presque Isle, ME 04769-0151 01-0389222	Raise funds for exempt organizations	ME	501 (c) (3)	11 Type I	TAMC	X	
Horizons Health Services PO Box 151, 140 Academy Street Presque Isle, ME 04769-0151 01-0504393	Provide Patient Care	ME	501 (c) (3)	3	TAMC	X	
Eastern Maine HomeCare PO BOX 688 Caribou, ME 04736 01-0328442	Provide Home health & hospice services	ME	501 (c) (3)	9	EMHS	X	
TAMC Title Corp PO Box 151, 140 Academy Street Presque Isle, ME 04769-0151 01-0389226	Real Estate Holding Company	ME	501 (c) (2)		TAMC	X	
ME Institute for Human Genetics & He 43 Whiting Hill Road Brewer, ME 04412 55-0894346	Biomedical research & development	ME	501 (c) (3)	9	EMHS	X	
Blue Hill Memorial Hospital (BHMH) 57 Water Street Blue Hill, ME 04614-5231 01-0227195	Provide Healthcare Services	ME	501 (c) (3)	3	EMHS	X	
Meadow Wood LLC 43 Whiting Hill Road Brewer, ME 04412 27-2935243	Provide Patient Care	ME	501 (c) (3)	9	AHI	X	
Sebasticook Valley Family Practice A 447 North Main Street Pittsfield, ME 04967 01-0357854	Provide Patient Care	ME	501 (c) (3)	9	SVH	X	

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

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership	(I) Section 512 (b)(13) controlled entity?	
								Yes	No
Affiliated Materiel Services P.O. BOX 1300 Bangor, ME 04402-1300 01-0381189	purchasing	ME	AHS	C	0.	0.			X
Affiliated Pharmacy Services 917 Union Street, Suite 7 Bangor, ME 04401 01-0587230	Pharmacy	ME	AHS	C	0.	0.			X
DE Collections dba Affiliated P.O. BOX 2759 Bangor, ME 04402-2759 01-0366209	Collections	me	AHS	C	0.	0.			X
Meridian Mobile Health, LLC 931 Union Street, P.O. Box 940 Bangor, ME 04402-0940 01-0512673	Ambulance	ME	AHS	C	0.	0.			X
Maine Network for Health P.O. BOX 2813 Bangor, ME 04402-2813 01-0496352	Support Ser	ME	EHMS	C	0.	0.			X
Dirigo Pines Retirement Commun 9 Alumni Drive Orono, ME 04473 01-0537924	Holding Co	ME	AHS	C	0.	0.			X
Dirigo Pines Inn, LLC 9 Alumni Drive Orono, ME 04473 02-0547749	Continuing	ME	ROSSCARE	C	0.	0.			X
Dirigo Funding LLC, 9 Alumni Drive Orono, ME 04473 01-0599996	Providing F	ME	AHS	C	0.	0.			X

Application for Extension of Time To File an Exempt Organization Return

► **File a separate application for each return.**
► **Information about Form 8868 and its instructions is at www.irs.gov/form8868.**

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

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

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

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

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

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

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. Eastern Maine Healthcare Systems, Sebasticook Valley Health	Employer identification number (EIN) or 01-0263628
	Number, street, and room or suite no. If a P.O. box, see instructions. 447 North Main Street	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Pittsfield, Maine 04967--3707	

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

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

• The books are in the care of ► Randall L. Clark, Vice President of Finance

Telephone No. ► 207-487-4022 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) 5247. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until mAY 15, 20 14, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
► calendar year 20 ____ or

► tax year beginning October 1, 20 12, and ending September 30, 20 13.

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 Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$
b	If this application is for Forms 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	\$
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	\$

Caution. If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.



Department of Treasury
Internal Revenue Service
Ogden UT 84201

Notice	CP211A
Tax period	September 30, 2013
Notice date	March 24, 2014
Employer ID number	01-0263628
To contact us	Phone 1-877-829-5500 FAX 801-620-5670

Page 1 of 1

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EASTERN MAINE HEALTHCARE SYSTEMS
SEBASTICOOK VALLEY HEALTH
477 N MAIN ST
PITTSFIELD ME 04967



53564

Important information about your September 30, 2013 Form 990

We approved your Form 8868, Application for Extension of Time To File an Exempt Organization Return

We approved the Form 8868 for your September 30, 2013 Form 990. Your new due date is May 15, 2014.

What you need to do

File your September 30, 2013 Form 990 by May 15, 2014. We encourage you to use electronic filing—the fastest and easiest way to file.

Visit www.irs.gov/charities to learn about approved e-File providers, what types of returns can be filed electronically, and whether you are required to file electronically.

Additional information

- Visit www.irs.gov/cp211a.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.

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

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

Enter filer's identifying number, see instructions

Type or print	Name of exempt organization or other filer, see instructions. SEBASTICOOK VALLEY HEALTH	Employer identification number (EIN) or 01-0263628
	Number, street, and room or suite no. If a P.O. box, see instructions. 447 NORTH MAINE STREET	Social security number (SSN)
File by the due date for filing your return. See instructions.	City, town or post office, state, and ZIP code. For a foreign address, see instructions. PITTSFIELD, MAINE 04967	

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

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

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

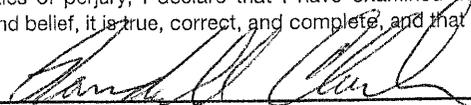
- The books are in the care of **RANDALL L CLARK, CHIEF FINANCIAL OFFICER**
Telephone No. **207-487-4022** Fax No. _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) **5247**. 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 **AUGUST 15**, 20 **14**.
- For calendar year _____, or other tax year beginning **OCTOBER 1**, 20 **12**, and ending **SEPTEMBER**, 20 **13**.
- 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 **Taxpayer respectfully requests additional time to gather information necessary to file a complete and accurate tax return**

8a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$
b If this application is for Forms 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	\$
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	\$

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  Title **CFO** Date **5/7/14**



Department of Treasury
Internal Revenue Service
Ogden UT 84201

Notice	CP211A
Tax period	September 30, 2013
Notice date	June 30, 2014
Employer ID number	01-0263628
To contact us	Phone 1-877-829-5500 FAX 801-620-5555

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EASTERN MAINE HEALTHCARE SYSTEMS
SEBASTICOOK VALLEY HEALTH
447 N MAIN ST
PITTSFIELD ME 04967-3707



Page 1 of 1

163329

Important information about your September 30, 2013 Form 990

We approved your Form 8868, Application for Extension of Time To File an Exempt Organization Return

We approved the Form 8868 for your
September 30, 2013 Form 990.
Your new due date is August 15, 2014.

What you need to do

File your September 30, 2013 Form 990 by August 15, 2014. We encourage you to use electronic filing—the fastest and easiest way to file.

Visit www.irs.gov/charities to learn about approved e-File providers, what types of returns can be filed electronically, and whether you are required to file electronically.

Additional information

- Visit www.irs.gov/cp211a.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.



SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

September 30, 2013 and 2012

With Independent Auditor's Report



SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

**Consolidated Financial Statements
and Supplementary Information**

Years Ended September 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sebasticook Valley Health and Subsidiary

We have audited the accompanying consolidated financial statements of Sebasticook Valley Health and Subsidiary, which comprise the consolidated balance sheet as of September 30, 2013, and the related consolidated statement of operations and changes in net assets, and cash flows for the year 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 audit. We conducted our audit 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sebasticook Valley Health and Subsidiary as of September 30, 2013, and the consolidated results of their operations, changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and other detail schedules are presented for purposes of additional analysis and are 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 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Prior Period Financial Statements

The consolidated financial statements of Sebasticook Valley Health and Subsidiary as of and for the year ended September 30, 2012, were audited by another auditor whose report thereon, dated November 21, 2012, expressed an unmodified opinion on those statements.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
December 20, 2013

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Consolidated Balance Sheets

September 30, 2013 and 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 4,084,055	\$ 746,795
Short-term investments	393,327	736,219
Assets whose use is limited or restricted	1,292,574	128,561
Patient accounts receivable, net of allowance for uncollectible accounts of \$1,457,816 and \$1,544,211 in 2013 and 2012, respectively	2,238,419	3,292,391
Estimated third-party payor settlements	1,306,909	723,349
Other receivables, net of allowance for uncollectible accounts of \$12,179 and \$12,261 in 2013 and 2012, respectively	261,836	48,055
Due from Eastern Maine Healthcare Systems	12,740	9,576
Inventories	221,869	269,381
Prepaid expenses and other	<u>348,184</u>	<u>224,391</u>
Total current assets	10,159,913	6,178,718
Property, plant and equipment, net	<u>21,921,366</u>	<u>12,615,668</u>
Assets whose use is limited or restricted		
Board designated		
Funded depreciation	996,809	1,015,918
Other designated funds	6,479,049	9,391,724
Temporarily donor-restricted	851,186	465,877
Permanently donor-restricted	108,497	105,995
Beneficial interest in perpetual trusts	<u>261,362</u>	<u>257,244</u>
Total assets whose use is limited or restricted	<u>8,696,903</u>	<u>11,236,758</u>
Other assets		
Estimated settlement receivable from the State of Maine	1,063,094	1,626,054
Deferred financing costs, net	101,903	42,303
Other assets, net	<u>2,062,045</u>	<u>1,481,024</u>
	<u>3,227,042</u>	<u>3,149,381</u>
Total assets	<u>\$ 44,005,224</u>	<u>\$ 33,180,525</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	\$ 1,008,438	\$ 1,968,594
Due to Eastern Maine Healthcare Systems	178,381	260,429
Accrued expenses and other	2,388,408	2,190,719
Estimated third-party payor settlements	3,343,090	2,861,669
Current portion of long-term debt and capital leases	<u>587,906</u>	<u>464,953</u>
Total current liabilities	7,506,223	7,746,364
Long-term estimated third-party payor settlements	2,947,192	2,199,339
Other liabilities	2,073,692	1,472,491
Long-term debt and capital leases, net of current portion	<u>9,752,604</u>	<u>2,473,485</u>
Total liabilities	<u>22,279,711</u>	<u>13,891,679</u>
Contingencies (Note 15)		
Net assets		
Unrestricted	20,504,470	18,459,730
Temporarily restricted	851,186	465,877
Permanently restricted	<u>369,857</u>	<u>363,239</u>
Total net assets	<u>21,725,513</u>	<u>19,288,846</u>
Total liabilities and net assets	<u>\$44,005,224</u>	<u>\$33,180,525</u>

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Consolidated Statements of Operations and Changes in Net Assets

Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted revenues and other support		
Patient service revenue (net of contractual allowances and discounts)	\$ 35,340,202	\$ 34,834,478
Less provision for bad debts	<u>2,960,113</u>	<u>2,377,779</u>
Net patient service revenue	32,380,089	32,456,699
Other revenue	855,446	779,166
Meaningful use revenue	308,331	568,724
Net assets released from restrictions for operations	<u>80,297</u>	<u>58,507</u>
Total unrestricted revenues and other support	<u>33,624,163</u>	<u>33,863,096</u>
Expenses		
Salaries and wages	16,060,330	15,974,063
Employee benefits	3,815,271	3,585,661
Professional fees	461,747	1,824,390
Supplies	3,252,385	3,431,893
Utilities	649,331	578,655
Purchased services	3,701,326	4,338,562
Insurance	151,545	204,362
Other	1,360,742	1,480,093
State tax assessment	870,189	732,630
Depreciation and amortization	1,668,218	1,462,269
Interest	<u>96,244</u>	<u>160,720</u>
Total expenses	<u>32,087,328</u>	<u>33,773,298</u>
Operating income	<u>1,536,835</u>	<u>89,798</u>
Other income (expense)		
Investment income	255,966	288,536
Unrestricted gifts	15,312	8,284
Fundraising costs	(12,441)	(12,904)
Net realized gains on investments	74,302	95,064
Loss on early extinguishment of debt	(48,123)	-
Net gain (loss) on sale of property, plant and equipment	<u>24,623</u>	<u>(69,613)</u>
Net other income	<u>309,639</u>	<u>309,367</u>
Excess of revenues and other support over expenses	1,846,474	399,165

(Continued next page)

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

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

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

Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Unrestricted net assets (continued)		
Excess of revenues and other support over expenses	\$ 1,846,474	\$ 399,165
Net assets released from restrictions for purchase of equipment	206,372	101,415
Change in unrealized gains on investments	252,397	653,243
Transfer to Eastern Maine Healthcare Systems - strategic pool	<u>(260,503)</u>	<u>(58,380)</u>
Increase in unrestricted net assets	<u>2,044,740</u>	<u>1,095,443</u>
Temporarily restricted net assets		
Restricted contributions	648,440	417,364
Change in unrealized gains on investments	23,538	28,305
Net assets released from restrictions	<u>(286,669)</u>	<u>(159,922)</u>
Increase in temporarily restricted net assets	<u>385,309</u>	<u>285,747</u>
Permanently restricted net assets		
Restricted contributions	2,500	2,500
Change in beneficial interest in perpetual trusts	<u>4,118</u>	<u>21,211</u>
Increase in permanently restricted net assets	<u>6,618</u>	<u>23,711</u>
Increase in net assets	2,436,667	1,404,901
Net assets, beginning of year	<u>19,288,846</u>	<u>17,883,945</u>
Net assets, end of year	<u>\$ 21,725,513</u>	<u>\$ 19,288,846</u>

