Form **990**

Department of the Treasury
Internal Revenue Service

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.*

OMB No. 1545-0047

2013

Open to Public Inspection

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

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

C
Eastern Maine Healthcare Systems(CADean)
Charles A Dean Memorial Hospital(CADean)
Pritham Avenue P.O. Box 1129
Greenville, ME 04441-1129

D Employer Identification Number: 04-3341666

E Telephone number: (207) 695-5200

G Gross receipts $ 19,807,301.

F Name and address of principal officer: Eugene F. Murray, Jr.
Same As C Above

H(a) Is this a group return for subordinates? [ ] Yes [X] No

H(b) Are all subordinates included? [ ] Yes [ ] No
If 'No,' attach a list. (see instructions)

I Tax-exempt status [X] 501(c)(3) [ ] 501(c) ( )◄ (insert no.) [ ] 4947(a)(1) or [ ] 527

J Website: ► www.cadean.org

H(c) Group exemption number ► 5247

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other►

L Year of formation: 1996

M State of legal domicile: ME

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: The mission of Charles A. Dean Memorial Hospital is to provide a continuum of high quality holistic healthcare services.

2 Check this box ► [ ] 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	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	184
6	Total number of volunteers (estimate if necessary)	6	120
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	277,300.	94,797.
	9	Program service revenue (Part VIII, line 2g)	18,428,936.	19,178,551.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	18,550.	23,123.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	172,543.	349,516.
	12	Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	18,897,329.	19,645,987.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	500.	500.
	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)	9,845,072.	10,767,274.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		
	b	Total fundraising expenses (Part IX, column (D), line 25) ► 85,909.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	8,419,760.	9,058,349.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	18,265,332.	19,826,123.
	19	Revenue less expenses. Subtract line 18 from line 12	631,997.	-180,136.
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	10,905,607.	10,457,629.
	21	Total liabilities (Part X, line 26)	6,142,136.	6,392,927.
	22	Net assets or fund balances. Subtract line 21 from line 20	4,763,471.	4,064,702.

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 08/03/2015

► Eugene F. Murray, Jr. — President & CEO
Type or print name and title.

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] 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 [X] No

BAA For Paperwork Reduction Act Notice, see the separate instructions.

TEEA0113L 11/08/13 Form **990** (2013)

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 Charles A. Dean Memorial Hospital is to provide a continuum of high quality holistic healthcare services.

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 $ 16,462,465. including grants of $ 500.) (Revenue $ 19,528,369.)

See Schedule O

4b (Code:) (Expenses $ 515,630. including grants of $) (Revenue $)

Experienced Medicaid shortfall (at cost). 4,942 persons served.

4c (Code:) (Expenses $ 448,235. including grants of $) (Revenue $)

Provided charity care (at cost). 183 persons served.

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

(Expenses $ 177,324. including grants of $) (Revenue $)

4e Total program service expenses ► 17,603,654.

