

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- ▶ Do not enter Social Security numbers on this form as it may be made public.
- ▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2013 calendar year, or tax year beginning 9/29, 2013, and ending 9/27, 2014

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C EASTERN MAINE HEALTHCARE SYSTEMS (TAMC) THE AROOSTOOK MEDICAL CENTER (TAMC) P.O. BOX 151 PRESQUE ISLE, ME 04769				D Employer identification number 01-0372148	
	F Name and address of principal officer: SYLVIA GETMAN Same As C Above				E Telephone number 207-768-4250	
	I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				G Gross receipts \$ 246,567,822.	
	J Website: WWW.TAMC.ORG				H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If 'No,' attach a list. (see instructions)	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other				L Year of formation: 1981		
				M State of legal domicile: ME		
H(c) Group exemption number: 5247						

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>THE MISSION OF THE AROOSTOOK MEDICAL CENTER IS TO RESTORE, MAINTAIN, AND IMPROVE THE HEALTH OF OUR FRIENDS AND NEIGHBORS IN A COMPASSIONATE AND PROFESSIONAL ENVIRONMENT.</u>			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.			
	3	Number of voting members of the governing body (Part VI, line 1a).....	3	16
	4	Number of independent voting members of the governing body (Part VI, line 1b).....	4	10
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a).....	5	1,173
	6	Total number of volunteers (estimate if necessary).....	6	85
	7a	Total unrelated business revenue from Part VIII, column (C), line 12.....	7a	0.
7b	Net unrelated business taxable income from Form 990-T, line 34.....	7b	0.	
Revenue			Prior Year	Current Year
	8	Contributions and grants (Part VIII, line 1h).....	197,202.	185,317.
	9	Program service revenue (Part VIII, line 2g).....	218,382,158.	232,343,506.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d).....	1,962.	274,541.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....	3,965,477.	4,522,407.
12	Total revenue -- add lines 8 through 11 (must equal Part VIII, column (A), line 12).....	222,546,799.	237,325,771.	
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3).....		
	14	Benefits paid to or for members (Part IX, column (A), line 4).....		
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).....	68,564,383.	69,210,142.
	16a	Professional fundraising fees (Part IX, column (A), line 11e).....		
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 160,659.		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....	152,632,866.	171,139,160.	
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....	221,197,249.	240,349,302.	
19	Revenue less expenses. Subtract line 18 from line 12.....	1,349,550.	-3,023,531.	
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16).....	73,927,946.	75,178,389.
	21	Total liabilities (Part X, line 26).....	37,245,342.	42,356,056.
22	Net assets or fund balances. Subtract line 21 from line 20.....	36,682,604.	32,822,333.	

Part II Signature Block

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

Sign Here	Signature of officer		Date	8-12-15
	Type or print name and title.	C. BRUCE SANDSTROM	VICE PRESIDENT, CFO	

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

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

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

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

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

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

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

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

4a (Code:) (Expenses \$ 211,786,389, including grants of \$) (Revenue \$ 236,810,620.)

See Schedule O

4b (Code:) (Expenses \$ 11,680,005, including grants of \$) (Revenue \$)

MEDICARE SHORTFALLS (AT COST) 9,087 PERSONS SERVED

4c (Code:) (Expenses \$ 2,687,763, including grants of \$) (Revenue \$ 55,293.)

CHARITY CARE PROVIDED (AT COST) 948 PERSONS SERVED
EXPENSES \$2,687,763. INCLUDING GRANTS OF \$0. REVENUE \$55,293.

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

(Expenses \$ 1,804,763, including grants of \$) (Revenue \$)

4e Total program service expenses 227,958,920.

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 other assistance to or for any foreign organization? <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 other assistance to or for foreign individuals? <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 or other assistance to any domestic organizations or government 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 or 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	
24 a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25a.</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
25 a 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 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II.		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <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	
35 a 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 (2013)

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V.

		Yes	No
1 a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1 a	152		
1 b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1 b	0		
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 a	1,173		
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' to line 3b, 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 or note to any line in this Part VI X

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.	16	
1 b	Enter the number of voting members included in line 1a, above, who are independent	10	
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? See Sch O	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	a The governing body?	X	
8 b	b Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O.		X

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

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

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed ▶ ME
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
 Own website Another's website Upon request 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:
 ▶ C. BRUCE SANDSTROM, VP, CFO 140 ACADEMY STREET PRESQUE ISLE ME 04769 207-768-4250

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

Check if Schedule O contains a response or note to any line 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) JOHN BEAULIEU, DO VICE PRES MED S	40 0	X						275,927.	0.	17,405.
(2) CAROL BELL Director	2 0	X						0.	0.	0.
(3) CARL FLORA Director	2 0	X						0.	0.	0.
(4) M. MICHELLE HOOD PRESIDENT EMHS	2 50	X						0.	897,311.	250,922.
(5) MICHAEL FALON, MD PRES MED STAFF	40 0	X						205,940.	0.	26,926.
(6) JENNIFER SONNTAG Director	2 0	X						0.	0.	0.
(7) HOLLY JOHNSON DIRECTOR	2 0	X						0.	0.	0.
(8) JOE LALLANDE Director	2 0	X						0.	0.	0.
(9) ALAN LANDEEN DIRECTOR	2 0	X						0.	0.	0.
(10) LYNN LOMBARD Director	2 0	X						0.	0.	0.
(11) GENE LYNCH, II Chairman	2 0	X		X				0.	0.	0.
(12) SYLVIA GETMAN PRESIDENT/CEO	40 0	X		X				357,415.	0.	85,394.
(13) PETER ST. JOHN Director	2 0	X						0.	0.	0.
(14) BRETT VARNUM DIRECTOR	2 0	X						0.	0.	0.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below 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			
(15) BARRY MCCRUM DIRECTOR	2 0	X						0.	0.	0.
(16) STEVE ST PIERRE Vice Chair	2 0	X		X				0.	0.	0.
(17) JIM MCKENNEY Vice President	40 0			X				158,868.	0.	33,221.
(18) JAY REYNOLDS, MD VP/CMO	40 0			X				222,657.	0.	40,799.
(19) THOMAS UMPHREY VP/HUMAN RESOUR	40 0			X				183,895.	0.	12,280.
(20) C. BRUCE SANDSTROM VP/CFO	40 0			X				252,727.	0.	24,388.
(21) ROGER PELLI, DO CMIO	40 0			X				242,410.	0.	27,447.
(22) ROLAND JOY Vice President	40 0			X				171,889.	0.	10,954.
(23) GLENDA DWYER Vice President	40 0			X				151,166.	0.	24,790.
(24) STEPHEN MARTIN OPHTHALMOLOGIST	40 0					X		510,566.	0.	16,250.
(25) RUSSELL DONNELLY SURGEON	40 0					X		513,612.	0.	1,337.
1 b Sub-total								3,247,072.	897,311.	572,113.
c Total from continuation sheets to Part VII, Section A								1,514,294.	0.	95,667.
d Total (add lines 1b and 1c)								4,761,366.	897,311.	667,780.

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 ▶ 96

	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
R&L REAL ESTATE LLC PO BOX 4135 PRESQUE ISLE, ME 04769	PROPERTY LEASE	542,900.
FRESH AIR LLC 137 BENNETT DRIVE PRESQUE ISLE, ME 04769	AIR AMBULANCE	745,384.
ARCOSTOOK MRI LLC PO BOX 6600 NEW PORT BEACH, CA 92658	CONTRACTED SERVICES	476,538.
JONATHAN HERLAND MD 36 PENN PLAZA BANGOR, ME 04401	CONSULTING	129,100.
PIERCE ATWOOD 254 COMMERCIAL ST SUITE 10 PORTLAND, ME 04101	CONSULTING	110,327.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶ 6

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS	1 a	Federated campaigns.....	1 a				
	b	Membership dues.....	1 b				
	c	Fundraising events.....	1 c				
	d	Related organizations.....	1 d	56,104.			
	e	Government grants (contributions)....	1 e	112,837.			
	f	All other contributions, gifts, grants, and similar amounts not included above....	1 f	16,376.			
	g	Noncash contributions included in lines 1a-1f: \$		12,959.			
	h	Total. Add lines 1a-1f.....		185,317.			
PROGRAM SERVICE REVENUE			Business Code				
	2 a	<u>PATIENT SERVICE REVENUE</u>	621990	232162794.	232162794.		
	b	<u>SALES & CONTRACT REVENUE</u>	621990	180,712.	180,712.		
	c					
	d					
	e					
	f	All other program service revenue....					
	g	Total. Add lines 2a-2f.....		232343506.			
OTHER REVENUE	3	Investment income (including dividends, interest and other similar amounts).....		2,935.		2,935.	
	4	Income from investment of tax-exempt bond proceeds..					
	5	Royalties.....					
	6 a	Gross rents.....	(i) Real	32,290.			
		b Less: rental expenses.....	(ii) Personal	85,368.			
		c Rental income or (loss)....		-53,078.			
		d Net rental income or (loss).....		-53,078.	-53,078.		
	7 a	Gross amount from sales of assets other than inventory..	(i) Securities	9,372,799.			
		b Less: cost or other basis and sales expenses.....	(ii) Other	55,490.			
		c Gain or (loss).....		9,118,712.	37,971.		
		d Net gain or (loss).....		254,087.	17,519.		271,606.
	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>OTHER REVENUE</u>	900099	1,471,646.	1,471,646.			
b	<u>MEANINGFUL USE</u>	621990	1,328,972.	1,328,972.			
c	<u>FOOD SERVICES</u>	722210	441,073.	441,073.			
d	All other revenue.....	WKS	1,333,794.	1,333,794.			
e	Total. Add lines 11a-11d.....		4,575,485.				
12	Total revenue. See instructions.....		237325771.	236865913.	0.	274,541.	

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 or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4 Benefits paid to or for members.				
5 Compensation of current officers, directors, trustees, and key employees.	2,521,330.	559,333.	1,961,997.	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.	54,739,004.	49,583,846.	5,115,148.	40,010.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,676,121.	1,518,269.	156,627.	1,225.
9 Other employee benefits.	6,632,655.	6,008,011.	619,796.	4,848.
10 Payroll taxes.	3,641,032.	3,202,367.	436,106.	2,559.
11 Fees for services (non-employees):				
a Management.				
b Legal.	181,652.		181,652.	
c Accounting.	51,245.		51,245.	
d Lobbying.				
e Professional fundraising services. See Part IV, line 17.				
f Investment management fees.	3,602.		3,602.	
g Other. (If line 11g amt exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	12,032,439.	10,315,738.	1,606,670.	110,031.
12 Advertising and promotion.	275,534.	242,032.	33,004.	498.
13 Office expenses.	2,439,689.	2,146,499.	292,704.	486.
14 Information technology.				
15 Royalties.				
16 Occupancy.	3,376,291.	2,606,424.	769,867.	
17 Travel.	1,020,940.	898,427.	122,513.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19 Conferences, conventions, and meetings.	29,545.		29,545.	
20 Interest.	253,397.	222,989.	30,408.	
21 Payments to affiliates.				
22 Depreciation, depletion, and amortization.	3,636,975.	3,200,538.	436,437.	
23 Insurance.	414,480.	364,742.	49,738.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <u>CONTRACTUAL ALLOWANCES</u>	119,981,502.	119,981,502.		
b <u>MEDICAL SUPPLIES EXPENSE</u>	11,872,737.	11,872,737.		
c <u>CHARITY CARE</u>	5,991,761.	5,991,761.		
d <u>PROVISION FOR BAD DEBTS</u>	5,316,317.	5,316,317.		
e All other expenses.	4,261,054.	3,927,388.	332,664.	1,002.
25 Total functional expenses. Add lines 1 through 24e.	240,349,302.	227,958,920.	12,229,723.	160,659.
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 or note to any line in this Part X.

		(A) Beginning of year		(B) End of year	
ASSETS	1	Cash – non-interest-bearing	5,154.	1	4,562.
	2	Savings and temporary cash investments	15,279,554.	2	8,578,142.
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	11,478,563.	4	14,422,174.
	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	1,908,127.	8	1,930,222.
	9	Prepaid expenses and deferred charges	1,944,129.	9	1,468,931.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	85,925,267.		
	10b	Less: accumulated depreciation	55,190,649.		
			27,857,080.	10c	30,734,618.
	11	Investments – publicly traded securities	5,243,538.	11	6,139,716.
	12	Investments – other securities. See Part IV, line 11	263,602.	12	255,783.
	13	Investments – program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
15	Other assets. See Part IV, line 11	9,948,199.	15	11,644,241.	
16	Total assets. Add lines 1 through 15 (must equal line 34)	73,927,946.	16	75,178,389.	
LIABILITIES	17	Accounts payable and accrued expenses	11,354,041.	17	13,847,229.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	9,294,278.	20	7,915,678.
	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		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	16,597,023.	25	20,593,149.
	26	Total liabilities. Add lines 17 through 25	37,245,342.	26	42,356,056.
RESTRICTED 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	34,572,693.	27	28,470,477.
	28	Temporarily restricted net assets	1,423,583.	28	2,661,528.
	29	Permanently restricted net assets	686,328.	29	1,690,328.
	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.	36,682,604.	33	32,822,333.	
34	Total liabilities and net assets/fund balances.	73,927,946.	34	75,178,389.	

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Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI X

1	Total revenue (must equal Part VIII, column (A), line 12)	1	237,325,771.
2	Total expenses (must equal Part IX, column (A), line 25)	2	240,349,302.
3	Revenue less expenses. Subtract line 2 from line 1	3	-3,023,531.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	36,682,604.
5	Net unrealized gains (losses) on investments	5	-69,220.
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) <u>See Schedule O</u>	9	-767,520.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	32,822,333.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line 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 checked="" type="checkbox"/> Consolidated basis <input 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.		

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SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2013

Department of the Treasury
Internal Revenue Service

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

▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Open to Public Inspection

Name of the organization **EASTERN MAINE HEALTHCARE SYSTEMS (TAMC)
THE AROOSTOOK MEDICAL CENTER (TAMC)** Employer identification number **01-0372148**

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?

- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
- (ii) A family member of a person described in (i) above?
- (iii) A 35% controlled entity of a person described in (i) or (ii) above?

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

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in 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) 2013

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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**. ▶

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)).	14	%
15 Public support percentage from 2012 Schedule A, Part II, line 14.	15	%

16a **33-1/3% support test – 2013.** 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. ▶

b **33-1/3% support test – 2012.** 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. ▶

17a **10%-facts-and-circumstances test – 2013.** 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. ▶

b **10%-facts-and-circumstances test – 2012.** 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. ▶

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. ▶

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f)).	15	%
16 Public support percentage from 2012 Schedule A, Part III, line 15.	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f)).	17	%
18 Investment income percentage from 2012 Schedule A, Part III, line 17.	18	%

19a 33-1/3% support tests — 2013. 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 — 2012. 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

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) 2010	(b) 2011	(c) 2012	(d) 2013	(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		21,676.
j Total. Add lines 1c through 1i			21,676.
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.	2 a	
b Carryover from last year.	2 b	
c Total.	2 c	
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

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

17% OF MHA DUES (\$8,063) WERE ALLOCATED TO LOBBYING.

23.65% OF AHA DUES (\$3,863) WERE ALLOCATED TO LOBBYING.

100% of MDH COALITION DUES (\$9,750) WERE ALLOCATED TO LOBBYING.

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

▶ Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

Open to Public Inspection

Name of the organization

Employer identification number

EASTERN MAINE HEALTHCARE SYSTEMS (TAMC)
THE AROOSTOOK MEDICAL CENTER (TAMC)

01-0372148

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 6.