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

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating and nonoperating activities		
Increase in net assets	\$ 2,436,667	\$ 1,404,901
Adjustments to reconcile increase in net assets to net cash provided (used) by operating and activities		
Depreciation and amortization	1,668,218	1,462,269
(Gain) loss on sale of property, plant and equipment	(24,623)	69,613
Loss on early extinguishment of debt	48,123	-
Net realized and unrealized gains on investments	(350,237)	(776,612)
Restricted contributions	(650,940)	(419,864)
Change in beneficial interest in perpetual trusts	(4,118)	(21,211)
Provision for bad debts	2,960,113	2,377,779
Transfer to Eastern Maine Healthcare Systems - strategic pool	260,503	58,380
Changes in operating assets and liabilities		
Patient accounts receivable	(1,906,141)	(3,295,509)
Other receivables, inventories, prepaid expenses and other assets	(290,062)	273,667
Net amounts due to or from third-party payors and estimated settlement receivable from State of Maine	1,208,674	(1,185,282)
Accounts payable and accrued expenses	(745,487)	(512,973)
Change in deferred compensation	-	(170,348)
Net amounts due to or from Eastern Maine Healthcare Systems	(85,212)	49,809
Net cash provided (used) by operating activities	<u>4,525,478</u>	<u>(685,381)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,977,167)	(2,842,646)
Proceeds from sales of property, plant and equipment	39,948	6,051
Proceeds from sales of investments	10,641,996	4,274,826
Purchases of investments	(8,736,484)	(3,211,746)
Net cash used by investing activities	<u>(9,031,707)</u>	<u>(1,773,515)</u>
Cash flows from financing activities		
Transfer to Eastern Maine Healthcare Systems - strategic pool	(260,503)	(58,380)
Restricted contributions	650,940	419,864
Proceeds from issuance of long-term debt	8,025,000	-
Repayments of long-term obligations	(503,474)	(536,413)
Net change in deferred financing costs	(68,474)	-
Net cash provided (used) by financing activities	<u>7,843,489</u>	<u>(174,929)</u>
Net increase (decrease) in cash and cash equivalents	3,337,260	(2,633,825)
Cash and cash equivalents at beginning of year	<u>746,795</u>	<u>3,380,620</u>
Cash and cash equivalents at end of year	<u>\$ 4,084,055</u>	<u>\$ 746,795</u>
Supplemental disclosure for cash flow information:		
Cash paid during the year for interest	<u>\$ 302,313</u>	<u>\$ 164,606</u>

Noncash transaction:

During 2013, the Hospital refunded its MHHEFA Series 2001B Bonds (\$2,642,577) from a portion of the proceeds of the issuance of its Series 2013 Finance Authority of Maine Revenue Obligation Bonds (\$10,500,000). The refunding of the MHHEFA Series 2001B Bonds has been treated as a noncash transaction.

At September 30, 2013 and 2012, construction costs of \$512,653 and \$1,541,449, respectively, were included in accounts payable and accrued expenses.

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

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

1. Description of Organization

Organization

Sebasticook Valley Health and Subsidiary (SVH) is a not-for-profit health care organization operating a 25-bed critical access hospital located in Pittsfield, Maine, serving Pittsfield and several surrounding communities in the Central Maine area between the cities of Bangor and Waterville. In October 2011, Sebasticook Valley Work Health, an employee health and safety clinic in Pittsfield, Maine, became a subsidiary of SVH. SVH is part of Eastern Maine Healthcare Systems (EMHS).

2. Significant Accounting Policies

Principles of Consolidation

These consolidated financial statements include the accounts of SVH and its subsidiary (collectively, the Hospital). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Cash and Cash Equivalents

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

Patient Accounts Receivable

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a valuation allowance based on its assessment of the current status of individual accounts. 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 the applicable patient accounts receivable. Credit is extended without collateral.

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

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

doubtful accounts and provision for bad debts. Management regularly reviews data about these 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.

Inventories

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

Investments and Investment Income

Investment securities are measured at fair value. Realized gains and losses on sales of investments are computed based on specific identification of the investments sold. Unrestricted investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues and other support over expenses. Unrealized gains and losses on unrestricted investments are excluded from this measure. On a periodic basis, the Hospital evaluates its investments to determine if declines in market value below cost are other than temporary. If such declines are determined to be other than temporary, an impairment charge is recognized and included in the excess of revenues and other support over expenses.

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 consolidated balance sheets and statements of operations and changes in net assets.

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets held by trustees under bond indenture agreements, assets restricted by donors, beneficial interest in perpetual trusts, designated assets set aside by the Board of Trustees for future capital improvements and assets over which the Board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities have been classified as current assets.

Property and Equipment

Property and equipment acquisitions are stated at cost or, if contributed, at fair market value determined at the date of the donation. The Hospital's policy is to capitalize expenditures for major improvements and charge maintenance and repairs for expenditures which do not extend the life of the related assets. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Deferred Financing Costs

Deferred financing costs on the Hospital's Maine Health and Higher Educational Facilities Authority (MHHEFA) and Finance Authority of Maine (FAME) revenue bonds are being amortized over the terms of the bonds on a straight-line basis.

Temporarily and Permanently Restricted Net Assets

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

Excess of Revenues and Other Support Over Expenses

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

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 and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

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.

Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Notes to Consolidated Financial Statements

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

	<u>2013</u>	<u>2012</u>
Charges foregone, based on established rates	\$ <u>1,655,397</u>	\$ <u>1,860,037</u>
Estimated costs incurred to provide charity care	\$ <u>924,188</u>	\$ <u>1,058,983</u>
Equivalent percentage of charity care services to all services	<u>3.09%</u>	<u>3.37%</u>

Costs of providing charity care services have been estimated based on the relationship of gross charges for those services to total expenses.

Donor-Restricted Gifts

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

Defined Contribution Pension Plan

The Hospital maintains a defined contribution plan for all employees who have met certain eligibility requirements. Discretionary contributions to the plan by the Hospital for the years ended September 30, 2013 and 2012 were \$367,102 and \$322,316, respectively.

Self-Insurance Programs

The Hospital participates in the EMHS self-insured group health benefits plan. Under this plan, the Hospital pays monthly premiums to EMHS in an amount necessary to fund the estimated annual plan expenses. In 2013 and 2012, the Hospital paid EMHS approximately \$1,928,000 and \$1,509,000, respectively.

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

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

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Income Taxes

The Hospital has been determined by the Internal Revenue Service to be a tax-exempt charitable organization as described in Section 501(c)(3) of the Internal Revenue Code, whereby, only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. Accordingly, no provision for federal income taxes has been recorded in the accompanying consolidated financial statements.

Reclassifications

Certain amounts in the 2012 consolidated financial statements have been reclassified to conform to the current year's presentation.

Recently Issued Accounting Pronouncement

In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 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," 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 qualitative and quantitative information about changes in the allowance for doubtful accounts. The provisions of ASU 2011-07 were effective for the Hospital beginning October 1, 2012 and have been incorporated into the September 30, 2013 consolidated financial statements.

Subsequent Events

For purposes of the preparation of these consolidated financial statements, the Hospital has considered transactions or events occurring through December 20, 2013, which was the date the consolidated financial statements were issued.

3. Patient Accounts Receivable

Details of accounts receivable at September 30 are as follows:

	<u>2013</u>	<u>2012</u>
Patient accounts receivable	\$ 7,875,665	\$ 9,918,640
Less:		
Allowance for uncollectible accounts	(1,461,645)	(1,547,182)
Allowance for contractual adjustments	(4,175,601)	(5,079,067)
	<u>(5,637,246)</u>	<u>(6,626,249)</u>
	<u>\$ 2,238,419</u>	<u>\$ 3,292,391</u>

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Notes to Consolidated Financial Statements

September 30, 2013 and 2012

The allowance for uncollectible accounts relates almost entirely to self-pay accounts. Gross self-pay accounts receivable were \$1,765,000 and \$2,024,000 at September 30, 2013 and 2012, respectively. Self-pay write-offs were \$3,059,000 and \$2,221,000 during 2013 and 2012, respectively.