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)? *If 'Yes,' complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If 'Yes,' complete Schedule C, Part I*	3		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? *If 'Yes,' complete Schedule C, Part II*	4	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? *If 'Yes,' complete Schedule C, Part III*	5		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? *If 'Yes,' complete Schedule D, Part I*	6		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? *If 'Yes,' complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If 'Yes,' complete Schedule D, Part III*	8		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? *If 'Yes,' complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If 'Yes,' complete Schedule D, Part V*	10	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? *If 'Yes,' complete Schedule D, Part VI*	11 a	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? *If 'Yes,' complete Schedule D, Part VII*	11 b		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? *If 'Yes,' complete Schedule D, Part VIII*	11 c		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? *If 'Yes,' complete Schedule D, Part IX*	11 d	X	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If 'Yes,' complete Schedule D, Part X*	11 e	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)? *If 'Yes,' complete Schedule D, Part X*	11 f	X	
12 a	Did the organization obtain separate, independent audited financial statements for the tax year? *If 'Yes,' complete Schedule D, Parts XI, and XII*	12a		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If 'Yes,' and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI and XII is optional*	12 b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If 'Yes,' complete Schedule E*	13		X
14 a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		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? *If 'Yes,' complete Schedule F, Parts I and IV*	14b		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? *If 'Yes,' complete Schedule F, Parts II and IV*	15		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? *If 'Yes,' complete Schedule F, Parts III and IV*	16		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? *If 'Yes,' complete Schedule G, Part I (see instructions)*	17		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? *If 'Yes,' complete Schedule G, Part II*	18	X	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If 'Yes,' complete Schedule G, Part III*	19		X
20 a	Did the organization operate one or more hospital facilities? *If 'Yes,' complete Schedule H*	20	X	
b	If 'Yes' to line 20a, did the organization attach a copy of its audited financial statements to this return?	20 b	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? *If 'Yes,' complete Schedule I, Parts I and II*	**21**		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? *If 'Yes,' complete Schedule I, Parts I and III*	**22**		X
23	Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If 'Yes,' complete Schedule J*	**23**	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? *If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,'go to line 25a*	**24a**		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
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?	**24c**		
d	Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?	**24d**		
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? *If 'Yes,' complete Schedule L, Part I*	**25a**		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If 'Yes,' complete Schedule L, Part I*	**25b**		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	**26**		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If 'Yes,' complete Schedule L, Part III*	**27**		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If 'Yes,' complete Schedule L, Part IV*	**28a**		X
b	A family member of a current or former officer, director, trustee, or key employee? *If 'Yes,' complete Schedule L, Part IV*	**28b**	X	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If 'Yes,' complete Schedule L, Part IV*	**28c**	X	
29	Did the organization receive more than $25,000 in non-cash contributions? *If 'Yes,' complete Schedule M*	**29**		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If 'Yes,' complete Schedule M*	**30**		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If 'Yes,' complete Schedule N, Part I*	**31**		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If 'Yes,' complete Schedule N, Part II*	**32**		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If 'Yes,' complete Schedule R, Part I*	**33**		X
34	Was the organization related to any tax-exempt or taxable entity? *If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	X	
35 a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	X	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If 'Yes,' complete Schedule R, Part V, line 2*	**35b**	X	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If 'Yes,' complete Schedule R, Part V, line 2*	**36**		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If 'Yes,' complete Schedule R, Part VI*	**37**		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.	**38**	X	

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**	48			
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	**1 b**	0			
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1 c**	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**	184			
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2 b**	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?			**3 a**		X
b If 'Yes' has it filed a Form 990-T for this year? *If 'No' to line 3b, provide an explanation in Schedule O*			**3 b**		
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)?			**4 a**		X
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?			**5 a**		X
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5 b**		X
c If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T?			**5 c**		
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?			**6 a**		X
b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6 b**		
7 Organizations that may receive deductible contributions under section 170(c).					
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?			**7 a**		X
b If 'Yes,' did the organization notify the donor of the value of the goods or services provided?			**7 b**		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7 c**		X
d If 'Yes,' indicate the number of Forms 8282 filed during the year	**7 d**				
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7 e**		X
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			**7 f**		X
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7 g**		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7 h**		
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?			**8**		
9 Sponsoring organizations maintaining donor advised funds.					
a Did the organization make any taxable distributions under section 4966?			**9 a**		
b Did the organization make a distribution to a donor, donor advisor, or related person?			**9 b**		
10 Section 501(c)(7) organizations. Enter:					
a Initiation fees and capital contributions included on Part VIII, line 12	**10 a**				
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10 b**				
11 Section 501(c)(12) organizations. Enter:					
a Gross income from members or shareholders	**11 a**				
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	**11 b**				
12 a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			**12 a**		
b If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year	**12 b**				
13 Section 501(c)(29) qualified nonprofit health insurance issuers.					
a Is the organization licensed to issue qualified health plans in more than one state?			**13 a**		
Note. See the instructions for additional information the organization must report on Schedule O.					
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 b**				
c Enter the amount of reserves on hand	**13 c**				
14 a Did the organization receive any payments for indoor tanning services during the tax year?			**14 a**		X
b If 'Yes,' has it filed a Form 720 to report these payments? *If 'No,' provide an explanation in Schedule O*			**14 b**		