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

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?..... 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).

Preservation of land for public use (e.g., recreation or education) Preservation of an historically important land area
 Protection of natural habitat Preservation of a certified historic structure
 Preservation of open space

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

	Held at the End of the Tax Year
a Total number of conservation easements.....	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 year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1 a Beginning of year balance.....	1,909,135.	1,709,599.	1,465,995.	1,512,461.	1,412,036.
b Contributions.....		-28,551.			
c Net investment earnings, gains, and losses.....	1,169,884.	244,429.	258,319.	-32,008.	114,254.
d Grants or scholarships.....					
e Other expenditures for facilities and programs.....				0.	
f Administrative expenses.....	20,294.	16,342.	14,715.	14,458.	13,829.
g End of year balance.....	3,058,725.	1,909,135.	1,709,599.	1,465,995.	1,512,461.

- 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 39.00 %
 - c Temporarily restricted endowment 61.00 %
- The percentages in lines 2a, 2b, and 2c should equal 100%.
- 3 a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|--|--------|----|
| (i) unrelated organizations..... | 3a(i) | X |
| (ii) related organizations..... | 3a(ii) | X |
| b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R?..... | 3b | X |

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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.....		227,598.		227,598.
b Buildings.....		44,118,740.	27,577,252.	16,541,488.
c Leasehold improvements.....		3,236,139.	1,267,272.	1,968,867.
d Equipment.....		33,735,200.	26,346,125.	7,389,075.
e Other.....		4,607,590.		4,607,590.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).).....				30,734,618.

Part VII Investments – Other Securities.

N/A

Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII Investments – Program Related.

N/A

Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX Other Assets.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) DEFERRED FINANCING COSTS, NET	91,268.
(2) DUE FROM AFFILIATES	94,265.
(3) ESTIMATED PROF LIAB CLAIMS REC	3,517,254.
(4) ESTIMATED THIRD-PARTY SETTLEMENTS	5,369,261.
(5) INTERENTITY RECEIVABLES	515.
(6) OTHER ASSETS, NET	465,459.
(7) OTHER RECEIVABLES	2,106,219.
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, column (B), line 15.)..... ▶	11,644,241.

Part X Other Liabilities.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) DEFERRED COMPENSATION	5,423,012.
(3) DUE TO AFFILIATES	2,315,472.
(4) ESTIMATED THIRD-PARTY SETTLEMENTS	4,752,436.
(5) LINE OF CREDIT	4,400,000.
(6) OTHER LIABILITIES	184,975.
(7) RESERVE FOR PROF LIAB SELF INS	3,517,254.
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, column (B) line 25.) .. ▶	20,593,149.

2. Liability for uncertain tax positions. 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. N/A

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. N/A

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII Supplemental Information.

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

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

Part X - FIN 48 Footnote

The Aroostook Medical Center is a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the consolidated financial statements.

SCHEDULE H
(Form 990)

Hospitals

OMB No. 1545-0047

2013

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization answered 'Yes' to Form 990, Part IV, question 20.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule H (Form 990) and its instructions is at www.irs.gov/form990.**

Open to Public Inspection

Name of the organization EASTERN MAINE HEALTHCARE SYSTEMS (TAMC)	Employer identification number 01-0372148
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Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If 'No,' skip to question 6a.	<input checked="" type="checkbox"/>	
1b If 'Yes,' was it a written policy?	<input checked="" type="checkbox"/>	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to 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) as a factor in determining eligibility for providing <i>free</i> care? If 'Yes,' indicate which of the following was the FPG family income limit for eligibility for free care:	<input checked="" type="checkbox"/>	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If 'Yes,' indicate which of the following was the family income limit for eligibility for discounted care:		<input checked="" type="checkbox"/>
<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 used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the 'medically indigent'?	<input checked="" type="checkbox"/>	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	<input checked="" type="checkbox"/>	
5b If 'Yes,' did the organization's financial assistance expenses exceed the budgeted amount?	<input checked="" type="checkbox"/>	
5c If 'Yes' to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		<input checked="" type="checkbox"/>
6a Did the organization prepare a community benefit report during the tax year?	<input checked="" type="checkbox"/>	
6b If 'Yes,' did the organization make it available to the public?	<input checked="" type="checkbox"/>	
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.		

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		948	2,687,763.	55,293.	2,632,470.	2.41
b Medicaid (from Worksheet 3, column a)		6,238	17,075,288.	15,270,525.	1,804,763.	1.66
c Costs of other means-tested government programs (from Worksheet 3, column b)			180,120.		180,120.	0.17
d Total Financial Assistance and Means-Tested Government Programs	0	7,186	19,943,171.	15,325,818.	4,617,353.	4.24
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	19	7,493	345,200.	22,510.	322,690.	0.30
f Health professions education (from Worksheet 5)	1	75	1,180.		1,180.	0.
g Subsidized health services (from Worksheet 6)	2		254,054.		254,054.	0.23
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	14	10,538	52,822.		52,822.	0.05
j Total. Other Benefits	36	18,106	653,256.	22,510.	630,746.	0.58
k Total. Add lines 7d and 7j.	36	25,292	20,596,427.	15,348,328.	5,248,099.	4.82

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	1		6,313.		6,313.	0.01
3 Community support.....	1	125	1,064.		1,064.	
4 Environmental improvements.....						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development.....						
9 Other						
10 Total	2	125	7,377.	0.	7,377.	0.01

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?.....	1	X	
2 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		
3 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		
4 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

5 Enter total revenue received from Medicare (including DSH and IME).....	5	39,001,188.	
6 Enter Medicare allowable costs of care relating to payments on line 5.....	6	50,681,193.	
7 Subtract line 6 from line 5. This is the surplus (or shortfall).....	7	-11,680,005.	
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:	Part VI		
<input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees and physicians - see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 COUNTY PHYSICAL THERAPY	OUTPATIENT PHYSICAL THERAP	50.0000		
2				
3				
4				
5				
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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 or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group _____

If reporting on Part V, Section B for a single hospital facility 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 Section C) Part V		
2	Indicate the tax year the hospital facility last conducted a CHNA: <u>2014</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If 'Yes,' describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted. Part V	X	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If 'Yes,' list the other hospital facilities in Section C. Part V	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 (list url): <u>http://TAMC.org/About Us.aspx</u>		
b	<input checked="" type="checkbox"/> Other website (list url): <u>www.EMHS.org/Community-Benefit/CHNA.aspx</u>		
c	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
d	<input checked="" type="checkbox"/> Other (describe in Section C) Part V		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply) as of the end of the tax year):		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Section C)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If 'No,' explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs. Part V		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)

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?.....	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?..... If 'Yes,' indicate the FPG family income limit for eligibility for free care: <u>200</u> % If 'No,' explain in Section C the criteria the hospital facility used.	X	
11	Used FPG to determine eligibility for providing discounted care?..... If 'Yes,' indicate the FPG family income limit for eligibility for discounted care: _____ % If 'No,' explain in Section C the criteria the hospital facility used.		X
Part V			
12	Explained the basis for calculating amounts charged to patients?..... If 'Yes,' indicate the factors used in determining such amounts (check all that apply):	X	
a	<input checked="" type="checkbox"/> Income level		
b	<input type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input type="checkbox"/> Other (describe in Section C)		
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 checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input checked="" type="checkbox"/> Other (describe in Section C)		
Part V			

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 individual'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 Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual'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 Section C)		

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 individuals of the financial assistance policy on admission
- b Notified individuals of the financial assistance policy prior to discharge
- c Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e Other (describe in Section C)

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?.....	19	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 Section C)			
d <input type="checkbox"/> Other (describe in Section C)			

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 Section C)			
Part V			
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?.....	21		X
If 'Yes,' explain in Section C.			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?.....	22		X
If 'Yes,' explain in Section C.			

Part V Facility Information (continued)

Copy of

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by 'Facility A,' 'Facility B,' etc.

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

Facility:

1g) The data gathered from the 2014 Community Health Needs Assessment (CHNA) allowed TAMC to identify areas of significant need including priority concerns, gaps in healthcare services, and barriers to care. A hospital task force considered the data and identified areas of significant needs to be addressed, as well as areas of need unable to be addressed by the hospital. An implementation strategy was presented and adopted by the hospital's board of directors. The Implementation Strategy consists of actions the hospital intends to take to address the health need.

Programs/resources the hospital plans to commit to address the health need were identified along with planned collaborations with other area organizations.

1h) To assure broad representation of the community's interests, key public health and healthcare partners were engaged and consulted throughout the design and implementation phase of the 2014 CHNA. Qualitative Stakeholder Surveys were distributed to public and community health representatives who directly serve the communities interests. Sampling was monitored throughout the survey dissemination to assure a minimum threshold of respondents providing local insight to priority community health needs and opportunities. Survey outreach was conducted by the local hospital, partner healthcare facilities in the same region, the local public health liaison, and a local comprehensive community health coalition.

1i) The 2014 CHNA report presents findings of three sets of data, by county. The data sets include absolute indicators of health status as gathered in 2010 using BRFSS and other primary source data gathered using empirical methods; A qualitative stakeholder survey conducted in 2014 and 2014 County Health Rankings indicator set.

The qualitative stakeholder survey was disseminated broadly to public health and

Part V Facility Information (continued)

Copy of

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by 'Facility A,' 'Facility B,' etc.

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

community stakeholders who serve local populations. As such, the Community Health Needs Assessment does not provide random assignment of survey respondents, nor does it attempt to function as a surveillance instrument. Limitations aside, taken together, the data provide a unique perspective on the health of Maine communities, with a focus on the social, environmental, and clinical factors which influence the ability of populations to lead healthy lives.

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

Facility:

In June 2014, EMHS conducted an online survey with stakeholders and partners living or working in the eight-county region to understand key issues, including facilitators and barriers that impact healthcare and population health in these communities. The web-based survey was distributed via email to 17 partnering hospitals, 6 local Public Health Districts, and 17 Healthy Maine Partnerships. Representatives from these organizations distributed the survey link to their employees, volunteers, board members, donors, and other stakeholders. Recipients were encouraged to forward the survey to additional community stakeholders.

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

Facility:

EMHS Member Hospitals: Acadia Hospital, Blue Hill Memorial Hospital, Charles A. Dean Memorial Hospital, Eastern Maine Medical Center, Inland Hospital, Mercy Hospital, Seabasticook Valley Hospital, and The Aroostook Medical Center

Partnering Hospitals: Cary Medical Center, Down East Community Hospital, Houlton Regional Hospital, Maine Coast Memorial Hospital, Mayo Regional Hospital, Millinocket Regional Hospital, Mount Desert Island Hospital, Northern Maine Medical Center, and Redington-Fairview General Hospital

Part V Facility Information (continued)

Copy of

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by 'Facility A,' 'Facility B,' etc.

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

Facility:

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 7 - Explanation of Needs Not Addressed and Reasons Why

Facility:

Priorities of Focus - Based on the Aroostook County needs identified during the Community Health Needs Assessment, TAMC has selected the following areas for which we can make a positive impact within our region. Going forward, these priorities will be a focus of our community outreach and operational resources.

1. Decrease youth obesity.
2. Decrease number of adults age 20-60 with cardiovascular disease risk factors.
3. Improve health status of adults over 65 with 3 or more chronic conditions.
4. Decrease inappropriate emergency department utilization by the Medicaid population.
5. Improve access to behavioral health services.
6. Increase early identification of domestic violence and link victims with appropriate resources.

Secondary Focus - For the following community needs, TAMC will play a collaborative role by partnering with and supporting the organizations in the community that are already focused on these areas.

1. Oral Health
2. Transportation
3. Affordable Housing
4. Economic Development

Part V Facility Information (continued)

Copy of

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by 'Facility A,' 'Facility B,' etc.

Part V, Line 7 - Explanation of Needs Not Addressed and Reasons Why (continued)

5. Educational Attainment

Part V, Line 11 - Criteria Used For Discounted Care If Not FPG

Facility:

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

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

Facility:

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

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

Facility:

Hospital charges are discounted at 100% for patients who qualify for free care with income at or below 200% FPL.

Part V Facility Information (continued)**Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 22

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

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Part V Facility Information (continued)**Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 22

Name and address	Type of Facility (describe)
1 SLEEP MEDICINE SERVICES 140 ACADEMY STREET STE 2 & 3 PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
0 AROOSTOOK HEART & LUNG CENTER 146 ACADEMY STREET STE B PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
1 FORT FAIRFIELD HEALTH CENTER 23 HIGH STREET FORT FAIRFIELD, ME 04742	OUTPATIENT PHYSICIAN CLINIC
3 WALK IN CARE 23 NORTH STREET STE 2 PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
5 RADIATION ONCOLOGY 140 ACADEMY STREET PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
0 CARIBOU HEALTH CENTER 118 BENNETT DRIVE STE 130 CARIBOU, ME 04736	OUTPATIENT PHYSICIAN CLINIC
6 MARS HILL HEALTH CENTER 106 MAIN STREET MARS HILL, ME 04758	OUTPATIENT PHYSICIAN CLINIC
4 WOMEN'S HEALTH CENTER 140 ACADEMY STREET STE 6 PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
8 OCCUPATIONAL HEALTH & WELLNESS 146 ACADEMY STREET PRESQUE ISLE, ME 04769	OUTPATIENT PHYSICIAN CLINIC
2 ASHLAND HEALTH CENTER 33 WALKER STREET ASHLAND, ME 04759	OUTPATIENT PHYSICIAN CLINIC

BAA

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

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

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

Part I, Line 7 - Explanation of Costing Methodology

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

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

Part I, line 7, Column F - \$5,316,317 of bad debt expense, \$5,991,761 of charity care, \$119,981,503 of contractual allowances is included on Form 990, Part IX, line 25, column (A).

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

Cost of bad debt expense is calculated by taking the cost to charge ratio times the total bad debt expense.

Part III, Line 4 - Bad Debt Expense

In evaluating the collectibility of accounts receivable, TAMC analyzes past results and identifies trends for each major payor source of revenue to estimate the appropriate allowance for doubtful accounts and provisions 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

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 and Part III, lines 2, 3, 4, 8, and 9b.
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- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

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

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), TAMC 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 and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

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

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

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

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 The Aroostook Medical Center. An account may be reconsidered for charity care at any time when new information is available about a patient's inability to pay.

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

Part VI - Needs Assessment

In addition to CHNA, there are several methods TAMC uses to understand community needs. TAMC conducts ongoing patient satisfaction surveys and intermittent community perception surveys and focus groups. TAMC reaches out to area physicians, employers and regional health partners via a Community Liaison to gain information about health needs. TAMC is currently piloting a Community Stewardship program to create opportunities for TAMC leadership to interact with key community leaders and stakeholders. TAMC primary care practices are initiating patient advisory councils to ensure patient needs are understood.

Part VI - Patient Education of Eligibility for Assistance

Financial assistance or free care is available only for medically necessary services. Posters are displayed in patient care areas, information and forms are available online on the hospital website, and patient billing representatives are also available to take calls and to answer questions.

Part VI - Community Information

Aroostook County is home to 70,055 people, living in a region encompassing 6,671 square miles, with a population density of 10.8 people per square mile. Aroostook has 20.6% of the population over 65 years of age, which is higher than the Maine rate of 17.7%. Aroostook is predominately white (95.5%), with a small American Indian (1.8%) and Hispanic (1.1%) population. Aroostook trails Maine in education

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

Part VI - Community Information (continued)

status with only 85.1% of adults having a high school diploma and less than 17% having a bachelor's degree. The median household income in Aroostook is \$37,855 and over 65% of people live below the poverty line. Major industries include agriculture and forestry.