Revenue related to self-pay patients was \$4,377,000 and \$3,988,000 for the years ended September 30, 2013 and 2012, respectively.

4. Investments and Assets Whose Use is Limited or Restricted

The composition of long-term assets whose use is limited or restricted at September 30 is set forth in the following table. Investments are stated at fair value.

	<u>2013</u>	<u>2012</u>
Assets whose use is limited or restricted - current:		
Cash and cash equivalents	<u>\$ 1,292,574</u>	<u>\$ 128,561</u>
Short-term investments:		
Cash and cash equivalents	\$ 31,632	\$ 56,142
Mutual funds	<u>361,695</u>	<u>680,077</u>
Total	<u>\$ 393,327</u>	<u>\$ 736,219</u>
Assets whose use is limited or restricted - noncurrent		
Cash and cash equivalents	\$ 1,971,242	\$ 466,994
U.S. government sponsored agency obligations	-	51,267
Common stock	2,858,307	2,433,265
Mutual funds	4,199,628	7,729,053
Interest in net assets of Healthcare Charities	11,213	10,150
Pledges receivable, net	651,978	288,785
Beneficial interest in perpetual trusts	<u>261,362</u>	<u>257,244</u>
	<u>9,953,730</u>	11,236,758
Less pledges receivable	<u>(651,978)</u>	<u>(288,785)</u>
Total investments - noncurrent	<u>\$ 9,301,752</u>	<u>\$ 10,947,973</u>

There were no significant unrealized losses at September 30, 2013 and 2012.

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Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Investment income and gains on investments during the years ended September 30 are as follows:

	<u>2013</u>	<u>2012</u>
Investment income	\$ 255,966	\$ 288,536
Realized gains on investments	74,302	95,064
Change in unrealized gains or losses on investments	<u>275,935</u>	<u>681,548</u>
	<u>\$ 606,203</u>	<u>\$ 1,065,148</u>

Pledges Receivable

Pledges receivable represent unconditional promises to give. Pledges in the amount of \$197,000 are expected to be collected in the next year with the remainder to be collected in the next one to five years.

Investment Return Objectives, Risk Parameters and Spending Policies

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

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

In 2013, there were no spending draws on the endowment asset. In 2012, the Hospital spent \$59,330 of endowment funds.

Use of restricted endowment funds is governed by *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) adopted by the State of Maine effective July 1, 2009.

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

The Hospital's endowment funds, held as permanently restricted net assets for the years ended September 30, 2013 and 2012, totaled \$108,495 and \$105,995, respectively.

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Notes to Consolidated Financial Statements

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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.

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.

In determining the appropriate levels, the Hospital performs a detailed analysis of the assets that are measured and reported on a fair value basis.

For the fiscal year ended September 30, 2013, the application of valuation techniques applied to similar assets has been consistent with that used in the prior year. The following is a description of the valuation methodologies for instruments measured at fair value:

Level 1 investments have been measured using quoted market prices for similar assets.

Level 3 assets are measured at management's estimate of the net realizable value or the value of the underlying assets. The beneficial interest is classified as Level 3 as there is no market in which to trade the beneficial interest itself.

The Hospital's assets measured at fair value include short-term investments, assets held in trust and assets whose use is limited or restricted. The following table presents the balances of assets and liabilities measured at fair value at September 30, 2013 and 2012 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2013				
Cash and cash equivalents	\$ 2,026,507	\$ -	\$ -	\$ 2,026,507
Common stock:	2,858,307	-	-	2,858,307
Mutual funds:				
Equity funds	1,472,161	-	-	1,472,161
Fixed income	3,089,162	-	-	3,089,162
Interest in net assets of Healthcare Charities	-	-	11,213	11,213
Beneficial interest in perpetual trusts	-	-	261,362	261,362
	<u>\$ 9,446,137</u>	<u>\$ -</u>	<u>\$ 272,575</u>	<u>\$ 9,718,712</u>

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2012</u>				
Cash and cash equivalents	\$ 651,697	\$ -	\$ -	\$ 651,697
U.S. Government sponsored agency obligations	51,267	-	-	51,267
Common stock:	2,433,265	-	-	2,433,265
Mutual funds:				
Equity funds	769,547	-	-	769,547
Fixed income	7,639,583	-	-	7,639,583
Interest in net assets of Healthcare Charities	-	-	10,150	10,150
Beneficial interest in perpetual trusts	-	-	<u>257,244</u>	<u>257,244</u>
	<u>\$ 11,545,359</u>	<u>\$ -</u>	<u>\$ 267,394</u>	<u>\$ 11,812,753</u>

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value at September 30:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	\$ 267,394	\$ 246,033
Unrealized gains	1,063	150
Change in beneficial interest in perpetual trusts	<u>4,118</u>	<u>21,211</u>
Balance at end of year	<u>\$ 272,575</u>	<u>\$ 267,394</u>

5. Beneficial Interest in Perpetual Trusts

The Hospital is the beneficiary of two irrevocable perpetual trusts for which it is not the trustee. The assets are held by an outside agency and are not under the control of the Hospital. The fair values of the trusts are determined by the trustee based on the fair values of the underlying assets and are recorded by the Hospital as beneficial interest in perpetual trusts and permanently restricted net assets.

6. Property, Plant and Equipment

Property, plant and equipment consists of the following at September 30:

	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 1,237,087	\$ 1,232,237
Buildings	21,827,157	9,912,815
Equipment	14,957,186	14,452,225
Equipment under capital lease	972,444	972,444
Construction in progress	<u>1,248,040</u>	<u>3,157,327</u>
	<u>40,241,914</u>	29,727,048
Less allowances for depreciation and amortization	<u>18,320,548</u>	<u>17,111,380</u>
	<u>\$21,921,366</u>	<u>\$ 12,615,668</u>

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

7. Long-Term Debt and Capital Leases

Long-term debt consists of the following obligations at September 30:

	<u>2013</u>	<u>2012</u>
FAME 2013 Revenue Obligation Bonds	\$ 10,212,182	\$ -
MHHEFA 2004B Bonds, including bond premium of \$363 and \$560 at September 30, 2013 and 2012, respectively	128,328	213,525
MHHEFA 2001B Bonds, net of original issue discount of \$12,617 at September 30, 2012. Refunded in 2013.	-	2,629,960
Capital lease obligations	<u>-</u>	<u>94,953</u>
	10,340,510	2,938,438
Less current portion	<u>(587,906)</u>	<u>(464,953)</u>
	\$ <u>9,752,604</u>	\$ <u>2,473,485</u>

The indentures related to the FAME and MHHEFA bonds contain provisions regarding debt service coverage ratio, limitation on additional indebtedness, liens on property and equipment, and restrictions on encumbering revenues. The Hospital was in compliance with these requirements at September 30, 2013. The FAME and MHHEFA bonds mature in annual amounts and bear interest at rates as follows:

	<u>Interest Rates</u>
FAME 2013 Bonds:	
Due in monthly installments of principal and interest with final payment due January 17, 2029	2.87% to 3.41%
MHHEFA 2004B Bonds:	
\$90,000 due on July 1, 2014 with the final payment due July 1, 2015	3.50% to 3.75%

In 2013, the Hospital issued, through FAME and a local Bank, its Series 2013 Revenue Obligation Bonds in the amount of \$10,500,000. The tax-exempt revenue bonds were issued for the purpose of constructing a new inpatient wing, renovation of existing facilities and refunding of the outstanding MHHEFA 2001B Bonds.