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

Check if Schedule O contains a response 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.	**1 a** 14			
b Enter the number of voting members included in line 1a, above, who are independent	**1 b** 9			
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?		**2**		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?		**3**		X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? See Sch O		**4**	X	
5 Did the organization become aware during the year of a significant diversion of the organization's assets?		**5**		X
6 Did the organization have members or stockholders? See Schedule O		**6**	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		**7 a**	X	
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		**7 b**	X	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a The governing body?		**8 a**	X	
b Each committee with authority to act on behalf of the governing body?		**8 b**	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*		**9**		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?	**10 a**		X
b If 'Yes,' did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10 b**		
11 a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11 a**	X	
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*	**12 a**	X	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12 b**	X	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? *If 'Yes,' describe in Schedule O how this was done* See Schedule O	**12 c**	X	
13 Did the organization have a written whistleblower policy?	**13**	X	
14 Did the organization have a written document retention and destruction policy?	**14**	X	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a The organization's CEO, Executive Director, or top management official See Schedule O	**15 a**	X	
b Other officers of key employees of the organization	**15 b**		X
If 'Yes' to line 15a or 15b, describe the process in Schedule O. (See instructions.)			
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?	**16 a**		X
b If 'Yes,' did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	**16 b**		

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.

[X] Own website [X] Another's website [X] 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:

► John J. Doyle 43 Whiting Hill Road Brewer ME 04412-1006 (207) 973-9081

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): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(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
(1) EE comp is for admin sv not brd respons	0 0	X						0.	0.	0.
(2) Steven Bilodeau Director	0.5 0	X						0.	0.	0.
(3) Darin M. Peck, MD CMO	40 0	X						281,614.	0.	42,424.
(4) Dwight Foote Director	0.5 0	X						0.	0.	0.
(5) Ruth E. McLaughlin Director	0.5 0	X						0.	0.	0.
(6) Linda D. Gilbert Chairman	2 0	X		X				0.	0.	0.
(7) Geraldine H. Godson Director	0.5 0	X						0.	0.	0.
(8) Diane K. Bartley Director	0.5 0	X						0.	0.	0.
(9) Faye E. Booker Director	0.5 0	X						0.	0.	0.
(10) Sharon Hastings Director	0.5 0	X						0.	0.	0.
(11) Steve M. Pound Director	0.5 0	X						0.	0.	0.
(12) David S. Richards Vice Chairman	2 0	X		X				0.	0.	0.
(13) Mary M. Hood, President Ex-Officio	1 50	X		X				0.	897,311.	250,922.
(14) Eugene F. Murray, Jr. President & CEO	40 0	X		X				164,239.	0.	57,140.

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 organiza - tions below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(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
(15) Ronald Pelletier	0.5									
Director	0	X						0.	0.	0.
(16) Laureen J. Muzzy	0.5									
Director	0	X						0.	0.	0.
(17) Gregg Christensen, PA-C	40									
Director	0	X						163,478.	0.	23,319.
(18) Dennis Welsh	40									
VP of Operation	0			X				123,109.	0.	35,069.
(19) Jennifer Goodrich	40									
VP/CFO/Treasure	0			X				127,612.	0.	22,342.
(20) Tracy Bonney-Corson	40									
Chief Nursing O	0			X				91,272.	0.	30,814.
(21) Glenn Martin, VP/General Couns	1									
Secretary	50			X				0.	323,949.	86,699.
(22) Paul Potvin	40									
Physician	0					X		315,330.	0.	26,682.
(23) John L. Toothaker	40									
Physician	0					X		234,709.	0.	37,212.
(24) Lawrence DuBien	40									
Physician	0					X		185,666.	0.	37,358.
(25) David T. Rideout	40									
Physician	0					X		325,302.	0.	43,852.
1 b Sub-total ►								2,012,331.	1,221,260.	693,833.
c Total from continuation sheets to Part VII, Section A ►								246,109.	177,275.	41,191.
d Total (add lines 1b and 1c) ►								2,258,440.	1,398,535.	735,024.

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 ► 14

		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
Nurse Anesthesia of Maine 141 Main Street, Suite 205 Brewer, ME 0441	Anesthesia Services	132,970.
VISTA Staffing Solutions Inc File 50834 Los Angeles, CA 90074-0834	Temp Staffing Srvcs	244,159.