Of Maine's 16 counties, Aroostook County ranks thirteenth in health outcomes and twelfth for quality of life. Top social concerns include unemployment/economic opportunity, substance abuse, domestic violence, isolation (physical and social) and affordable housing. Aroostook County has the highest rates of adult asthma, unmet mental health needs, and overweight youth. It has the second highest rate of heart disease in Maine.

Part VI - Community Building Activities

Collaboration is key in Aroostook County as TAMC works with numerous local and regional organizations to improve community health and engage people of all ages in healthy behaviors. Over the past year, TAMC has partnered with each of the County's hospitals, the higher education institutions, ACAP's Healthy Aroostook program, the Aroostook Autism Support Group, United Way of Aroostook, and several other organizations to bring a variety of programs to the community. From promoting physical activity to collecting food for local pantries and a whole host of

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

Part VI - Community Building Activities (continued)

activities in between, TAMC has helped positively affect the lives of thousands of residents in northern Maine across the age spectrum. In the fall of 2014, TAMC provided free influenza vaccinations to more than 1,800 County residents - the largest number to ever receive flu shots through our free clinics.

In addition, TAMC is active in the development of future health professionals. TAMC collaborates with public schools and higher education institutions to allow job shadowing, student internships, and a week-long summer camp for students entering 9th grade.

TAMC also plays a role in regional economic development. Members of TAMC leadership serve on the Aroostook Partnership for Progress and Leaders Encouraging Aroostook Development. TAMC supports community building economic development activities through sponsorships, such as the 2014 Junior World Biathlon event.

Part VI - Affiliated Health Care System Roles and Promotion

TAMC is a member of EMHS. EMHS (Eastern Maine Healthcare System) includes eight hospitals, numerous physician practices, long-term care facilities, home health and hospice, and ground and air emergency transport. As a top-performing national

Pioneer Accountable Care Organization (ACO), EMHS has a proven record of quality

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 and Part III, lines 2, 3, 4, 8, and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
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- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

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

outcomes, cost reduction, and highly engaged patients. The EMHS statewide network of care is tailored to the needs of communities and individuals, working to ensure that the people of Maine have the care they need close to home.

Promotion of health is a major priority for EMHS. EMHS leadership participates on the Maine CDC Public Health Statewide Coordinate Council and the Maine Public Health Association. EMHS coordinates several state-wide wellness initiatives, including Move & Improve and Raising Readers. Move and Improve is a community-based physical activity program designed to encourage and empower individuals to engage in a healthier lifestyle through physical activity; as the program utilizes the web to invite individuals and sites (work, school, community, etc.) to participate, it has been successful in reaching participants in over 400 Maine towns, 19 different states and a handful of different countries. Raising Readers gives all Maine children through age five at least a dozen beautiful books to call their very own; distribution occurs through collaboration with hospitals and physician offices.

In addition, the EMHS community health work will advance as it embarks on a three-year initiative to improve the health of Maine's population in the seven most northern counties. This opportunity is made possible through a \$4.05 million

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

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

cooperative agreement with the Centers for Disease Control and Prevention where EMHS will lead a collaborative of eleven Healthy Maine Partnerships and other strategic community partners to reduce barriers that affect health, such as improving access to healthy foods, increasing opportunities for physical activity, preventing and managing chronic diseases, and educating and empowering people to lead healthy lives.

TAMC (The Aroostook Medical Center) serves as EMHS's most northern member serving all of Aroostook County, Maine. As such, TAMC acts as a leader in the region to improve overall community wellness. TAMC leadership serves on the boards of the Maine CDC Aroostook District Public Health Council and Healthy Aroostook. Over the past year, TAMC has engaged with several community organizations to introduce a significant number of health promotion and wellness activities, including a World Cancer Day, Discovery Days activities for youth, run/walk and triathlon activities, community health fairs and screenings, tobacco cessation and prevention programs, programs for seniors, and winter activities.

Part VI - States Where Community Benefit Report Filed

ME

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 and Part III, lines 2, 3, 4, 8, and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
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- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

Part 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

- ▶ Complete if the organization answered 'Yes' on Form 990, Part IV, line 23.
- ▶ Attach to Form 990. ▶ See separate instructions.
- ▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

EASTERN MAINE HEALTHCARE SYSTEMS (TAMC)

Employer identification number

01-0372148

Part I Questions Regarding Compensation

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

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

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

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and officers, including 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 type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

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

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

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

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

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

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

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

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

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

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

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

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

Schedule J (Form 990) 2013

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

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

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

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus and incentive compensation	(iii) Other reportable compensation				
1 JOHN BEAULIEU, DO VICE PRES MED S	(i) 275,398 (ii) 0	0	529	6,375	11,030	293,332	0
2 M. MICHELLE HOOD PRESIDENT EMHS	(i) 712,895 (ii) 153,114	171,996	12,420	232,431	18,491	1,148,233	0
3 MICHAEL FALOON, MD PRES MED STAFF	(i) 119,221 (ii) 0	12,565	40,261	9,549	17,377	232,866	0
4 JIM MCKENNEY Vice President	(i) 250,837 (ii) 0	63,668	39,647	9,163	24,058	192,089	28,345
5 SYLVIA GETMAN PRESIDENT/CEO	(i) 185,456 (ii) 0	0	42,910	59,750	25,644	442,809	0
6 JAY REYNOLDS, MD VP/CMO	(i) 115,347 (ii) 0	0	37,201	17,621	23,178	263,456	0
7 THOMAS UMPHREY VP/HUMAN RESOUR	(i) 170,106 (ii) 0	0	68,548	10,134	2,146	196,175	0
8 C. BRUCE SANDSTROM VP/CFO	(i) 202,449 (ii) 0	1,574	38,387	13,427	14,020	269,857	0
9 ROLAND JOY Vice President	(i) 141,271 (ii) 0	12,000	18,618	0	10,954	182,843	0
10 GLENDA DWYER Vice President	(i) 132,017 (ii) 0	0	19,149	13,487	11,303	175,956	0
11 STEPHEN MARTIN OPHTHALMOLOGIST	(i) 441,762 (ii) 0	24,890	43,914	14,025	2,225	526,816	0
12 RUSSELL DONNELLY SURGEON	(i) 458,441 (ii) 0	40,400	14,771	0	1,337	514,949	0
13 ROBERT W. RICE MD SURGEON	(i) 451,343 (ii) 0	0	44,064	11,475	23,948	530,830	0
14 RICHARD DEBOWSKY ANESTHESIOLOGIST	(i) 432,130 (ii) 0	0	26,239	11,475	17,920	487,764	0
15 VENKATRAM NETHAIA SURGEON	(i) 402,028 (ii) 0	600	42,929	7,650	23,199	476,406	0

TEEA4102L 07/08/13

Schedule J (Form 990) 2013

BAA

Part III Supplemental Information

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

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

Sylvia Getman's deferred compensation account was credited with a deposit of \$52,100.

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

Glenda Dwyer's deferred compensation account was credited with a deposit of \$5,000.

Thomas Umphrey - Compensation includes payment of \$23,727 in lieu of deferred compensation deposit.

C. Bruce Sandstrom - Compensation includes payment of \$40,879 in lieu of deferred compensation deposit.

David Peterson - Compensation includes payout of \$114,961 supplemental nonqualified retirement plan. Existence of the nonqualified plan was reported in prior years and this amount does not represent additional expense beyond what was previously accrued in the company's financial statements.

Part III Supplemental Information

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

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

Jim McKenney - Compensation includes payout of \$33,345 supplemental nonqualified retirement plan. \$28,345 of the total payout was reported in prior years and does not represent additional expense beyond what was previously accrued in the company's financial statements.

Mary Michelle Hood - A pension obligation satisfied through a supplemental non-qualified retirement plan is based on a percent of qualified earnings or by specific agreement. The portion accrued for the supplemental non-qualified retirement plan is \$212,331, based on the amounts contributed and related earnings. The supplemental non-qualified retirement benefit is subject to a substantial risk of forfeiture.

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

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

SCHEDULE K
(Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No. 1545-0047

2013

Open to Public Inspection

▶ Complete if the organization answered 'Yes' on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

Name of the organization
EASTERN MAINE HEALTHCARE SYSTEMS (TAMC)
Employer identification number
01-0372148

Part I Bond Issues

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

Part II Proceeds

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired			2,920,000.		1,025,000.			
2 Amount of bonds legally defeased								
3 Total proceeds of issue			10,166,849.		7,531,015.			
4 Gross proceeds in reserve funds			976,550.		713,650.			
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows			4,770,000.		5,080,000.			
7 Issuance costs from proceeds			87,568.		77,586.			
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds			1,379.		464.			
10 Capital expenditures from proceeds								
11 Other spent proceeds			4,331,352.		1,659,315.			
12 Other unspent proceeds								
13 Year of substantial completion			2001		2004			
14 Were the bonds issued as part of a current refunding issue?			X		X			
15 Were the bonds issued as part of an advance refunding issue?			X		X			
16 Has the final allocation of proceeds been made?			X		X			
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?			X		X			

Part III Private Business Use

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

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

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?		X		X				
b If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c Are there any research agreements that may result in private business use of bond-financed property?		X		X				
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 nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		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					

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		X		X				
2 If 'No' to line 1, did the following apply?								
a Rebate not due yet?	X		X					
b Exception to rebate?								
c No rebate due?								
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				
4 a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b Name of provider.								
c Term of hedge.								
d Was the hedge superintegrated?								
e Was the hedge terminated?								

Part IV Arbitrage (Continued)

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Additional Information

Part II, line 3, column A, does not equal Part I, line A, column E as a result of other sources of funds from DSF-Interest, DSF-Principal, and DSRF balance totaling \$2,483,123. Part II, line 3, column B, does not equal Part I, line B, column E as a result of other sources of funds from DSF-Interest, DSF-Principal, and DSRF balance totaling \$1,340,300.

Part IV, line 7 - The issuer (MHFEFA) has established written procedures to monitor the requirements of Section 148. The organization has entered into a tax regulatory agreement with the issuer that requires the organization to comply with the requirements of Section 148. The organization is working to establish its own written procedures to monitor such requirements.

SCHEDULE L
(Form 990 or 990-EZ)

Transactions With Interested Persons

OMB No. 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Complete if the organization answered 'Yes' on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization **EASTERN MAINE HEALTHCARE SYSTEMS (TAMC)
THE AROOSTOOK MEDICAL CENTER (TAMC)**

Employer identification number
01-0372148

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).
Complete if the organization answered 'Yes' on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

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

- 2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958 ▶ \$ _____
- 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ _____

Part II Loans to and/or From Interested Persons.
Complete if the organization answered 'Yes' on Form 990-EZ, Page V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												
(8)												
(9)												
(10)												
Total						▶ \$ _____						

Part III Grants or Assistance Benefiting Interested Persons.
Complete if the organization answered 'Yes' on Form 990, Part IV, line 27.

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

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

Schedule L (Form 990 or 990-EZ) 2013

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.
- ▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is
at www.irs.gov/form990.

OMB No. 1545-0047

2013

Open to Public
Inspection

Name of the organization
EASTERN MAINE HEALTHCARE SYSTEMS (TAMC)
THE AROOSTOOK MEDICAL CENTER (TAMC)

Employer identification number
01-0372148

Schedule K, Part 1, Column E

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

Form 990, Part VII, Section A

Board member Jennifer Sonntag resigned in the first part of 2014.

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

PROVISION OF ACUTE & SUBACUTE HOSPITAL CARE RELATED TO OUTPATIENT CLINICS AND HEALTH
CARE SERVICES. SERVED 30,088 PATIENT DAYS OF ROUTINE SERVICES AND 80,599
OUTPATIENTS. PROVIDED SERVICES REGARDLESS OF ABILITY TO PAY AS WELL AS EDUCATION AND
PROMOTION OF HEALTH. PROVIDED OTHER UNCOMPENSATED CARE (AT COST) OF \$2,362,040.

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

Leadership: Sylvia Getman, President and CEO; and Gene Lynch II, Board Chair

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

Employees: 1,000

Description: The Aroostook Medical Center (TAMC) is northern Maine's leading provider
of healthcare services, an advocate for the people we serve, and the area's largest
employer. TAMC is a nonprofit organization with passionate employees dedicated to
serving the healthcare needs of the people of Aroostook County with outstanding skill
and compassion, working closely with our partners to bring the best technology,
physicians, and standards of care to the people of northern Maine.

TAMC highlights

-Began work on new centers for cancer, orthopedic, cardiac, and eye care;

Name of the organization EASTERN MAINE HEALTHCARE SYSTEMS (TAMC) THE AROOSTOOK MEDICAL CENTER (TAMC)	Employer identification number 01-0372148
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Form 990, Part III, Line 4a - Program Service Accomplishments

improvements were also made in the medical/surgical and women's and children's inpatient units through ongoing work at TAMC's main campus, representing the most significant changes in two decades - the Fort Fairfield Health Center (primary care) and Mars Hill's Aroostook Health Center (rehabilitation and long-term care) facilities are also undergoing renovations

-Expanded specialty care offerings in northern Maine by bringing in new providers and introducing advanced technology in urology, orthopedics, rheumatology, dermatology, ophthalmology, and pediatric care

-Engaged with several community organizations to introduce a significant number of health promotion and wellness activities throughout the region, including a Summer Fit and Fun series, Discovery Days activities for youth, run/walk and triathlon activities, community health fairs and screenings, programs for seniors, and winter activities

-Honored with several awards and commendations, including second consecutive ranking by the American Hospital Association as one of the nation's Top 25 Most Wired Rural Hospital, Avatar's Exceeding Patient Expectations award, and ranking among top hospitals in Maine for maternity care

-TAMC president and CEO, Sylvia Getman - Made the MaineBiz Next List of Maine's Ten Key Players Shaping the Future of the State's Economy for her work in "guiding a rural healthcare system during a time of rapid change"

-Provided northern Maine patients the latest in imaging technology that is close to home and that increases patient comfort with new MRI (magnetic resonance imaging) technology; more than 2,200 MRI scans are performed annually at the regions largest medical center

Total Community Benefit: \$16,935,586

Name of the organization EASTERN MAINE HEALTHCARE SYSTEMS (TAMC) THE AROOSTOOK MEDICAL CENTER (TAMC)	Employer identification number 01-0372148
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Form 990, Part III, Line 4a - Program Service Accomplishments

Community Health Improvement Services: \$207,421

Community Building Activities: \$7,377

Community Benefit Operations: \$115,374

Health Professions Education: \$1,180

Subsidized Health Services: \$254,054

Financial and In-Kind Contributions: \$52,822

Unrecoverable interest cost on funds used to subsidize state MaineCare/Medicaid underpayments of \$2.8M; \$180,120

Traditional Charity Care: \$2,632,470

Unpaid Cost of Public Programs: Medicaid: \$1,804,763 Medicare: \$11,680,005

Philanthropy: \$56,104

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

MEDICAID SHORTFALLS (AT COST). 6,238 PERSONS SERVED

Form 990, Part VI, Line 4 - Significant Changes to Organizational Documents

Adoption of Uniform Bylaws by EMHS Member Organizations

As part of the Governance Integration Project, a Bylaws Task Force was established and charged with drafting a uniform set of bylaws for EMHS Member Organizations for the purpose of achieving clarity and transparency, shared understanding, efficiency in board operations and administration, and compliance with legal requirements and best practice standards.