In connection with the MHHEFA Bonds, the Hospital is required to deposit with the trustee interest and principal in sufficient amounts to make semi-annual interest payments and to retire bonds when due. Assets held in trust under the bond indentures at September 30, 2013 and 2012 are the assets of the debt service funds and consist of cash and cash equivalents. These assets aggregated \$23,633 and \$128,561 at September 30, 2013 and 2012, respectively.

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

The Hospital leases equipment which has been capitalized and included in property, plant and equipment. The assets recorded under the capital leases are \$972,444 with accumulated amortization of \$941,370 and \$813,053 at September 30, 2013 and 2012, respectively. Amortization of the capital leases of \$128,318 and \$194,489 in 2013 and 2012 has been included in depreciation expense. The capital lease obligation was paid in full during 2013.

Scheduled principal repayments on long-term debt are as follows:

2014 (included in current liabilities)	\$ 587,906
2015	744,162
2016	673,472
2017	700,524
2018	730,374
Thereafter	<u>6,904,072</u>
	<u>\$10,340,510</u>

8. Line of Credit

The Hospital had an available line of credit agreement with EMHS with interest at the One-Month LIBOR plus 1% (1.18% at September 30, 2013). Maximum borrowings under the agreement are \$1,000,000. There was no outstanding balance at September 30, 2013 or 2012. The line expires on October 1, 2014.

9. Net Patient Service Revenue

Net patient service revenue consists of the following for the years ended September 30:

	<u>2013</u>	<u>2012</u>
Patient services		
Daily patient services	\$ 2,187,158	\$ 2,644,356
Ancillary service revenue	5,731,826	7,403,110
Outpatient services	<u>45,680,235</u>	<u>45,146,539</u>
Gross patient service revenue	<u>53,599,219</u>	<u>55,194,005</u>
Less contractual allowances	16,603,620	18,499,490
Less charity care	<u>1,655,397</u>	<u>1,860,037</u>
	<u>18,259,017</u>	<u>20,359,527</u>
Patient service revenue (net of contractual allowances and discounts)	35,340,202	34,834,478
Less provision for bad debts	<u>2,960,113</u>	<u>2,377,779</u>
Net patient service revenue	<u>\$ 32,380,089</u>	<u>\$ 32,456,699</u>

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid under a cost reimbursement methodology. Outpatient services are paid based on a combination of rate schedules and reimbursed cost. The Hospital is reimbursed for cost reimbursable items at an interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2010. Revenues from the Medicare program accounted for approximately 42% of the Hospital's gross patient revenue for the years ended September 30, 2013 and 2012, respectively.

MaineCare

MaineCare 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 cost reimbursement. The Hospital is reimbursed a prospective amount during the year with final settlement determined after submission of an annual cost report by the Hospital and audit thereof by MaineCare. The Hospital's MaineCare cost reports have been audited by the fiscal intermediary through September 30, 2008. Revenue from the MaineCare program accounted for approximately 21% and 22%, respectively, of the Hospital's gross patient revenue for the years ended September 30, 2013 and 2012.

Laws and regulations governing the Medicare and MaineCare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased by approximately \$1,772,000 in 2013 and approximately \$600,000 in 2012 due to prior year settlements and changes in prior year estimates.

The State of Maine enacted legislation establishing a health care provider tax (State tax). As a result, the Hospital was subjected to and recorded \$870,189 and \$732,630 of State tax in 2013 and 2012, respectively.

Other

The Hospital has entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Hospital is primarily discounts from established charges and prospectively determined daily rates.

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Meaningful Use Revenue

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The criteria for meaningful use will be staged in three steps from fiscal year 2012 through 2016. The meaningful use attestation is subject to audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by the Hospital.

The Medicaid program will provide incentive payments to hospitals and eligible professionals as they adopt, implement, upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to five remaining participation years. The State of Maine program was launched on October 2011; however, there was an attestation tail period from January 1, 2012 through March 31, 2012 where providers were allowed to apply late for payments related to program year 2011.

During 2012, the Hospital recorded meaningful use revenues of \$568,724 related to the Medicare and Medicaid EHR programs after attesting to Stage 1 meaningful use and meeting the eligible provider requirements.

During 2013, the Hospital recorded meaningful use revenues of \$210,581 after attesting to Stage 1 meaningful use related to the Medicare EHR program.

Eligible providers with at least 30% Medicaid patient volumes can receive payments totaling \$67,500 over a six-year period. The incentive payment is \$21,250 per physician in the first year of participation and \$8,500 per year for the following five years, provided they remain meaningful users.

During 2013, the Hospital recorded meaningful use revenues \$97,750 from the Medicaid EHR program for its eligible physicians.

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

10. Related Party Transactions

The Hospital purchases certain products and services from EMHS and other EMHS affiliates. Purchases during the years ended September 30, 2013 and 2012 totaled approximately \$5,011,000 and \$5,052,000, respectively. In 2013 and 2012, the Hospital received approximately \$82,000 and \$196,000, respectively, for services provided to EMHS affiliates.

The Hospital has a strategic planning pool agreement with EMHS. In 2013 and 2012, the Hospital contributed \$260,503 and \$58,380, respectively, to EMHS.

EMHS Foundation, an EMHS affiliate, accepts donations on behalf of the Hospital. EMHS Foundation holds and manages these funds, both unrestricted and donor-restricted, for the benefit of various EMHS affiliates.

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

11. Temporarily and Permanently Restricted Net Assets

Temporarily restricted and permanently restricted net assets consist of the following at September 30:

	<u>2013</u>	<u>2012</u>
Temporarily restricted:		
Chapel Fund	\$ 10,213	\$ 10,213
Net pledges for construction	651,938	288,785
Purchase of equipment	5,079	5,079
Free mammograms	28,101	30,464
Other	112,671	113,596
Realized and unrealized gains (losses) on endowment funds transferred as restricted under State of Maine statute	<u>43,184</u>	<u>17,740</u>
	<u>\$ 851,186</u>	<u>\$ 465,877</u>
Permanently restricted:		
Investments to be held in perpetuity of which the income is restricted by donors for specific purposes	\$ 108,495	\$ 105,995
Beneficial interest in perpetual trusts	<u>261,362</u>	<u>257,244</u>
	<u>\$ 369,857</u>	<u>\$ 363,239</u>

12. Volunteer Services (Unaudited)

Volunteer service hours received by the Hospital for the years ended September 30, 2013 and 2012 were approximately 2,200 and 1,100 hours, respectively. The volunteers provide nonspecialized services to the Hospital, none of which have been recognized as revenue or expense in the statements of operations and changes in net assets.

13. Functional Expenses

For the years ended September 30, 2013 and 2012, approximately 88% of expenses were related to direct health care program services with the balance of expenses for management and general support services and less than 1% for fundraising.