As a result of the work performed by the Bylaws Task Force, the following EMHS Member Organizations adopted Restated Bylaws in FY2014:

1. Acadia Hospital, Corp.

2. Charles A. Dean Memorial Hospital

3. Eastern Maine HomeCare

Name of the organization EASTERN MAINE HEALTHCARE SYSTEMS (TAMC) THE AROOSTOOK MEDICAL CENTER (TAMC)	Employer identification number 01-0372148
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Form 990, Part VI, Line 4 - Significant Changes to Organizational Documents

- 4. Eastern Maine Medical Center
- 5. EMHS Foundation
- 6. Inland Hospital
- 7. Mercy Hospital
- 8. Rosscare
- 9. The Blue Hill Memorial Hospital
- 10. The Aroostook Medical Center
- 11. VNA Home Health & Hospice

There were no changes to the Bylaws of Sebesticook Valley Health in FY2014 because Sebesticook is not an Integrated Member Organization.

Impact on Board Structure and Key Operations

This summary focuses on the elements in the uniform bylaws adopted by the Member Organizations that required a change in board structure and/or key operations.

Structure includes board composition and the role of officers. Key operations include how the board's oversight responsibilities are deployed across committees and the board as a whole. These changes had the most impact on board leadership, as their implementation shifted current committee roles, affected individual trustee or director's committee assignments, and affected the appointment of the secretary and the treasurer.

Key Changes in Board Structure and Role of Officers:

- 1. Proposed size ranges. The number of board members for member hospitals is 11-19; and the number of board members for non-hospital members is 9-15. The term limit for board members is up to four (4) consecutive three-year terms.
- 2. EMHS CEO became a voting member of all boards. This was previously the case for

Name of the organization EASTERN MAINE HEALTHCARE SYSTEMS (TAMC) THE AROOSTOOK MEDICAL CENTER (TAMC)	Employer identification number 01-0372148
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Form 990, Part VI, Line 4 - Significant Changes to Organizational Documents

all Member Organizations with the exception of Inland and BHMH.

3. Hospital boards have ex officio seats for the two senior physician leaders.

Exceptions: a) EMMC retained current complement of four ex officio physician seats;

Acadia established one ex officio physician seat and Charles A. Dean Memorial

Hospital retained one ex officio physician seat. b) Inland previously had a third

seat designated for a physician, but now the current occupant may continue service

on the board as a "regular" trustee assigned to an elected term.

4. Officers. The President of the Member appoints the secretary and, in consultation

with the Board, the president of the Member Organizations. The president may be

removed by the President of the Member, in consultation with the Board. EMHS general

counsel now serves as secretary of each Member Organization. The respective chief

financial officers now serve as treasurer of the Member Organizations. Previously,

volunteer board members served in the offices of secretary and treasurer at BHMH,

Inland and TAMC. a) After the changes noted, the remaining board volunteer officer

positions were limited to chair and vice chair unless otherwise deemed necessary by

the board. The chair and vice chair positions are limited to three consecutive

one-year terms.

5. The position of honorary board member was eliminated. Previously, four hospitals

(Acadia, Charles A. Dean Memorial Hospital, EMMC and Inland) permitted the election

of honorary board members. Among them, only Inland had (two) honorary trustees, who

are grandfathered under the uniform bylaws.

Key Changes in Board Operations

The committee structure was designed to: align across Member Organizations to the

extent practicable; assure that boards have the benefit of committee work in areas

requiring specialty expertise; facilitate coordinated board education and

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Form 990, Part VI, Line 4 - Significant Changes to Organizational Documents

development; and encourage the exchange of best practices. Under the uniform bylaws, as has always been the case, unless explicitly delegated by the board (see 2c and 2d below), committee authority is limited to making recommendations to the full board.

1. The changes in committee structure made under the uniform bylaws reflect consideration that, rather than being delegated to a standing committee, the following oversight and strategic responsibilities are better retained within the province of the entire board:

- a) Mission, vision, values
- b) Community health needs assessment within a population health context
- c) Community benefit: planning, measuring, reporting
- d) Strategic planning in coordination with the EMHS process
- e) Compliance with IRS Form 990, conflict of interest policy, and independence requirements
- f) Philanthropy g) Advocacy

2. Committees - a) Under the uniform bylaws, Hospital standing committees comprise: Finance (and where relevant, an Investment Subcommittee); Governance (and an independent Nominating Subcommittee); Quality and Professional Affairs; and Joint Conference.

b) Under the uniform bylaws, Non-hospital standing committee comprise: Finance (and where relevant, and Investment Subcommittee); Governance (and an independent Nominating Subcommittee); and where patient care is provided, Quality and Professional Affairs.

c) Under the uniform bylaws, Special and ad hoc committees may be appointed by the chair for any specific purpose or function, to be terminated at any time by the

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Form 990, Part VI, Line 4 - Significant Changes to Organizational Documents

chair. Committee chairs may serve no more than five (5) consecutive full one-year terms.

3. Dissolution of the Executive Committee (EC)

Under the uniform bylaws, the Executive Committee has been dissolved and certain responsibilities transferred to the Governance Committee and the Quality and Affairs Committee. The rationale behind this change was as follows:

a) Over time, ECs can grow in size and function to a degree that risks generating a sense among non-members of being "rubber stamps." Prior to adoption of the uniform bylaws, five of the six ECs had rosters that represented half or more of the elected board members.

b) Prior to adoption of the uniform bylaws, three of the ECs had committee-level responsibility for finance. Under the uniform bylaws, each Member Organization has a dedicated Finance Committee.

c) Historically, the EC has been delegated authority to act on behalf of the board, within defined parameters, when a time-sensitive matter requires action between regularly scheduled board meetings. The uniform bylaws vest this authority in the Governance Committee, which has been the practice on the EMHS board.

d) Prior to adoption of the uniform bylaws, four hospital ECs (Acadia, EMMC, Inland, TAMC) had authority to approve medical staff privileges and credentials between board meetings. The uniform bylaws vest this authority in the Quality and Professional Affairs Committee. Transferring this between-meetings exigency role to the Quality and Professional Affairs Committee retains the integrity of the process and aligns with the role and aptitude of the Quality and Professional Affairs Committee.

e) Over time, some ECs have "inherited" responsibilities when another committee has

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Form 990, Part VI, Line 4 - Significant Changes to Organizational Documents

been dissolved. Current examples include community relations and fundraising - functions increasingly viewed as board-wide concerns.

f) Some ECs conduct executive performance reviews. A uniform policy to be developed in support of the uniform bylaws will assign this responsibility to an ad hoc group comprising the EMHS CEO and independent Member Organization board members serving as chair, vice chair, and committee chairs.

4. Meeting Frequency - Under the uniform bylaws, Boards will meet at least four times annually. Provisions remain the same for holding special meetings.

5. Fiduciary Duty - The uniform bylaws contain a straightforward affirmation of fiduciary duty consistent with Maine statutory law.

6. Indemnification - The uniform bylaws set forth identical indemnification provisions for all Member Organizations.

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

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

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

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

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

EMHS has authority to appoint and remove the CEO of the Corporation. EMHS also has joint and superior authority to approve, disapprove or initiate action with respect to the following matters:

I. amendments to the corporations Articles of Incorporation or Bylaws;

Name of the organization EASTERN MAINE HEALTHCARE SYSTEMS (TAMC) THE AROOSTOOK MEDICAL CENTER (TAMC)	Employer identification number 01-0372148
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Form 990, Part VI, Line 7b - Decisions of Governing Body Approval by Members or Shareholders (continued)

II. changes in legal form of organization of the Corporation;

III. election of the Directors/Trustees of the Corporation;

IV. action concerning the Corporation's operating budget and capital expenditures;

V. the Corporation's acquisition of assets or assumption of liabilities of an unaffiliated third party;

VI. transfer of 5% or more of the assets of the Corporation;

VII. financing transactions concerning the Corporation;

VIII. merger, consolidation, sale, lease, mortgage, pledge or other disposition of all or substantially all assets of the Corporation;

IX. add or revise a health care service of the Corporation;

X. discontinue or close a health care service of the Corporation;

XI. action concerning the Corporation's role in the EMHS Strategic Plan;

XII. action concerning the Corporation's participation in key strategic affiliations with third parties not affiliated with EMHS; and

XIII. dissolution of the Corporation

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

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

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

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

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

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

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

Contributions to PRNA.....	\$	1,004,000.
Contributions to TRNA.....		1,088,994.
Net Assets Release.....		-83,236.
Transfer to exempt parent - Eastern Maine Healthcare Systems.....		-2,777,278.
Total	\$	<u>-767,520.</u>

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

- ▶ Complete if the organization answered 'Yes' on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
- ▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

Employer identification number

01-0372148

EASTERN MAINE HEALTHCARE SYSTEMS (TAMC) THE AROOSTOOK MEDICAL CENTER (TAMC)

Part I Identification of Disregarded Entities Complete if the organization answered 'Yes' on 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' on 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 WHITTING HILL ROAD BREWER, ME 04412 01-0527066	SUPPORTING ORGANIZATION FOR HEALTHCARE AFFILIATES	ME	501(C)(3)	11 TYPE III Func Int	-		X
(2) EASTERN MAINE HEALTHCARE REAL ESTATE (43 WHITTING HILL ROAD BREWER, ME 04412 01-0391036	LEASES REAL ESTATE	ME	501(C)(2)		EMHS		X
(3) ACADIA HOSPITAL CORPORATION (AHC) (43 WHITTING HILL ROAD BREWER, ME 04412 01-0459837	PROVIDE HEALTHCARE SERVICES	ME	501(C)(3)	3	EMHS		X
(4) ACADIA HEALTHCARE, INC. (AHI) (43 WHITTING HILL ROAD BREWER, ME 04412 22-3183888	PROVIDE HEALTHCARE SERVICES	ME	501(C)(3)	9	AHC		X

Part III Identification of Related Organizations Taxable as a Partnership Complete if the organization answered 'Yes' on 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 43 Whiting Hill Brewer, ME 04412 45-2967056	Accountable care organization	ME	EMHS	N/A	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' on 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 PO Box 940 BANGOR, ME 04402-0940 01-0385322	HOLDING CO.	ME	EMHS	C CORP	0.	0.			X
(2) AFFILIATED HEALTHCARE MANAGEMEN PO Box 811 BANGOR, ME 04402-0811 01-0349339	HLTHCR MGMT	ME	AHS	C CORP	0.	0.			X
(3) AFFILIATED LABORATORY, INC. PO Box 638 BANGOR, ME 04402-0638 01-0381283	CLINICAL LAB	ME	AHS	C CORP	0.	0.			X

Part V Transactions With Related Organizations Complete if the organization answered 'Yes' on 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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) EASTERN MAINE HEALTHCARE SYSTEMS (EMHS)	m	2,271,012	FMV
(2) EASTERN MAINE HEALTHCARE SYSTEMS (EMHS)	p	7,788,772	FMV
(3) EASTERN MAINE HEALTHCARE SYSTEMS (EMHS)	r	2,777,278	FMV
(4) EASTERN MAINE MEDICAL CENTER (EMMC)	m	406,166	FMV
(5) EASTERN MAINE MEDICAL CENTER (EMMC)	p	179,265	FMV
(6) EMHS FOUNDATION	m	110,000	FMV

Part V Unrelated Organizations Taxable as a Partnership Complete if the organization answered 'Yes' on 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 VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions).

Part III - Partnership Full Name, Address, FEIN

BEACON HEALTH, LLC 45-2967056 43 Whiting Hill Road Brewer, ME 04412

Part II Continuation of Identification of Related Tax-Exempt Organizations

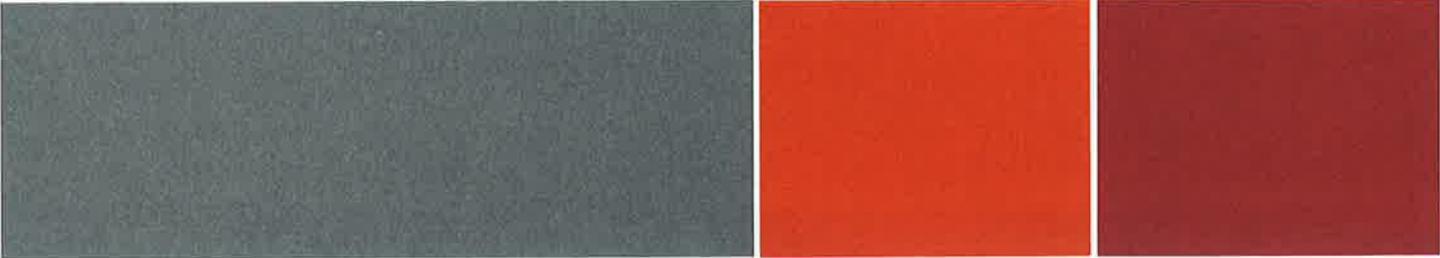
(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity	(G) Sec. 512(b)(13) controlled entity?	
						Yes	No
MEADOW WOOD, LLC 43 WHITING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

Part I 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
LAKWOOD, 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 HOSP PRITHAM AVENUE PO BOX 1129 GREENVILLE, ME 04441-1129 04-3341666	PROVIDE HEALTHCARE SERVICES	ME	501 (C) (3)	3	EMHS	X	
BLUE HILL MEMORIAL HOSPITAL 57 WATER STREET BLUE HILL, ME 04614-5231 01-0227195	PROVIDE HEALTHCARE SERVICES	ME	501 (C) (3)	3	EMHS	X	
EASTERN MAINE HOMECARE PO BOX 688 CARIBOU, ME 04736 01-0328442	PROVIDE HOME HEALTH AND HOSPICE SERVICES	ME	501 (C) (3)	9	EMHS	X	
SEBASTICOOK VALLEY HEALTH (SVH) 447 NORTH MAIN STREET PITTSFIELD, ME 04967 01-0263628	CRITICAL CARE HOSPITAL	ME	501 (C) (3)	3	EMHS	X	
SEBASTICOOK VALLEY FAMILY PRACTICE A 447 NORTH MAIN STREET PITTSFIELD, ME 04967 01-1357854	PROVIDE PATIENT CARE	ME	501 (C) (3)	9	SVH	X	
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	
TAMC ENDOWMENTS PO BOX 151, 140 ACADEMY STREET PRESQUE ISLE, ME 04769 01-0389222	RAISE FUNDS FOR EXEMPT ORGANIZATIONS	ME	501 (C) (3)	11 TYPE I	TAMC	X	
HORIZONS HEALTH SERVICES PO BOX 151, 140 ACADEMY STREET PRESQUE ISLE, ME 04769 01-0504393	PROVIDE PATIENT CARE	ME	501 (C) (3)	3	TAMC	X	

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 PO Box 1300 BANGOR, ME 04402-1300 01-0381189	PURCHASING	ME	AHS	C CORP	0.	0.		X	
AFFILIATED PHARMACY SERVICES 917 Union St, Suite 7 BANGOR, ME 04401 01-0587230	PHARMACY	ME	AHS	C CORP	0.	0.		X	
MERIDIAN MOBILE HEALTH, LLC 931 Union Street, PO Box 940 BANGOR, ME 04402-0940 01-0512673	AMBULANCE	ME	AHS	C CORP	0.	0.		X	
MAINE NETWORK FOR HEALTH PO Box 2813 BANGOR, ME 04402-2813 01-0496352	SUPPORT SRV	ME	EMHS	C CORP	0.	0.		X	
DIRIGO PINES RETIREMENT COMM, 9 Alumni Drive ORONO, ME 04473 01-0537924	HOLDING CO.	ME	AHS	C CORP	0.	0.		X	
DIRIGO PINES INN, LLC 9 Alumni Drive ORONO, ME 04473 02-0547749	CONTIN CARE	ME	ROSSCARE	C CORP	0.	0.		X	
DIRIGO FUNDING, LLC 9 Alumni Drive ORONO, ME 04473 01-0599968	PROV FINANCE	ME	AHS	C CORP	0.	0.		X	
DIRIGO PINES DEVELOPMENT COMPA 9 Alumni Drive ORONO, ME 04473 01-0537924	RETCOTTAG	ME	AHS	C CORP	0.	0.		X	