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Notes to Consolidated Financial Statements

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14. Concentration of Credit Risk

The Hospital grants credit without collateral to the patients, most of whom are local residents and are insured under third-party payor agreements. The mix of accounts receivable for patients and third-party payors, net of contractual allowances, at September 30 was as follows:

	<u>2013</u>	<u>2012</u>
Medicare and MaineCare	10 %	28 %
Commerical and other insuarncce	34	25
Patients	<u>56</u>	<u>47</u>
	<u>100 %</u>	<u>100 %</u>

15. Contingencies

Malpractice Insurance

The Hospital participates in the EMHS self-insurance plan for professional and patient general liability coverage. The Hospital maintains tail coverage for potential claims prior to October 1, 2007. Assets of the professional and patient general liability plan consist of equity and fixed income securities. Trust funding and accrued self-insurance reserves are determined by independent actuarial projections. Stop loss or excess insurance coverage has been obtained through various commercial insurance companies for the self-insurance program and provides reimbursement for individual claims in excess of \$5 million and for aggregate claims in excess of \$12 million up to a total of \$15 million.

FASB ASU 2010-24, Health Care Entities (Topic 954): *Presentation of Insurance Claims and Recoveries*, provides clarification to companies in the health care industry on the accounting for professional liability and similar insurance. ASU 2010-24 states that insurance liabilities should not be presented net of insurance recoveries and that an insurance receivable should be recognized on the same basis as the liabilities, subject to the need for a valuation allowance for uncollectible accounts. As of September 30, 2013 and 2012, \$2,056,712 and \$1,472,491, respectively, were included in long-term assets and long-term liabilities. This reserve is adjusted annually based on updated actuarial information.

SUPPLEMENTARY INFORMATION

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Consolidating Balance Sheet

September 30, 2013

ASSETS

	Sebasticook Valley Health	Sebasticook Valley Work Health	Eliminations	Consolidated
Current assets				
Cash and cash equivalents	\$ 4,001,749	\$ 82,306	\$ -	\$ 4,084,055
Short-term investments	393,327	-	-	393,327
Assets whose use is limited or restricted	1,292,574	-	-	1,292,574
Patient accounts receivable, net of allowance for uncollectible accounts	2,229,256	9,163	-	2,238,419
Estimated third-party payor settlements	1,306,909	-	-	1,306,909
Other receivables, net of allowance for uncollectible accounts	261,836	-	-	261,836
Due from Eastern Maine Healthcare Systems	95,046	-	(82,306)	12,740
Inventories	221,869	-	-	221,869
Prepaid expenses and other	<u>348,184</u>	<u>-</u>	<u>-</u>	<u>348,184</u>
Total current assets	10,150,750	91,469	(82,306)	10,159,913
Property, plant and equipment, net	<u>21,921,366</u>	<u>-</u>	<u>-</u>	<u>21,921,366</u>
Assets whose use is limited or restricted				
Board designated				
Funded depreciation	996,809	-	-	996,809
Other designated funds	6,479,049	-	-	6,479,049
Temporarily donor-restricted	851,186	-	-	851,186
Permanently donor-restricted	108,497	-	-	108,497
Beneficial interest in perpetual trusts	<u>261,362</u>	<u>-</u>	<u>-</u>	<u>261,362</u>
Total assets whose use is limited or restricted	<u>8,696,903</u>	<u>-</u>	<u>-</u>	<u>8,696,903</u>
Other assets				
Estimated settlement receivable from the State of Maine	1,063,094	-	-	1,063,094
Deferred financing costs, net	101,903	-	-	101,903
Other assets, net	<u>2,062,045</u>	<u>-</u>	<u>-</u>	<u>2,062,045</u>
	<u>3,227,042</u>	<u>-</u>	<u>-</u>	<u>3,227,042</u>
Total assets	<u>\$ 43,996,061</u>	<u>\$ 91,469</u>	<u>\$ (82,306)</u>	<u>\$ 44,005,224</u>

LIABILITIES AND NET ASSETS

	Sebasticook Valley <u>Health</u>	Sebasticook Valley <u>Work Health</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current liabilities				
Accounts payable	\$ 1,008,438	\$ -	\$ -	\$ 1,008,438
Due to Eastern Maine Healthcare Systems	178,381	82,306	(82,306)	178,381
Accrued expenses and other	2,388,408	-	-	2,388,408
Estimated third-party payor settlements	3,343,090	-	-	3,343,090
Current portion of long-term debt and capital leases	<u>587,906</u>	<u>-</u>	<u>-</u>	<u>587,906</u>
Total current liabilities	7,506,223	82,306	(82,306)	7,506,223
Long-term estimated third-party payor settlements	2,947,192	-	-	2,947,192
Other liabilities	2,073,692	-	-	2,073,692
Long-term debt and capital leases, net of current portion	<u>9,752,604</u>	<u>-</u>	<u>-</u>	<u>9,752,604</u>
Total liabilities	<u>22,279,711</u>	<u>82,306</u>	<u>(82,306)</u>	<u>22,279,711</u>
Net assets				
Unrestricted	20,495,307	9,163	-	20,504,470
Temporarily restricted	851,186	-	-	851,186
Permanently restricted	<u>369,857</u>	<u>-</u>	<u>-</u>	<u>369,857</u>
Total net assets	<u>21,716,350</u>	<u>9,163</u>	<u>-</u>	<u>21,725,513</u>
Total liabilities and net assets	<u>\$ 43,996,061</u>	<u>\$ 91,469</u>	<u>\$ (82,306)</u>	<u>\$ 44,005,224</u>

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Consolidating Statement of Operations

Years Ended September 30, 2013

	Sebasticook Valley Health	Sebasticook Valley Work Health	Eliminations	Consolidated
Unrestricted revenues and other support				
Patient service revenue (net of contractual allowances and discounts)	\$ 35,309,426	\$ 30,776	\$ -	\$ 35,340,202
Less provision for bad debts	<u>2,959,256</u>	<u>857</u>	<u>-</u>	<u>2,960,113</u>
Net patient service revenue	32,350,170	29,919	-	32,380,089
Other revenue	913,974	-	(58,528)	855,446
Meaningful use revenue	308,331	-	-	308,331
Net assets released from restrictions for operations	<u>80,297</u>	<u>-</u>	<u>-</u>	<u>80,297</u>
Total unrestricted revenues and other support	<u>33,652,772</u>	<u>29,919</u>	<u>(58,528)</u>	<u>33,624,163</u>
Expenses				
Salaries and wages	16,060,330	-	-	16,060,330
Employee benefits	3,815,271	-	-	3,815,271
Professional fees	461,747	-	-	461,747
Supplies	3,249,466	4,608	(1,689)	3,252,385
Utilities	649,331	-	-	649,331
Purchased services	3,700,274	56,865	(55,813)	3,701,326
Insurance	151,545	-	-	151,545
Other	1,355,885	5,883	(1,026)	1,360,742
State tax assessment	870,189	-	-	870,189
Depreciation and amortization	1,668,218	-	-	1,668,218
Interest	<u>96,244</u>	<u>-</u>	<u>-</u>	<u>96,244</u>
Total expenses	<u>32,078,500</u>	<u>67,356</u>	<u>(58,528)</u>	<u>32,087,328</u>
Operating income (loss)	1,574,272	(37,437)	-	1,536,835
Other income (expense)				
Investment income	255,966	-	-	255,966
Unrestricted gifts	15,312	-	-	15,312
Fundraising costs	(12,441)	-	-	(12,441)
Net realized gains on investments	74,302	-	-	74,302
Loss on early extinguishment of debt	(48,123)	-	-	(48,123)
Net gain on disposal of property, plant and equipment	<u>24,623</u>	<u>-</u>	<u>-</u>	<u>24,623</u>
Net other income	<u>309,639</u>	<u>-</u>	<u>-</u>	<u>309,639</u>
Excess (deficiency) of revenues and other support over expenses	<u>\$ 1,883,911</u>	<u>\$ (37,437)</u>	<u>\$ -</u>	<u>\$ 1,846,474</u>