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THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

September 27, 2014 and September 28, 2013

With Independent Auditor's Report

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THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

**Consolidated Financial Statements
and Supplementary Information**

Years Ended September 27, 2014 and September 28, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Aroostook Medical Center

We have audited the accompanying consolidated financial statements of The Aroostook Medical Center and Subsidiaries, which comprise the consolidated balance sheets as of September 27, 2014 and September 28, 2013, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Aroostook Medical Center and Subsidiaries as of September 27, 2014 and September 28, 2013, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating financial information and detail of net patient service revenue, sales and contract revenue and other revenue, and operating expenses are presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
December 19, 2014

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Consolidated Balance Sheets

September 27, 2014 and September 28, 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents	\$ 2,731,769	\$ 3,075,955
Assets held in trust under bond indentures	405,813	416,331
Patient and trade accounts receivable, less allowance for doubtful accounts of \$4,706,908 in 2014 and \$3,937,434 in 2013	14,422,174	11,478,562
Estimated third-party payor settlements	1,942,031	2,149,301
Due from Eastern Maine Healthcare Systems	94,265	229,720
Other receivables	2,106,219	2,052,639
Inventories	1,930,222	1,908,127
Prepaid expenses	<u>1,479,861</u>	<u>1,954,749</u>
Total current assets	<u>25,112,354</u>	<u>23,265,384</u>
Property, plant and equipment, net	<u>30,970,186</u>	<u>28,099,805</u>
Assets whose use is limited or restricted		
Deferred compensation and benefits	5,459,595	4,972,115
Board designated funded depreciation and other	2,071,296	10,260,338
Temporarily donor-restricted	4,892,146	3,358,295
Permanently donor-restricted	<u>2,719,173</u>	<u>1,714,409</u>
Total assets whose use is limited or restricted	<u>15,142,210</u>	<u>20,305,157</u>
Other assets		
Estimated settlements receivable from the State of Maine	3,427,230	1,188,898
Deferred financing costs, net	91,268	109,372
Other assets, net	<u>3,982,713</u>	<u>4,218,113</u>
	<u>7,501,211</u>	<u>5,516,383</u>
Total assets	<u>\$ 78,725,961</u>	<u>\$ 77,186,729</u>

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

LIABILITIES AND NET ASSETS

	<u>2014</u>	<u>2013</u>
Current liabilities		
Accounts payable	\$ 5,871,615	\$ 3,896,241
Due to Eastern Maine Healthcare Systems	2,275,835	826,036
Accrued expenses and other	7,990,903	7,459,339
Estimated third-party payor settlements	3,447,827	5,186,763
Current portion of long-term debt	1,320,000	1,285,000
Line of credit	<u>4,400,000</u>	<u>-</u>
Total current liabilities	25,306,180	18,653,379
Accrual for self insurance and postretirement benefits	8,983,839	8,634,455
Estimated third-party settlements	1,304,609	1,741,833
Other liabilities	141,402	207,936
Long-term debt, net of current portion		
Bonds payable	<u>6,595,678</u>	<u>8,009,278</u>
Total liabilities	<u>42,331,708</u>	<u>37,246,881</u>
Net assets		
Unrestricted net assets	28,782,934	34,867,144
Temporarily restricted net assets	4,892,146	3,358,295
Permanently restricted net assets	<u>2,719,173</u>	<u>1,714,409</u>
Total net assets	<u>36,394,253</u>	<u>39,939,848</u>
Total liabilities and net assets	<u>\$ 78,725,961</u>	<u>\$ 77,186,729</u>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Consolidated Statements of Operations

Years Ended September 27, 2014 and September 28, 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenues, gains, and other support		
Patient service revenue (net of contractual allowances and discounts)	\$ 106,189,530	\$ 104,996,919
Less provision for bad debts	<u>5,316,317</u>	<u>3,703,812</u>
Net patient service revenue	100,873,213	101,293,107
Sales and contract revenue	190,957	156,232
Other revenue	3,394,330	2,243,149
Meaningful use revenue	1,328,972	1,711,424
Net assets released from restrictions - operations	<u>41,240</u>	<u>36,226</u>
Total unrestricted revenues, gains, and other support	<u>105,828,712</u>	<u>105,440,138</u>
Expenses		
Compensation, fees and employee benefits	69,210,141	68,564,383
Supplies and other	33,646,550	29,324,444
State tax assessments	2,375,702	2,608,426
Depreciation and amortization	3,647,331	3,472,964
Interest	<u>253,397</u>	<u>283,031</u>
Total expenses	<u>109,133,121</u>	<u>104,253,248</u>
(Loss) income from operations	(3,304,409)	1,186,890
Nonoperating gains (losses)		
Investment (expense) income and other, net	(63,830)	87,741
Investment income on funded depreciation	<u>19,303</u>	<u>16,131</u>
Total nonoperating (losses) gains, net	<u>(44,527)</u>	<u>103,872</u>
(Deficiency) excess of revenues and gains over expenses	(3,348,936)	1,290,762
Net assets released from restrictions - capital acquisitions	42,004	59,387
Net change in funds held at affiliates	(2,500)	-
Transfer to Eastern Maine Healthcare Systems	<u>(2,774,778)</u>	<u>(755,274)</u>
(Decrease) increase in unrestricted net assets	\$ <u>(6,084,210)</u>	\$ <u>594,875</u>

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

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years Ended September 27, 2014 and September 28, 2013

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Consolidated</u>
Net assets, September 29, 2012	\$ 34,272,269	\$ 2,809,711	\$ 1,707,025	\$ 38,789,005
Excess of revenues and gains over expenses	1,290,762	-	-	1,290,762
Restricted contributions	-	74,282	7,384	81,666
Net assets released from restrictions - capital acquisitions	59,387	(59,387)	-	-
Net assets released from restrictions - operations	-	(36,226)	-	(36,226)
Restricted investment income and net realized gains on investments	-	172,433	-	172,433
Change in net unrealized gains or losses on investments	-	397,482	-	397,482
Transfers to Eastern Maine Healthcare Systems	<u>(755,274)</u>	<u>-</u>	<u>-</u>	<u>(755,274)</u>
Change in net assets	<u>594,875</u>	<u>548,584</u>	<u>7,384</u>	<u>1,150,843</u>
Net assets, September 28, 2013	34,867,144	3,358,295	1,714,409	39,939,848
Deficiency of revenues and gains over expenses	(3,348,936)	-	-	(3,348,936)
Restricted contributions	-	-	764	764
Net assets released from restrictions - capital acquisitions	42,004	(42,004)	-	-
Net assets released from restrictions - operations	-	(41,240)	-	(41,240)
Restricted investment income and net realized gains on investments	-	472,547	-	472,547
Change in net unrealized gains or losses on investments	-	58,054	-	58,054
Net change in funds held at affiliates	(2,500)	1,086,494	1,004,000	2,087,994
Transfers to Eastern Maine Healthcare Systems	<u>(2,774,778)</u>	<u>-</u>	<u>-</u>	<u>(2,774,778)</u>
Change in net assets	<u>(6,084,210)</u>	<u>1,533,851</u>	<u>1,004,764</u>	<u>(3,545,595)</u>
Net assets, September 27, 2014	<u>\$ 28,782,934</u>	<u>\$ 4,892,146</u>	<u>\$ 2,719,173</u>	<u>\$ 36,394,253</u>

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

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended September 27, 2014 and September 28, 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,545,595)	\$ 1,150,843
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation and amortization	3,647,331	3,472,964
Provision for bad debts	5,316,317	3,703,812
Accretion of bond premium	(93,600)	(93,601)
Net realized and unrealized gains on investments	(453,567)	(493,939)
Equity in earnings of affiliates	77,994	(60,808)
Restricted contributions and investment income	(473,311)	(157,642)
(Gain)/Loss on disposal of property and equipment	(17,519)	136,908
Net change in funds held at affiliates	(2,087,994)	-
Transfers to Eastern Maine Healthcare Systems	2,774,778	755,274
Changes in operating assets and liabilities		
Patient and trade accounts receivable	(8,259,929)	(5,434,896)
Other receivables, inventories, prepaid expenses and other assets	(828,240)	(2,265,513)
Net amounts due from third-party payor settlements (which includes estimated settlements receivable from the State of Maine)	(4,207,222)	6,142,420
Accounts payable, accrued expenses and other liabilities	2,440,404	280,045
Due to/from Eastern Maine Healthcare Systems, net	1,585,254	21,256
Net cash (used) provided by operating activities	<u>(4,124,899)</u>	<u>7,157,123</u>
Cash flows from investing activities		
Proceeds from distributions of equity of affiliates	20,000	35,000
Proceeds on sale of property and equipment	55,490	91,743
Purchases of property and equipment	(6,537,579)	(3,235,515)
Proceeds from sales of investments	9,994,709	953,974
Purchases of investments	(3,880,887)	(4,535,259)
Net cash used by investing activities	<u>(348,267)</u>	<u>(6,690,057)</u>
Cash flows from financing activities		
Net change in funds held at affiliates	2,087,994	-
Transfers to Eastern Maine Healthcare Systems	(1,547,325)	(755,274)
Restricted contributions and investment income	473,311	157,642
Repayment of long-term obligations	(1,285,000)	(1,271,615)
Proceeds from line of credit	4,400,000	-
Net cash provided (used) by financing activities	<u>4,128,980</u>	<u>(1,869,247)</u>
Net decrease in cash and cash equivalents	(344,186)	(1,402,181)
Cash and cash equivalents at beginning of year	<u>3,075,955</u>	<u>4,478,136</u>
Cash and cash equivalents at end of year	\$ <u>2,731,769</u>	\$ <u>3,075,955</u>
Supplemental disclosure for cash flow information:		
Cash paid for interest	\$ <u>264,314</u>	\$ <u>376,366</u>

Noncash Transactions:

Assets whose use is limited or restricted at September 27, 2014 includes a pledge of \$2,000,000 which has been reflected as a non-cash transaction.

A non-cash transfer of \$1,227,453 was made to Eastern Maine Healthcare Systems in 2014.

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

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

1. Organization

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

2. Significant Accounting Policies

Principles of Consolidation

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

Fiscal Year

TAMC conducts its activities on a 52/53 week year. The presented years ended September 27, 2014 and September 28, 2013 contained 52 weeks.

Use of Estimates

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

Investment in County Physical Therapy, LLC

TAMC owns a 50% interest in County Physical Therapy, LLC (County PT), a company which provides physical therapy services. TAMC accounts for its investment in accordance with the equity method. A summary of County PT's financial condition and results of operations as of and for the years ended September 27, 2014 and September 28, 2013 is shown below:

	<u>2014</u> <u>(Unaudited)</u>	<u>2013</u> <u>(Unaudited)</u>
Total assets	\$ <u>1,215,321</u>	\$ <u>1,288,132</u>
Current liabilities	\$ 185,294	\$ 98,303
Long-term liabilities	<u>99,109</u>	<u>62,923</u>
Total liabilities	<u>284,403</u>	161,226
Equity	<u>930,918</u>	1,126,906
Total liabilities and equity	\$ <u>1,215,321</u>	\$ <u>1,288,132</u>
Net income (loss)	\$ <u>(155,988)</u>	\$ <u>121,615</u>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

The carrying value of the investment is included in other assets and was \$465,459 and \$563,453 at September 27, 2014 and September 28, 2013, respectively.

Cash and Cash Equivalents

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

Patient and Trade Accounts Receivable

Patient and trade 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 the applicable patient accounts receivable. Credit is extended without collateral.

In evaluating the collectibility of accounts receivable, TAMC analyzes past results and identifies trends for each major payor source of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these 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), TAMC 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 and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

Inventories

Supplies and pharmaceuticals are carried at the lower of cost or market using the first-in, first-out method.

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 (deficiency) of revenues and gains over expenses. Unrealized gains and temporary unrealized losses on unrestricted investments are excluded from the excess (deficiency) of revenues and gains over expenses. On a periodic basis, the Corporation evaluates its investments to determine if declines in market value below cost are other than temporary. If such declines are determined to be other than temporary, an impairment charge is recognized and

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

included in the excess (deficiency) of revenues and gains over expenses. In 2014 and 2013, the Corporation did not have any declines that were considered other than temporary.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Consequently, 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 Board of Trustees (the Board) designated assets, self-insurance trust arrangements, and assets that are donor-restricted. Board-designated assets may be used at the Board's discretion.

Donor Restricted Gifts

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts are reported as an increase in either temporarily or permanently restricted net assets 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 and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as additions to unrestricted net assets in the accompanying consolidated financial statements.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or, in the case of gifts, at fair value at the date of the gift, less accumulated depreciation. The Corporation'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.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as an increase in unrestricted net assets (excluded from the excess of revenues and gains over expenses and losses), unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as an increase in restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

Deferred Financing Costs

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

Estimated Third-Party Payor Settlements

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

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Corporation 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 Corporation in perpetuity. Appreciation on investments of permanently restricted net assets, unless otherwise stated by the donor, is recorded within temporarily restricted net assets until appropriated pursuant to proper governing Board action.

(Deficiency) Excess of Revenues and Gains Over Expenses

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

Net Patient Service Revenue

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in those estimates are reflected in the financial statements in the year in which they occur. During 2014 and 2013, net patient service revenue was increased by approximately \$2,800,000 and \$4,300,000, respectively, due to favorable settlements or release of reserves of prior year estimates.

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

Charity Care

TAMC maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. The following information measures the level of charity care provided for the years September 27, 2014 and September 28, 2013:

	<u>2014</u>	<u>2013</u>
Charges foregone, based on established rates	\$ <u>5,991,761</u>	\$ <u>4,034,653</u>
Estimated costs incurred to provide charity care	\$ <u>2,627,000</u>	\$ <u>1,832,000</u>
Equivalent percentage of charity care services to all services	<u>2.55%</u>	<u>1.82%</u>

Costs of providing charity care services have been estimated based on the relationship of total cost to total gross charges, and then multiplying that ratio by the gross charges for uncompensated care.

Self-Insurance Programs

TAMC participates in the EMHS self-insured group health benefits plan. Under this plan, TAMC pays monthly premiums to EMHS in an amount necessary to fund the estimated annual plan expenses. In 2014 and 2013, TAMC paid EMHS approximately \$7,198,000 and \$6,834,000, respectively, (of which approximately \$1,497,000 and \$1,425,000, respectively, represents employee contributions), in premiums.

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

Endowment Funds

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

The Board has interpreted UPMIFA to require gains on donor established endowments, absent donor stipulations, be included in temporarily restricted net assets until appropriated for expenditure by the Board. Should the value of investments related to a donor established endowment fall below the original donor contribution, the resulting deficit would be included in unrestricted net assets. Unrestricted net assets would then be restored with future gains.

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

Income Taxes

TAMC, TAMC Title Corporation, and TAMC Endowments are tax-exempt organizations pursuant to Section 501(c)(3) or 501(c)(2) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the consolidated financial statements.

Reclassifications

Certain amounts in the 2013 financial statements have been reclassified to conform to the current year's presentation.

Subsequent Events

For purposes of the preparation of these consolidated financial statements, the Corporation has considered transactions or events occurring through December 19, 2014, which was the date the consolidated financial statements were available to be issued.