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

**Detail of Patient Service Revenue (Hospital Only)
(Net of Contractual Allowances and Discounts)**

Years Ended September 30, 2013 and 2012

	<u>2013</u>		
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
Routine services:			
Medical and surgical	\$ 2,035,978	\$ -	\$ 2,035,978
Special care unit	<u>151,180</u>	<u>-</u>	<u>151,180</u>
Total routine services	<u>2,187,158</u>	<u>-</u>	<u>2,187,158</u>
Ancillary services:			
Medical and surgical	361,200	904,598	1,265,798
Special care unit	11,654	-	11,654
Ambulance	113,260	1,945,809	2,059,069
Anesthesia	289,748	1,765,076	2,054,824
Diabetes and nutrition	-	69,200	69,200
Emergency department	115,668	4,717,091	4,832,759
Emergency physicians	22,541	2,030,627	2,053,168
Special procedures	11,314	467,646	478,960
Xray	391,520	6,175,036	6,566,556
Nuclear medicine	54,906	1,743,319	1,798,225
Ultrasound	228,452	2,289,448	2,517,900
MRI	33,838	1,311,973	1,345,811
Laboratory	828,011	6,026,503	6,854,514
Operating room	805,450	4,190,442	4,995,892
Day surgery	6,502	622,296	628,798
Orthopedic surgeon	35,990	265,290	301,280
Pharmacy	975,163	2,133,707	3,108,870
Rehabilitation services	383,138	2,087,634	2,470,772
Respiratory	519,313	1,289,878	1,809,191
Women's health center	-	714,397	714,397
Sleep lab	-	454,194	454,194
Podiatry	13,722	438,307	452,029
OB-GYN practice	16,255	341,452	357,707
Urology	15,087	427,093	442,180
Family care	2,807	1,751,497	1,754,304
Hospitalist	396,818	200,746	597,564
Somerset Surgical	82,391	639,322	721,713
Cardiology	17,019	359,663	376,682
Clinic	<u>59</u>	<u>285,519</u>	<u>285,578</u>
Total ancillary services	<u>5,731,826</u>	<u>45,647,763</u>	<u>51,379,589</u>
Total gross patient service revenue	<u>\$ 7,918,984</u>	<u>\$ 45,647,763</u>	<u>53,566,747</u>
Deductions from revenue:			
Contractual adjustments:			
Medicare			(9,531,991)
Medicaid			(5,326,618)
Other			<u>(1,743,315)</u>
			(16,601,924)
Charity care			<u>(1,655,397)</u>
			<u>(18,257,321)</u>
Patient service revenue (net of contractual allowances and discounts)			<u>\$ 35,309,426</u>

2012

Inpatient	Outpatient	Total
\$ 2,434,256	\$ -	\$ 2,434,256
<u>210,100</u>	<u>-</u>	<u>210,100</u>
2,644,356	-	2,644,356
372,437	533,931	906,368
18,397	-	18,397
94,479	1,913,402	2,007,881
441,145	1,597,319	2,038,464
-	50,530	50,530
137,899	4,525,364	4,663,263
13,901	2,148,427	2,162,328
18,194	355,666	373,860
3,087	277,657	280,744
466,660	6,038,306	6,504,966
122,972	1,650,925	1,773,897
349,557	2,293,230	2,642,787
47,851	1,237,991	1,285,842
1,040,223	6,269,984	7,310,207
1,106,099	4,475,832	5,581,931
28,920	714,165	743,085
46,175	288,317	334,492
1,463,842	1,922,215	3,386,057
433,102	1,973,764	2,406,866
716,798	1,225,725	1,942,523
-	688,631	688,631
-	394,142	394,142
9,398	479,562	488,960
-	462	462
20,540	368,745	389,285
45,542	517,366	562,908
-	2,962	2,962
-	1,626,198	1,626,198
263,969	59,767	323,736
124,812	458,887	583,699
17,089	249,736	266,825
<u>21</u>	<u>704,365</u>	<u>704,386</u>
<u>7,403,109</u>	<u>45,043,573</u>	<u>52,446,682</u>
\$ <u>10,047,465</u>	\$ <u>45,043,573</u>	55,091,038

(11,257,826)
(5,513,728)
(1,725,745)
(18,497,299)
(1,860,037)
(20,357,336)

\$ 34,733,702

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Detail of Other Revenue (Hospital Only)

Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cafeteria	\$ 110,637	\$ 103,545
Rehabilitation	40,379	37,061
Ultrasound	12,482	43,365
Grants	499,973	511,059
Rental income	11,266	9,903
Community Care	66,983	-
Other	59,149	75,505
Sebasticook Valley Work Health	<u>113,105</u>	<u>169,073</u>
	<u>\$ 913,974</u>	<u>\$ 949,511</u>

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Detail of Operating Expenses (Hospital Only)

Years Ended September 30, 2013 and 2012

	2013			
	<u>Salary and Wages</u>	<u>Employee Benefits</u>	<u>Supplies and Other</u>	<u>Total</u>
Professional services:				
Medical and surgical	\$ 1,308,374	\$ 360,587	\$ 193,587	\$ 1,862,548
Cardiology	457,363	57,289	11,289	525,941
Special care unit	156,365	36,568	7,002	199,935
Ambulance	568,343	133,353	88,407	790,103
Anesthesia	302,413	36,620	71,931	410,964
Diabetes and nutrition	104,089	19,619	11,036	134,744
Emergency department	877,247	236,113	117,486	1,230,846
Emergency physicians	1,497,580	169,621	22,767	1,689,968
Special procedures	-	-	27,422	27,422
Xray	375,296	127,017	284,441	786,754
Nuclear medicine	57,974	14,452	182,339	254,765
Ultrasound	134,932	41,744	156,648	333,324
MRI	24,529	17,982	478,424	520,935
Laboratory	585,321	174,980	997,843	1,758,144
Operating room	402,076	95,159	698,554	1,195,789
Day surgery	134,217	42,847	31,494	208,558
Orthopedic surgeon	674,267	71,171	11,259	756,697
Pharmacy	191,905	57,204	853,074	1,102,183
Rehabilitation services	811,449	225,481	33,118	1,070,048
Respiratory	205,534	58,391	66,123	330,048
Women's health center	106,148	27,914	107,377	241,439
Access center	63,305	24,203	11,144	98,652
Healthy communities	22,821	4,860	15,349	43,030
Family practice grants	81,961	26,686	10,938	119,585
Drug free communities	8,321	1,788	112,241	122,350
Sleep lab	-	-	147,399	147,399
Podiatry	216,372	34,283	21,445	272,100
Prosthetics	-	-	(587)	(587)
OB-GYN practice	-	-	119,542	119,542
Clinic	208,251	92,700	78,534	379,485
Hospitalist	402,830	58,382	15,574	476,786
Urology	-	-	180,979	180,979
Family care	1,459,441	369,534	356,636	2,185,611
Somerset Surgical	301,262	31,311	132,138	464,711
Education	55,478	13,975	8,750	78,203
Health Information Management	285,100	110,211	365,233	760,544
Central sterile	-	-	20,690	20,690
OSA grant	24,831	6,578	18,678	50,087
Community partnership	55,853	12,079	42,471	110,403
Nutrition grant	35,721	8,712	8,011	52,444
Care management	86,522	23,274	11,840	121,636
Occupational health	172,470	42,560	26,792	241,822
Detroit Support/Specialty Services	63,436	21,598	43,656	128,690
Total professional services	12,519,397	2,886,846	6,199,074	21,605,317