3. Patient Accounts Receivable

Details of accounts receivable at September 27, 2014 and September 28, 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Gross patient receivables	\$ <u>36,759,401</u>	\$ <u>31,686,491</u>
Less: Allowance for uncollectible accounts	<u>(4,706,908)</u>	(3,937,434)
Allowance for contractual adjustments	<u>(15,451,850)</u>	(14,070,832)
Advance payments from third-party reimbursing agencies	<u>(2,178,469)</u>	<u>(2,199,663)</u>
	<u>(22,337,227)</u>	<u>(20,207,929)</u>
	\$ <u>14,422,174</u>	\$ <u>11,478,562</u>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

4. Net Patient Service Revenue and Third-Party Transactions

Net patient service revenue for the years ended September 27, 2014 and September 28, 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Gross patient service revenue:		
Daily patient services	\$ 24,993,567	\$ 23,103,225
Ancillary/inpatient services	44,991,501	41,626,893
Outpatient services	<u>162,177,726</u>	<u>153,506,068</u>
 Gross patient service revenue	 <u>232,162,794</u>	 <u>218,236,186</u>
Less contractual adjustments	119,981,503	109,204,614
Less charity care	<u>5,991,761</u>	<u>4,034,653</u>
	 <u>125,973,264</u>	 <u>113,239,267</u>
Patient service revenue (net of contractual allowances and discounts)	106,189,530	104,996,919
Less provision for bad debts	<u>5,316,317</u>	<u>3,703,812</u>
Net patient service revenue	<u>\$ 100,873,213</u>	<u>\$ 101,293,107</u>

The allowance for doubtful accounts was \$4,706,908 and \$3,937,434 at September 27, 2014 and September 28, 2013, respectively, and relates almost entirely to self-pay accounts. Gross self-pay accounts receivable were approximately \$5,960,000 and \$5,475,000 at September 27, 2014 and September 28, 2013, respectively. Self-pay write-offs were approximately \$6,488,000 and \$6,609,000 during 2014 and 2013, respectively. The increase in the allowance relates to the increased balance of self-pay receivables.

Revenue related to self-pay patients was approximately \$11,322,000 and \$9,825,000 for the years ended September 27, 2014 and September 28, 2013, respectively.

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

Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. TAMC is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by TAMC and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the fiscal

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intermediary through September 2004 and fiscal years 2007 through 2009 have also been audited.

TAMC began participating with EMHS and certain other EMHS affiliated hospitals in the CMS Pioneer Accountable Care Organization (ACO) on January 1, 2012. Through this agreement, EMHS provides care coordination and healthcare management to Medicare enrollees identified as patients of the ACO participants. Under the program, EMHS is eligible to share in the resulting savings in year one, and in shared savings and losses beginning January 1, 2013. The initial term of the agreement is through December 31, 2014 and can be extended for an additional two-year term. EMHS is required to meet certain performance and quality measures to maintain eligibility.

MaineCare

The State of Maine's Medicaid program is a medical assistance program offered by the State of Maine Department of Health and Human Services. Inpatient and outpatient services rendered to MaineCare program beneficiaries are reimbursed under a variety of methodologies, including prospective rates, fee schedules and cost reimbursement. TAMC is reimbursed at a tentative rate with final settlement determined after submission of an annual cost report by TAMC and audit thereof by MaineCare. The Hospital's MaineCare cost reports have been preliminarily audited by the fiscal intermediary through September 2009.

Amounts due from MaineCare are classified as long-term assets as there is no expectation of the amounts being paid within in a year.

The State of Maine enacted legislation establishing a health care provider tax (State tax). As a result, TAMC was subjected to and recorded \$2,375,702 and \$2,608,426 of State tax in 2014 and 2013, respectively.

Revenue from the Medicare and Medicaid programs accounted for approximately 33% and 8%, respectively, of the Hospital's net patient service revenue for the year ended 2014, and 34% and 9%, respectively, of the Hospital's net patient service revenue for the year ended 2013.

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

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

5. Related Party Transactions

TAMC recorded an equity transfer to EMHS of \$1,227,453 in 2014 to relieve fiscal year 2013 Professional Liability surplus and fiscal year 2012 Prepaid Medical Plan surplus, previously recorded as receivables.

TAMC has a strategic planning pool agreement with EMHS. In 2014 and 2013, \$824,869 and \$755,274 was paid to EMHS, respectively. In 2014, an additional transfer in the amount of \$724,955 was made to cover the costs of TAMC's Care Manager Services under the EMHS Beacon Health, Pioneer ACO.

The Corporation purchases certain products and services from EMHS and other EMHS affiliates. Purchases during the years ended September 27, 2014 and September 28, 2013 totaled approximately \$12,082,108 and \$10,711,500, respectively.

TAMC is working on an electronic medical records software platform with EMHS. Amounts paid to EMHS during 2014 and 2013 were approximately \$209,000 and \$1,318,000, respectively. Additional costs to be incurred relating to the project in 2015 are estimated to be approximately \$600,000.

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

6. Investments and Assets Whose Use is Limited

Investment balances at September 27, 2014 and September 28, 2013 are set forth below and the balances are stated at fair value.

	<u>2014</u>	<u>2013</u>
Assets held in trust under bond indentures:		
Cash and cash equivalents	\$ 405,813	\$ 416,331
Assets whose use is limited or restricted - noncurrent		
Cash and cash equivalents	\$ 2,454,853	\$ 10,785,499
Marketable equity securities	2,772,624	2,639,159
Other equity investments	103,201	105,298
Institutional mutual funds	1,270,621	974,574
U.S. Government sponsored enterprise bonds	23,610	534,672
Corporate bonds	796,275	135,697
Assets held by trustees for deferred compensation plans	5,423,012	4,922,100
Interest in net assets of EMHS Foundation (a related entity)	<u>2,298,014</u>	<u>208,158</u>
Total assets whose use is limited or restricted - noncurrent	<u>\$ 15,142,210</u>	<u>\$ 20,305,157</u>

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Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

Investment income and gains consisted of the following for the years ended September 27, 2014 and September 28, 2013 :

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 138,782	\$ 146,522
Realized gains and losses on sales of securities, net	395,513	96,457
Change in unrealized gains and losses on securities, net	<u>58,054</u>	<u>397,482</u>
	<u>\$ 592,349</u>	<u>\$ 640,461</u>

Investment Return Objectives, Risk Parameters and Spending Policies

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

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

There were no spending draws on the endowment principal in 2014 or 2013.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 820 defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Based on the observability of the inputs used in the valuation techniques, the Corporation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets carried at fair value will be classified and disclosed in one of the following three categories:

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

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

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

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Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

The Corporation's assets measured at fair value include 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 27, 2014 and September 28, 2013 on a recurring basis:

Fair Value Measurement at September 27, 2014				
	Quoted Prices in Active Markets for Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 2,860,666	\$ -	\$ -	\$ 2,860,666
Marketable equity securities	2,772,624	-	-	2,772,624
Other equity investments	103,201	-	-	103,201
Institutional mutual funds				
Mid Cap U.S. equities	330,517	-	-	330,517
International equities	625,943	-	-	625,943
Fixed income	314,161	-	-	314,161
U.S. government sponsored agency bonds	-	23,610	-	23,610
Corporate bonds	-	796,275	-	796,275
Interest in net assets of EMHS Foundation	-	-	2,298,014	2,298,014
Assets for funding deferred compensation liability (mutual funds)	<u>5,423,012</u>	<u>-</u>	<u>-</u>	<u>5,423,012</u>
	<u>\$ 12,430,124</u>	<u>\$ 819,885</u>	<u>\$ 2,298,014</u>	<u>\$ 15,548,023</u>
Fair Value Measurement at September 28, 2013				
	Quoted Prices in Active Markets for Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 11,201,830	\$ -	\$ -	\$ 11,201,830
Marketable equity securities	2,639,159	-	-	2,639,159
Other equity investments	105,298	-	-	105,298
Institutional mutual funds				
Mid Cap U.S. equities	179,995	-	-	179,995
Small Cap U.S. equities	44,066	-	-	44,066
International equities	494,843	-	-	494,843
Fixed income	255,670	-	-	255,670
U.S. government sponsored agency bonds	-	534,672	-	534,672
Corporate bonds	-	135,697	-	135,697
Interest in net assets of EMHS Foundation	-	-	208,158	208,158
Assets for funding deferred compensation liability (mutual funds)	<u>4,922,100</u>	<u>-</u>	<u>-</u>	<u>4,922,100</u>
	<u>\$ 19,842,961</u>	<u>\$ 670,369</u>	<u>\$ 208,158</u>	<u>\$ 20,721,488</u>

Fair value for Level 1 assets is based on quoted market prices. Fair value for Level 2 assets is based on quoted market prices and/or other market data for the same or comparable instruments.

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September 27, 2014 and September 28, 2013

The fair value of the interest in net assets of EMHS Foundation is not readily available to TAMC, and therefore considered to be a Level 3 investment.

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

Balance at September 29, 2012	\$ 197,299
Contributions	11,604
Releases	<u>(745)</u>
Balance at September 28, 2013	208,158
Contributions	2,092,356
Releases	<u>(2,500)</u>
Balance at September 27, 2014	<u>\$2,298,014</u>

7. Temporarily and Permanently Restricted Net Assets

Temporarily restricted and permanently restricted net assets consist of the following at September 27, 2014 and September 28, 2013:

	<u>2014</u>	<u>2013</u>
Temporarily restricted:		
Realized and unrealized gains on endowment funds treated as restricted under State of Maine statute	\$ 3,585,594	\$ 3,110,189
Capital expenditures for cancer wing	1,000,000	-
Other	<u>306,552</u>	<u>248,106</u>
	<u>\$ 4,892,146</u>	<u>\$ 3,358,295</u>
Permanently restricted:		
Investments to be held in perpetuity of which the income is unrestricted	\$ 1,719,173	\$ 1,714,409
Income restricted to cancer care	<u>1,000,000</u>	-
	<u>\$ 2,719,173</u>	<u>\$ 1,714,409</u>

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Notes to Consolidated Financial Statements

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8. Meaningful Use Revenues

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The criteria for meaningful use will be staged in three steps from fiscal year 2012 through 2016. TAMC attested to meaningful use certification from the Centers of Medicare and Medicaid Services (CMS) and recorded meaningful use revenues of \$664,118 and \$925,274, in 2014 and 2013, respectively. The meaningful use attestations are subject to audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by TAMC.

The Medicaid program will provide incentive payments to hospitals and eligible professionals as they adopt, implement, upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to five remaining participation years. During 2014 and 2013, TAMC recorded meaningful use revenues of \$209,148 and \$273,600, respectively, after attesting to meaningful use.

TAMC also received approximately \$455,706 and \$512,550 of Medicaid EHR program revenues for its eligible physicians in 2014 and 2013, respectively.

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

9. Property and Equipment

Property and equipment consists of the following at September 27, 2014 and September 28, 2013:

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 2,791,917	\$ 2,688,810
Buildings and improvements	41,891,592	41,899,412
Leasehold improvements	3,236,139	3,242,328
Equipment	33,735,200	31,822,114
Construction in progress	<u>4,607,590</u>	<u>2,043,773</u>
	86,262,438	81,696,437
Less accumulated depreciation and amortization	<u>(55,292,252)</u>	<u>(53,596,632)</u>
	<u>\$ 30,970,186</u>	<u>\$ 28,099,805</u>

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Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

10. Long-Term Obligations

Long-term obligations consist of the following at September 27, 2014 and September 28, 2013:

	<u>2014</u>	<u>2013</u>
<u>TAMC</u>		
Revenue Bonds, Series 2010B, issued through MHHEFA, rates varying from 3.00% to 5.25%; annual principal payments ranging from \$740,000 to \$935,000 with final payment due in 2019, plus original issue premium of \$217,372 and \$275,337 at September 27, 2014 and September 28, 2013, respectively	\$ 3,540,822	\$ 4,363,787
Revenue Bonds, Series 2012A, issued through MHHEFA, rates varying from 2.50% to 5.00%; annual principal payments ranging from \$505,000 to \$645,000 with final payment due in 2022, plus original issue premium of \$243,506 and \$279,141 at September 27, 2014 and September 28, 2013, respectively	<u>4,374,856</u>	<u>4,930,491</u>
	7,915,678	9,294,278
Less current portion	<u>(1,320,000)</u>	<u>(1,285,000)</u>
	<u>\$ 6,595,678</u>	<u>\$ 8,009,278</u>

In connection with the Revenue Bonds, TAMC is required to make deposits of interest and principal of sufficient amounts to make the semi-annual interest payments and to retire the Bonds when due. Amounts deposited are presented as assets held in trust under debt indentures on the accompanying consolidated balance sheets and amount to \$405,813 and \$416,331 at September 27, 2014 and September 28, 2013, respectively. The Bonds are collateralized by substantially all of the property and equipment of TAMC and a security interest in its gross receipts.

Under its note agreements with MHHEFA, TAMC must meet certain restrictive loan covenants. At September 27, 2014, TAMC was not in compliance with the covenant to maintain a ratio of income available for debt service to annual debt service of 1.20. Noncompliance with this covenant does not constitute an event of default, but requires TAMC retain a consultant to make recommendations to increase such ratio for subsequent fiscal years.

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

2015 (included in current liabilities)	\$ 1,320,000
2016	1,385,000
2017	1,435,000
2018	1,495,000
2019	1,555,000

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

11. Line of Credit

TAMC had an available line of credit agreement of \$4,500,000 with EMHS with interest at LIBOR plus 1%. The outstanding balance due on the line of credit was \$4,400,000 at September 27, 2014. There were no amounts outstanding under this agreement at September 28, 2013. The agreement will expire in October 2015.

12. Employee Benefit Plan

The Corporation sponsors a defined contribution plan which covers substantially all full-time employees with at least two years of service with TAMC. TAMC funds the defined contribution plan with annual contributions of up to 3.5% of the participants' salaries with an additional 2% match based upon an employee's participation through salary deferrals of up to 100% of elective deferrals, up to a maximum of 2% of compensation.

Total pension expense for the years ended September 27, 2014 and September 28, 2013 was approximately \$1,743,000 and \$1,785,000, respectively.

13. Deferred Compensation Plans

TAMC has fully-funded nonqualified deferred compensation plans to provide supplemental retirement benefits for certain employees. Under the plans, the assets are invested in mutual funds, trusts, and cash and cash equivalents for eligible employees. Assets are reported at fair value and unrealized gains and losses are allocated to participants quarterly. The investments and liability under the deferred compensation plans at September 27, 2014 and September 28, 2013 were \$5,423,012 and \$4,922,100, respectively.

14. Concentration of Credit Risk and Other Concentrations

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors, net of contractual allowances, at September 27, 2014 and September 28, 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Medicare and MaineCare	34%	44%
Commercial and other insurance	35	20
Patients	<u>31</u>	<u>36</u>
	<u>100%</u>	<u>100%</u>

Nursing personnel representing approximately 15% of TAMC's workforce are covered by a union contract that expires in 2016. Technicians and certain other personnel comprising approximately 11% of TAMC's workforce are covered under a separate union contract that expires in 2017.

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 27, 2014 and September 28, 2013

15. Commitments

The Corporation leases certain equipment and office space subject to various agreements. In 2014 and 2013, lease expense charged to operations amounted to approximately \$1,186,000 and \$1,252,000, respectively.

The Corporation's future minimum lease payments at September 27, 2014 under all noncancelable operating leases to nonrelated parties are as follows:

2015	\$ 550,000
2016	543,000
2017	418,000
2018	308,000
2019	12,000

16. Medical Malpractice Insurance

The Corporation participates in the EMHS self-insurance plan for professional and patient general liability coverage. The Corporation 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. TAMC recorded a receivable and liability of \$3,517,254 in 2014 and \$3,654,660 in 2013, which are reflected in other assets and the accrual for self insurance and postretirement benefits, respectively. This reserve is adjusted annually based on updated actuarial information.

17. Volunteer Services (Unaudited)

Total volunteer service hours received by the Corporation in 2014 and 2013 were approximately 16,500 and 19,000 hours, respectively. The volunteers provide various services to the Corporation, none of which have been recognized as revenue or expense in the consolidated statements of operations.

18. Functional Expenses

The Corporation provides general health services to residents within its geographical location. Approximately 88% of total expenses were related to direct health care program services, with the balance of expenses for management and general support services.

ADDITIONAL INFORMATION

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Consolidating Balance Sheet

September 27, 2014

ASSETS

	The Aroostook Medical Center	TAMC Title Corporation	TAMC Endow- ments	Elimi- nations and Reclass- ifications	Total
Current assets					
Cash and cash equivalents	\$ 2,697,143	\$ 34,626	\$ -	\$ -	\$ 2,731,769
Assets held in trust under debt indentures	405,813	-	-	-	405,813
Patient and trade accounts receivable, less allowance for doubtful accounts	14,422,174	-	-	-	14,422,174
Estimated third-party payor settlements	1,942,031	-	-	-	1,942,031
Due from Eastern Maine Healthcare Systems	94,265	-	-	-	94,265
Other receivables	2,106,219	-	-	-	2,106,219
Inventories	1,930,222	-	-	-	1,930,222
Prepaid expenses	<u>1,468,931</u>	<u>10,930</u>	-	-	<u>1,479,861</u>
Total current assets	<u>25,066,798</u>	<u>45,556</u>	-	-	<u>25,112,354</u>
Property and equipment, net	<u>30,734,617</u>	<u>235,569</u>	-	-	<u>30,970,186</u>
Assets whose use is limited or restricted					
Deferred compensation and benefits	5,459,595	-	-	-	5,459,595
Board designated funded depreciation and other	2,063,796	-	7,500	-	2,071,296
Temporarily donor-restricted	2,661,528	-	2,230,618	-	4,892,146
Permanently donor-restricted	<u>1,690,328</u>	-	<u>1,028,845</u>	-	<u>2,719,173</u>
Total assets whose use is limited or restricted	<u>11,875,247</u>	-	<u>3,266,963</u>	-	<u>15,142,210</u>
Other assets					
Inter-entity receivables	515	39,637	-	(40,152)	-
Estimated settlement receivable from the State of Maine	3,427,230	-	-	-	3,427,230
Deferred financing costs, net	91,268	-	-	-	91,268
Other assets, net	<u>3,982,713</u>	-	-	-	<u>3,982,713</u>
Total other assets	<u>7,501,726</u>	<u>39,637</u>	-	<u>(40,152)</u>	<u>7,501,211</u>
Total assets	<u>\$ 75,178,388</u>	<u>\$ 320,762</u>	<u>\$ 3,266,963</u>	<u>\$ (40,152)</u>	<u>\$ 78,725,961</u>

LIABILITIES AND NET ASSETS

	The Aroostook Medical Center	TAMC Title Corporation	TAMC Endow- ments	Elimi- nations and Reclass- ifications	<u>Total</u>
Current liabilities					
Accounts payable	5,856,325	15,290	-	-	5,871,615
Due to Eastern Maine Healthcare Systems	2,275,835	-	-	-	2,275,835
Accrued expenses and other	7,990,903	-	-	-	7,990,903
Estimated third-party payor settlements	3,447,827	-	-	-	3,447,827
Current portion of bonds payable	1,320,000	-	-	-	1,320,000
Line of credit	<u>4,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,400,000</u>
Total current liabilities	25,290,890	15,290	-	-	25,306,180
Accrual for self insurance and postretirement benefits	8,983,839	-	-	-	8,983,839
Due to affiliates	39,637	515	-	(40,152)	-
Estimated third-party payor settlements	1,304,609	-	-	-	1,304,609
Other liabilities	141,402	-	-	-	141,402
Bonds payable, net of current portion	<u>6,595,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,595,678</u>
Total liabilities	<u>42,356,055</u>	<u>15,805</u>	<u>-</u>	<u>(40,152)</u>	<u>42,331,708</u>
Net assets					
Unrestricted net assets	28,470,477	304,957	7,500	-	28,782,934
Temporarily restricted net assets	2,661,528	-	2,230,618	-	4,892,146
Permanently restricted net assets	<u>1,690,328</u>	<u>-</u>	<u>1,028,845</u>	<u>-</u>	<u>2,719,173</u>
Total net assets	<u>32,822,333</u>	<u>304,957</u>	<u>3,266,963</u>	<u>-</u>	<u>36,394,253</u>
 Total liabilities and net assets	 <u>\$ 75,178,388</u>	 <u>\$ 320,762</u>	 <u>\$ 3,266,963</u>	 <u>\$ (40,152)</u>	 <u>\$ 78,725,961</u>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Consolidating Statement of Operations

Year Ended September 27, 2014

	The Aroostook Medical Center	TAMC Title Corporation	TAMC Endow- ments	Elimi- nations and Reclass- ifications	Total
Unrestricted revenues, gains, and other support					
Patient service revenue (net of contractual allowances and discounts)	\$ 106,189,530	\$ -	\$ -	\$ -	\$ 106,189,530
Less provision for bad debts	<u>5,316,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,316,317</u>
Net patient service revenue	100,873,213	-	-	-	100,873,213
Sales and contract revenue	180,712	70,495	-	(60,250)	190,957
Other revenue	3,398,530	-	-	(4,200)	3,394,330
Meaningful use revenue	1,328,972	-	-	-	1,328,972
Net assets released from restrictions - operations	<u>41,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,240</u>
Total unrestricted revenues, gains and other support	<u>105,822,667</u>	<u>70,495</u>	<u>-</u>	<u>(64,450)</u>	<u>105,828,712</u>
Expenses					
Compensation, fees and employee benefits	69,210,141	-	-	-	69,210,141
Supplies and other	33,668,868	42,132	-	(64,450)	33,646,550
State tax assessments	2,375,702	-	-	-	2,375,702
Depreciation and amortization	3,636,974	10,357	-	-	3,647,331
Interest	<u>253,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,397</u>
Total expenses	<u>109,145,082</u>	<u>52,489</u>	<u>-</u>	<u>(64,450)</u>	<u>109,133,121</u>
(Loss) income from operations	(3,322,415)	18,006	-	-	(3,304,409)
Nonoperating gains (losses)					
Investment income and other, net	(63,830)	-	-	-	(63,830)
Investment income on funded depreciation	<u>19,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,303</u>
Total nonoperating losses, net	<u>(44,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,527)</u>
(Deficiency) excess of revenues and gains over expenses	(3,366,942)	18,006	-	-	(3,348,936)
Net assets released from restrictions - capital acquisitions					
Net change in funds held at affiliates	42,004	-	-	-	42,004
Transfers (to) from Eastern Maine Health Systems	-	-	(2,500)	-	(2,500)
	<u>(2,777,278)</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>(2,774,778)</u>
(Decrease) increase in unrestricted net assets	<u>\$ (6,102,216)</u>	<u>\$ 18,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,084,210)</u>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Consolidating Statement of Cash Flows

Year Ended September 27, 2014

	The Aroostook Medical Center	TAMC Title Corporation	TAMC Endow- ments	Elimi- nations and Reclass- ifications	<u>Total</u>
Cash flows from operating activities					
Change in net assets	\$ (3,860,271)	\$ 18,006	\$ 296,670	\$ -	\$ (3,545,595)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities					
Depreciation and amortization	3,636,974	10,357	-	-	3,647,331
Provision for bad debts	5,316,317	-	-	-	5,316,317
Accretion of bond premium	(93,600)	-	-	-	(93,600)
Net realized and unrealized gains on investments	(194,219)	-	(259,348)	-	(453,567)
Equity in earnings of affiliates	77,994	-	-	-	77,994
Restricted contributions and investment income	(435,989)	-	(37,322)	-	(473,311)
Gain on disposal of property and equipment	(17,519)	-	-	-	(17,519)
Net change in funds held at affiliates	(2,087,994)	-	-	-	(2,087,994)
Transfers to Eastern Maine Healthcare Systems	2,774,778	-	-	-	2,774,778
Changes in operating assets and liabilities					
Patient and trade accounts receivable	(8,259,929)	-	-	-	(8,259,929)
Other current assets	(827,930)	(310)	-	-	(828,240)
Estimated third-party payor settlements, net	(4,207,222)	-	-	-	(4,207,222)
Accounts payable, accrued expenses and other liabilities	2,426,653	13,751	-	-	2,440,404
Due to/from related parties, net	1,624,532	(39,278)	-	-	1,585,254
Net cash (used) provided by operating activities	<u>(4,127,425)</u>	<u>2,526</u>	<u>-</u>	<u>-</u>	<u>(4,124,899)</u>
Cash flows from investing activities					
Proceeds from distributions of equity of affiliates	20,000	-	-	-	20,000
Proceeds from sale of property and equipment	55,490	-	-	-	55,490
Purchases of property and equipment	(6,534,378)	(3,201)	-	-	(6,537,579)
Proceeds from sale of investments	9,372,799	-	621,910	-	9,994,709
Purchases of investments	(3,221,655)	-	(659,232)	-	(3,880,887)
Net cash used by investing activities	<u>(307,744)</u>	<u>(3,201)</u>	<u>(37,322)</u>	<u>-</u>	<u>(348,267)</u>
Cash flows from financing activities					
Net change in funds held at affiliates	2,087,994	-	-	-	2,087,994
Transfers to Eastern Maine Healthcare Systems	(1,547,325)	-	-	-	(1,547,325)
Restricted contributions and investment income	435,989	-	37,322	-	473,311
Repayment of long-term obligations	(1,285,000)	-	-	-	(1,285,000)
Proceeds from line of credit	4,400,000	-	-	-	4,400,000
Net cash provided by financing activities	<u>4,091,658</u>	<u>-</u>	<u>37,322</u>	<u>-</u>	<u>4,128,980</u>
Decrease in cash and cash equivalents	(343,511)	(675)	-	-	(344,186)
Cash and cash equivalents at beginning of year	<u>3,040,654</u>	<u>35,301</u>	<u>-</u>	<u>-</u>	<u>3,075,955</u>
Cash and cash equivalents at end of year	<u>\$ 2,697,143</u>	<u>\$ 34,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,731,769</u>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Consolidating Balance Sheet

September 28, 2013

ASSETS

	The Aroostook Medical Center	TAMC Title Corporation	TAMC Endow- ments	Elimi- nations and Reclass- ifications	Total
Current assets					
Cash and cash equivalents	\$ 3,040,654	\$ 35,301	\$ -	\$ -	\$ 3,075,955
Assets held in trust under debt indentures	416,331	-	-	-	416,331
Patient and trade accounts receivable, less allowance for doubtful accounts	11,478,562	-	-	-	11,478,562
Estimated third-party payor settlements	2,149,301	-	-	-	2,149,301
Due from Eastern Maine Healthcare Systems	229,720	-	-	-	229,720
Other receivables	2,052,639	-	-	-	2,052,639
Inventories	1,908,127	-	-	-	1,908,127
Prepaid expenses	<u>1,944,129</u>	<u>10,620</u>	-	-	<u>1,954,749</u>
Total current assets	23,219,463	45,921	-	-	23,265,384
Property and equipment, net	<u>27,857,080</u>	<u>242,725</u>	-	-	<u>28,099,805</u>
Assets whose use is limited or restricted					
Deferred compensation and benefits	4,972,115	-	-	-	4,972,115
Board designated funded depreciation and other	10,252,838	-	7,500	-	10,260,338
Temporarily donor-restricted	1,423,583	-	1,934,712	-	3,358,295
Permanently donor-restricted	<u>686,328</u>	-	<u>1,028,081</u>	-	<u>1,714,409</u>
Total assets whose use is limited or restricted	<u>17,334,864</u>	-	<u>2,970,293</u>	-	<u>20,305,157</u>
Other assets					
Inter-entity receivables	156	-	-	(156)	-
Estimated settlement receivable from the State of Maine	1,188,898	-	-	-	1,188,898
Deferred financing costs, net	109,372	-	-	-	109,372
Other assets, net	<u>4,218,113</u>	-	-	-	<u>4,218,113</u>
	<u>5,516,539</u>	-	-	(156)	<u>5,516,383</u>
Total assets	<u>\$ 73,927,946</u>	<u>\$ 288,646</u>	<u>\$ 2,970,293</u>	<u>\$ (156)</u>	<u>\$ 77,186,729</u>

LIABILITIES AND NET ASSETS

	The Aroostook Medical Center	TAMC Title Corporation	TAMC Endow- ments	Elimi- nations and Reclass- ifications	<u>Total</u>
Current liabilities					
Accounts payable	\$ 3,894,702	\$ 1,539	\$ -	\$ -	\$ 3,896,241
Due to Eastern Maine Healthcare Systems	826,036	-	-	-	826,036
Accrued expenses and other	7,459,339	-	-	-	7,459,339
Estimated third-party payor settlements	5,186,763	-	-	-	5,186,763
Current portion of long-term debt	<u>1,285,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,285,000</u>
Total current liabilities	18,651,840	1,539	-	-	18,653,379
Accrual for self insurance and postretirement benefits	8,634,455	-	-	-	8,634,455
Due to affiliates	-	156	-	(156)	-
Estimated third-party payor settlements	1,741,833	-	-	-	1,741,833
Other liabilities	207,936	-	-	-	207,936
Long-term debt, net of current portion					
Bonds payable	<u>8,009,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,009,278</u>
Total liabilities	<u>37,245,342</u>	<u>1,695</u>	<u>-</u>	<u>(156)</u>	<u>37,246,881</u>
Net assets					
Unrestricted net assets	34,572,693	286,951	7,500	-	34,867,144
Temporarily restricted net assets	1,423,583	-	1,934,712	-	3,358,295
Permanently restricted net assets	<u>686,328</u>	<u>-</u>	<u>1,028,081</u>	<u>-</u>	<u>1,714,409</u>
Total net assets	<u>36,682,604</u>	<u>286,951</u>	<u>2,970,293</u>	<u>-</u>	<u>39,939,848</u>
 Total liabilities and net assets	 <u>\$ 73,927,946</u>	 <u>\$ 288,646</u>	 <u>\$ 2,970,293</u>	 <u>\$ (156)</u>	 <u>\$ 77,186,729</u>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Consolidating Statement of Operations