2012

<u>Salary and Wages</u>	<u>Employee Benefits</u>	<u>Supplies and Other</u>	<u>Total</u>
\$ 1,440,977	\$ 371,277	\$ 181,446	\$ 1,993,700
296,166	34,292	42,359	372,817
239,533	48,947	33,160	321,640
579,308	129,847	93,538	802,693
335,112	39,005	104,490	478,607
98,990	19,804	14,168	132,962
869,453	217,922	119,847	1,207,222
1,389,364	143,586	190,383	1,723,333
-	-	22,467	22,467
198,842	57,810	111,658	368,310
382,763	120,975	294,799	798,537
57,651	13,426	178,706	249,783
84,002	27,022	438,935	549,959
24,228	17,304	406,342	447,874
652,766	161,602	1,042,431	1,856,799
456,480	99,849	882,557	1,438,886
161,490	47,886	33,234	242,610
571,148	51,081	224,475	846,704
198,817	53,880	585,641	838,338
811,503	213,857	29,388	1,054,748
207,833	50,786	77,027	335,646
101,403	25,429	134,086	260,918
-	-	1,272	1,272
19,207	3,005	34,201	56,413
4,856	1,168	98,550	104,574
75,035	24,984	10,423	110,442
-	-	134,799	134,799
208,563	28,288	18,475	255,326
-	-	8,402	8,402
-	-	140,980	140,980
227,898	91,325	245,790	565,013
264,666	34,700	634,276	933,642
-	-	229,667	229,667
1,427,690	338,352	255,107	2,021,149
190,918	28,333	423,132	642,383
55,505	13,258	17,277	86,040
291,027	92,299	404,449	787,775
-	-	30,042	30,042
14,390	1,622	7,837	23,849
72,847	12,759	109,496	195,102
-	-	32	32
121,597	32,365	16,086	170,048
120,214	31,571	9,833	161,618
<u>66,981</u>	<u>21,170</u>	<u>62,086</u>	<u>150,237</u>
12,319,223	2,700,786	8,133,349	23,153,358

SEBASTICOOK VALLEY HEALTH AND SUBSIDIARY

Detail of Operating Expenses (Hospital Only) (Concluded)

Years Ended September 30, 2013 and 2012

	<u>2013</u>			
	<u>Salary and Wages</u>	<u>Employee Benefits</u>	<u>Supplies and Other</u>	<u>Total</u>
Dietary, household and plant operations:				
Dietary	\$ 217,025	\$ 51,083	\$ 249,911	\$ 518,019
Housekeeping	286,156	90,147	94,710	471,013
Laundry/linen	-	-	91,261	91,261
Plant maintenance	160,659	56,589	652,806	870,054
Security	445	76	-	521
Step Center building	-	-	13,853	13,853
Main Street building	-	-	9,181	9,181
Leighton Street buildings	-	-	43,443	43,443
Ambulance garage	-	-	8,810	8,810
Newport building	-	-	33,197	33,197
PPC building	-	-	24,396	24,396
Dow building	-	-	22,565	22,565
	<hr/>	<hr/>	<hr/>	<hr/>
Total dietary, household and plant operations	664,285	197,895	1,244,133	2,106,313
Administration and general:				
Accounting	160,447	47,946	136,163	344,556
Administration	1,310,696	216,471	840,623	2,367,790
Business development	46,611	11,258	1,281	59,150
Employee benefits	-	(1,059)	1,059	-
Fundraising	-	-	165,027	165,027
Human resources	124,551	63,271	111,398	299,220
Information systems	230,612	59,886	449,260	739,758
Business office	339,437	122,257	203,926	665,620
Purchasing	77,230	10,006	7,951	95,187
Central registration	278,676	104,172	19,128	401,976
Performance improvement	152,852	36,919	10,217	199,988
Marketing	81,265	29,138	140,982	251,385
Scheduling	45,905	19,621	38	65,564
Transportation	28,366	10,644	9,322	48,332
E-Quest initiative	-	-	28,666	28,666
	<hr/>	<hr/>	<hr/>	<hr/>
Total administration and general	2,876,648	730,530	2,125,041	5,732,219
State tax assessment	-	-	870,189	870,189
Depreciation and amortization	-	-	1,668,218	1,668,218
Interest	-	-	96,244	96,244
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 16,060,330	\$ 3,815,271	\$ 12,202,899	\$ 32,078,500

2012

<u>Salary and Wages</u>	<u>Employee Benefits</u>	<u>Supplies and Other</u>	<u>Total</u>
\$ 224,189	\$ 39,260	\$ 237,366	\$ 500,815
303,429	93,897	91,436	488,762
-	-	94,181	94,181
179,800	56,300	608,780	844,880
1,646	244	-	1,890
-	-	13,567	13,567
-	-	8,654	8,654
-	-	40,917	40,917
-	-	8,109	8,109
-	-	32,055	32,055
-	-	23,461	23,461
-	-	17,225	17,225
<hr/>	<hr/>	<hr/>	<hr/>
709,064	189,701	1,175,751	2,074,516
158,573	46,761	160,077	365,411
1,319,345	198,282	1,062,616	2,580,243
48,549	10,806	1,324	60,679
-	(1,086)	1,086	-
-	-	163,873	163,873
114,087	62,620	103,041	279,748
228,521	56,012	528,536	813,069
350,601	118,855	219,555	689,011
79,941	9,273	(1,597)	87,617
298,896	108,076	24,429	431,401
202,646	43,657	18,279	264,582
52,597	17,052	146,393	216,042
64,586	14,883	1,062	80,531
27,434	9,983	10,532	47,949
-	-	3,973	3,973
<hr/>	<hr/>	<hr/>	<hr/>
2,945,776	695,174	2,443,179	6,084,129
-	-	732,630	732,630
-	-	1,462,269	1,462,269
<hr/>	<hr/>	<hr/>	<hr/>
-	-	160,720	160,720
<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 15,974,063</u>	<u>\$ 3,585,661</u>	<u>\$ 16,476,501</u>	<u>\$ 36,036,225</u>