Year Ended September 28, 2013

	The Aroostook Medical Center	TAMC Title Corporation	TAMC Endow- ments	Elimi- nations and Reclass- ifications	Total
Unrestricted revenue, gains, and other support					
Patient service revenue (net of contractual allowances and discounts)	\$104,996,919	\$ -	\$ -	\$ -	\$104,996,919
Less provision for bad debts	<u>3,703,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,703,812</u>
Net patient service revenue	101,293,107	-	-	-	101,293,107
Sales and contract revenue	145,972	70,495	-	(60,235)	156,232
Other revenue	2,247,349	-	-	(4,200)	2,243,149
Meaningful use revenue	1,711,424	-	-	-	1,711,424
Net assets released from restrictions - operations	<u>36,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,226</u>
Total unrestricted revenues, gains and other support	<u>105,434,078</u>	<u>70,495</u>	<u>-</u>	<u>(64,435)</u>	<u>105,440,138</u>
Expenses					
Compensation, fees and employee benefits	68,564,383	-	-	-	68,564,383
Supplies and other	29,348,762	40,117	-	(64,435)	29,324,444
State tax assessments	2,608,426	-	-	-	2,608,426
Depreciation and amortization	3,461,811	11,153	-	-	3,472,964
Interest	<u>282,268</u>	<u>763</u>	<u>-</u>	<u>-</u>	<u>283,031</u>
Total expenses	<u>104,265,650</u>	<u>52,033</u>	<u>-</u>	<u>(64,435)</u>	<u>104,253,248</u>
Income from operations	1,168,428	18,462	-	-	1,186,890
Nonoperating gains (losses)					
Investment income and other, net	87,741	-	-	-	87,741
Investment income on funded depreciation	<u>16,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,131</u>
Total nonoperating losses net	<u>103,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,872</u>
Excess of revenues and gains over expenses	1,272,300	18,462	-	-	1,290,762
Net assets released from restrictions - capital acquisitions	59,387	-	-	-	59,387
Transfers to Eastern Maine Health Systems	<u>(755,274)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(755,274)</u>
Increase in unrestricted net assets	<u>\$ 576,413</u>	<u>\$ 18,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594,875</u>

THE AROOSTOOK MEDICAL CENTER AND SUBSIDIARIES

Consolidating Statement of Cash Flows

Year Ended September 28, 2013

	The Aroostook Medical Center	TAMC Title Corporation	TAMC Endow- ments	Elimi- nations and Reclass- ifications	Total
Operating activities and gains and losses					
Change in net assets	\$ 786,808	\$ 18,462	\$ 345,573	\$ -	\$ 1,150,843
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation and amortization	3,461,811	11,153	-	-	3,472,964
Provision for bad debts	3,703,812	-	-	-	3,703,812
Accretion of bond premium	(93,601)	-	-	-	(93,601)
Net realized and unrealized gains on investments	(192,532)	-	(301,407)	-	(493,939)
Equity in earnings of affiliates	(60,808)	-	-	-	(60,808)
Restricted contributions and investment income	(113,476)	-	(44,166)	-	(157,642)
Loss on disposal of property and equipment	136,908	-	-	-	136,908
Transfers to Eastern Maine Healthcare Systems	755,274	-	-	-	755,274
Patient and trade accounts receivable, net	(5,434,896)	-	-	-	(5,434,896)
Other current assets	(2,264,997)	(516)	-	-	(2,265,513)
Estimated third-party payor settlements, net	6,142,420	-	-	-	6,142,420
Accounts payable, accrued expenses and other liabilities	280,700	(655)	-	-	280,045
Due to/from related parties, net	16,145	5,111	-	-	21,256
Net cash provided by operating activities	<u>7,123,568</u>	<u>33,555</u>	<u>-</u>	<u>-</u>	<u>7,157,123</u>
Cash flows from investing activities					
Proceeds from distributions of equity of affiliates	35,000	-	-	-	35,000
Purchases of property and equipment	(3,232,914)	(2,601)	-	-	(3,235,515)
Proceeds from sale of property and equipment	91,743	-	-	-	91,743
Proceeds from sale of investments	354,329	-	599,645	-	953,974
Purchases of investments	(3,891,448)	-	(643,811)	-	(4,535,259)
Net cash used by investing activities	<u>(6,643,290)</u>	<u>(2,601)</u>	<u>(44,166)</u>	<u>-</u>	<u>(6,690,057)</u>
Cash flows from financing activities					
Transfers to Eastern Maine Healthcare Systems	(755,274)	-	-	-	(755,274)
Restricted contributions and investment income	113,476	-	44,166	-	157,642
Repayment of long-term obligations	(1,245,000)	(26,615)	-	-	(1,271,615)
Net cash (used) provided by financing activities	<u>(1,886,798)</u>	<u>(26,615)</u>	<u>44,166</u>	<u>-</u>	<u>(1,869,247)</u>
(Decrease) increase in cash and cash equivalents	(1,406,520)	4,339	-	-	(1,402,181)
Cash and cash equivalents at beginning of year	<u>4,447,174</u>	<u>30,962</u>	<u>-</u>	<u>-</u>	<u>4,478,136</u>
Cash and cash equivalents at end of year	<u>\$ 3,040,654</u>	<u>\$ 35,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,075,955</u>

THE AROOSTOOK MEDICAL CENTER

Detail of Net Patient Service Revenue

Year Ended September 27, 2014

	<u>Total</u>	<u>Inpatient</u>	<u>Outpatient</u>
Patient Service Revenue:			
Routine Services:			
Maternal and Child Health	\$906,632	\$906,632	\$0
Medical/Surgical/Telemetry	10,002,756	10,002,756	0
Nursery	619,012	619,012	0
Nursing Home	4,033,364	4,033,364	0
Telemetry Overflow	1,337,976	1,337,976	0
Rehabilitation	1,858,907	1,858,907	0
Skilled Nursing Facility	1,011,888	1,011,888	0
Critical Care Services	5,223,032	5,223,032	0
	<hr/>	<hr/>	<hr/>
	24,993,567	24,993,567	0
Ancillary/Provider Services:			
Ambulance	4,760,960	1,200,014	3,560,946
Cardiology	4,267,002	978,815	3,288,187
Cardiac Rehab	253,419	0	253,419
Cardiovascular Lab	3,079,258	844,327	2,234,931
Emergency Services	20,426,998	3,891,642	16,535,356
Clinics	2,768,617	4,756	2,763,861
Critical Transport Services	2,001,046	370,222	1,630,824
Hemodialysis	3,646,632	0	3,646,632
Laboratory	21,898,416	4,541,966	17,356,450
Radiology	21,133,803	3,219,484	17,914,319
Labor and Delivery	349,381	349,381	0
Occupational Therapy	1,221,975	968,316	253,659
Day Surgery	1,915,838	11,914	1,903,924
Operating and Recovery Rooms	16,356,312	4,599,487	11,756,825
Medical and Surgical Supplies	9,004,405	4,563,925	4,440,480
Pharmacy	31,852,188	5,266,582	26,585,606
Physical Therapy	1,967,173	1,026,575	940,598
Other Services	5,411,938	2,628,484	2,783,454
Radiation Therapy	5,265,183	105,372	5,159,811
Respiratory	3,075,810	2,510,750	565,060
Speech Therapy	582,152	376,247	205,905
Anesthesiology	7,873,743	2,128,455	5,745,288
TAMC Hospitalists	2,600,484	2,254,149	346,335
Occupational Health & Wellness	179,078	0	179,078
Ortho & Sports Medicine Center	2,915,859	608,729	2,307,130
Geriatric Services	242,540	5,317	237,223
Ashland Health Center	145,548	300	145,248
Aroostook Pediatrics	2,703,943	153,349	2,550,594
OB/GYN/MID Wifery Services	2,784,982	1,070,193	1,714,789
General & Vascular Surgical Services	3,689,606	660,417	3,029,189
Fort Fairfield Health Center	1,031,264	2,500	1,028,764
Mars Hill Health Center	304,809	744	304,065
Womens Health Center	266,194	0	266,194
Family Practice/Internal Medicine	3,567,818	8,541	3,559,277
Cardiology	1,389,760	226,259	1,163,501
Nephrology Services	45,810	297	45,513
Radiation Oncology	726,867	15,367	711,500

THE AROOSTOOK MEDICAL CENTER

Detail of Net Patient Service Revenue (Concluded)

Year Ended September 27, 2014

	<u>Total</u>	<u>Inpatient</u>	<u>Outpatient</u>
Aroostook Cancer Care	2,632,632	44,057	2,588,575
Sleep & Pulmonary Medicine	2,758,841	31,339	2,727,502
Caribou Health Center	436,728	163	436,565
Radiology Services	2,488,602	296,146	2,192,456
Urology Services	1,374,982	19,940	1,355,042
Walk In Care	922,500	0	922,500
TAMC Eye Care Services	4,848,131	6,980	4,841,151
	<u>207,169,227</u>	<u>44,991,501</u>	<u>162,177,726</u>
 Gross Patient Service Revenue	 232,162,794	 <u>\$69,985,068</u>	 <u>\$162,177,726</u>
 Deductions from Revenue:			
Contractual Adjustments:			
Medicare	84,240,461		
Medicaid	23,099,989		
Other	12,641,053		
	<u>119,981,503</u>		
Charity Care	5,991,761		
Provision for Bad Debt	5,316,317		
	<u>\$131,289,581</u>		
 Net Patient Service Revenue	 <u>\$100,873,213</u>		

THE AROOSTOOK MEDICAL CENTER

Detail of Sales and Contract Revenue and Other Revenue

Year Ended September 27, 2014

Sales and Contract Revenue:

Housekeeping and Laundry	\$496
Janitorial Services	1,275
Maintenance	3,934
Occupational Health Service Contracts	175,007

175,007
\$180,712

Other Revenue:

Ambulance Services	199,435
Consultation Revenue	4,298
Employee Drugs	13,987
Food Services	441,103
Gift Shop	94,771
LiveSafe/Comm Center (formerly Emergency Response Services)	271,211
Manufacturer Rebates	156,806
Medical Records Revenue	42,184
Occupational Health Services	126,056
Outside Service Revenue	400,422
Radiology AMRI Revenue	84,381
Rental Income	32,290
Other Revenue	45,221
Patient Centered Medical Home/Incentive Payments	343,120
Gain on Sale of Operating Assets	17,519
340B Pharmacy Benefits Revenue	995,480
Wastage Revenue	7,290
Commerce Shared Savings	7,072
Grant Revenue	115,884

115,884
\$3,398,530

Meaningful Use

\$1,328,972

THE AROOSTOOK MEDICAL CENTER

Detail of Operating Expenses

Year Ended September 27, 2014

	<u>Compensation and Fees</u>	<u>Supplies and Other</u>	<u>Total</u>
Professional/Provider Services:			
Ambulance	\$1,398,014	\$305,896	\$1,703,910
Cardiovascular Lab	289,524	468,307	757,831
Cardiology	206,013	117,324	323,337
Cardiac Rehab	123,596	19,323	142,919
Emergency Room	3,663,085	707,750	4,370,835
Clinics	1,113,426	881,871	1,995,297
Emergency Preparedness	0	3,194	3,194
Diabetes Self-Mgmt Training	35,452	4,580	40,032
Hemodialysis	544,576	471,046	1,015,622
Radiology	1,708,974	1,316,693	3,025,667
Laboratory	1,335,080	2,123,091	3,458,171
Quality Administration	75,615	3,404	79,019
Labor and Delivery	174,217	21,639	195,856
Maternal and Child Health	609,699	50,855	660,554
Med/Surg/Telemetry	2,544,327	260,664	2,804,991
Nursery	269,750	23,158	292,908
Occupational Therapy	482,065	23,760	505,825
Day Surgery	1,031,351	360,947	1,392,298
Operating and Recovery Room	1,043,702	2,595,441	3,639,143
Pharmacy	996,894	6,543,532	7,540,426
340B Pharmacy Benefits	0	302,871	302,871
Physical Therapy	476,470	24,050	500,520
Speech Therapy	202,257	11,181	213,438
Rehabilitation	488,311	24,542	512,853
Critical Care Services	951,168	505,453	1,456,621
Respiratory	321,521	76,256	397,777
LiveSafe /Comm Center	300,798	21,283	322,081
Nursing Administration	953,741	40,467	994,208
Social Services	382,915	153,146	536,061
Skilled Nursing Facility	631,819	54,612	686,431
Intermediate Care Facility	1,608,488	101,141	1,709,629
NH Patient Activities	68,188	17,668	85,856
Anesthesia	2,731,142	287,705	3,018,847
Hospitalist Services	1,243,861	619,076	1,862,937
Coding	434,204	51,405	485,609
Transcription	15,438	597,622	613,060
Medical Records	418,598	165,835	584,433
Nutrition Services	209,012	8,346	217,358
Occupational Health & Wellness	301,133	95,089	396,222
TAMC Eyecare Services	1,520,183	141,504	1,661,687
Ortho & Sports Medicine	1,855,861	80,399	1,936,260
Aroostook Pediatrics	1,338,203	239,824	1,578,027
Radiation Oncology	558,923	13,718	572,641
Geriatric Services	0	148,502	148,502
OB/GYN Mid-Wifery	1,452,852	51,586	1,504,438
General & Vascular Surgical Services	1,831,391	74,751	1,906,142
Fort Fairfield Health Center	590,132	51,506	641,638
Mars Hill Health Center	243,006	46,540	289,546
Family Practice/Internal Medicine	1,910,960	648,551	2,559,511
Ashland Health Center	102,085	46,124	148,209
Caribou Health Center	143,587	222,775	366,362
Nephrology Services	(607)	237	(370)
Critical Transport Services	302,286	538,138	840,424
Radiology Services	793,447	618,871	1,412,318

THE AROOSTOOK MEDICAL CENTER

Detail of Operating Expenses (Concluded)

Year Ended September 27, 2014

	Compensation and Fees	Supplies and Other	Total
Urology Services	830,159	272,897	1,103,056
Walk In Care	355,103	38,598	393,701
Women's Health Center	164,048	10,832	174,880
Cardiology Services	1,092,272	28,789	1,121,061
Aroostook Cancer Care	1,397,091	103,190	1,500,281
Administration/Physician Services	738,037	158,086	896,123
Sleep & Pulmonary Medicine	1,153,202	92,606	1,245,808
	<u>47,756,645</u>	<u>23,088,247</u>	<u>70,844,892</u>
Dietary	782,420	735,920	1,518,340
Household:			
Environmental Services	838,513	152,567	991,080
Laundry	164,314	131,381	295,695
	<u>1,002,827</u>	<u>283,948</u>	<u>1,286,775</u>
Plant Operations	683,407	2,966,401	3,649,808
Rental Properties	0	85,367	85,367
Administrative and General:			
Infection Control	111,424	11,495	122,919
Quality Management	278,489	141,021	419,510
Fiscal Services	921,590	770,143	1,691,733
Administrative Services	1,739,119	1,073,785	2,812,904
Support Services	205,003	5,055	210,058
Courier Services	29,048	16,261	45,309
Security Services	60,311	160,028	220,339
Risk Management	77,062	14,883	91,945
Clinical Education	238,200	18,831	257,031
Change Management	330,984	30,376	361,360
Human Resources	169,165	548,332	717,497
Information Systems	253,985	1,150,491	1,404,476
Patient Accounting	614,180	700,763	1,314,943
Physician Recruitment & Medical Staff	217,399	337,063	554,462
Public Relations	219,078	474,702	693,780
Materials Management	658,045	351,303	1,009,348
Access Management	370,581	28,657	399,238
Volunteer Services	105,267	21,084	126,351
Service Excellence	0	18,289	18,289
E-Quest Initiative	0	2,809	2,809
HIPAA	0	1,868	1,868
Chaplaincy	0	12,830	12,830
Fundraising	40,010	112,017	152,027
Gift Shop	0	60,210	60,210
Indirect Costs/Other	0	3,602	3,602
Insurances	0	414,480	414,480
Medical Home Grant	63,821	28,607	92,428
	<u>6,702,761</u>	<u>6,508,985</u>	<u>13,211,746</u>
	<u>\$56,928,060</u>	<u>\$33,668,868</u>	90,596,928
Employee Benefits			12,282,081
State Tax Assessment			2,375,702
Depreciation and Amortization			3,636,974
Interest			<u>253,397</u>
			<u>\$109,145,082</u>