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 ► 2

Form 990

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

OMB No. 1545-0047

2013

Name of the Organization: Eastern Maine Healthcare Systems(CADean)

Employer Identification number: 04-3341666

Part VII Continuation: Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(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
Mario Turi	40									
Physician	0					X		246,109.	0.	22,224.
Edward Olivier	0									
Former VP CFO	50						X	0.	177,275.	18,967.

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	1a Federated campaigns	1a 631.				
	b Membership dues	1b				
	c Fundraising events	1c 17,853.				
	d Related organizations	1d 1,038.				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f 75,275.				
	g Noncash contributions included in lines 1a-1f: $ 5,571.					
	h Total. Add lines 1a-1f ►		94,797.			
PROGRAM SERVICE REVENUE		Business Code				
	2a Patient Care Services	621990	19,166,066.	19,166,066.		
	b Cafeteria	722210	12,485.			12,485.
	c					
	d					
	e					
	f All other program service revenue					
	g Total. Add lines 2a-2f ►		19,178,551.			
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts) ►		17,079.			17,079.
	4 Income from investment of tax-exempt bond proceeds ►					
	5 Royalties ►					
		(i) Real / (ii) Personal				
	6a Gross rents	7,140.				
	b Less: rental expenses	7,442.				
	c Rental income or (loss)	-302.				
	d Net rental income or (loss) ►		-302.			-302.
		(i) Securities / (ii) Other				
	7a Gross amount from sales of assets other than inventory	151,288. / 2,909.				
	b Less: cost or other basis and sales expenses	141,914. / 6,239.				
	c Gain or (loss)	9,374. / -3,330.				
	d Net gain or (loss) ►		6,044.			6,044.
	8a Gross income from fundraising events (not including $ 17,854. of contributions reported on line 1c). See Part IV, line 18	a 5,719.				
	b Less: direct expenses	b 5,719.				
	c Net income or (loss) from fundraising events ►					
	9a Gross income from gaming activities. See Part IV, line 19	a				
	b Less: direct expenses	b				
	c Net income or (loss) from gaming activities ►					
	10a 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				
	11a Meaningful Use Incentive	621990	349,818.	349,818.		
	b					
	c					
	d All other revenue					
	e Total. Add lines 11a-11d ►		349,818.			
	12 Total revenue. See instructions ►		19,645,987.	19,515,884.	0.	35,306.

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. X

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	500.	500.		
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,162,432.	791,099.	371,333.	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	7,467,557.	7,161,606.	305,951.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	380,420.	358,847.	21,573.	
9 Other employee benefits	1,205,668.	1,183,681.	21,987.	
10 Payroll taxes	551,197.	519,939.	31,258.	
11 Fees for services (non-employees):				
a Management				
b Legal	6,862.		6,862.	
c Accounting	38,623.		38,623.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amt exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) Sch O	2,065,356.	1,163,937.	901,419.	
12 Advertising and promotion	73,526.	510.	1,382.	71,634.
13 Office expenses	475,963.	373,645.	102,020.	298.
14 Information technology	111,373.	75,997.	35,376.	
15 Royalties				
16 Occupancy	290,260.	212,557.	77,703.	
17 Travel	72,092.	56,724.	15,368.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	33,832.	27,466.	6,366.	
20 Interest	11,283.	11,283.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	572,789.	428,860.	143,929.	
23 Insurance	70,729.	61,009.	9,720.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Contractual Allowances	2,568,582.	2,568,582.		
b Medical Supplies Expenses	816,263.	816,183.	80.	
c Bad Debt Expense	681,123.	680,963.	160.	
d Charity Care	552,497.	552,497.		
e All other expenses	617,196.	557,769.	45,450.	13,977.
25 **Total functional expenses.** Add lines 1 through 24e	19,826,123.	17,603,654.	2,136,560.	85,909.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ► ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

			(A) Beginning of year		(B) End of year
ASSETS	1	Cash — non-interest-bearing	776.	1	876.
	2	Savings and temporary cash investments	484,602.	2	168,036.
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	2,965,099.	4	3,804,723.
	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	272,783.	8	271,104.
	9	Prepaid expenses and deferred charges	232,365.	9	194,756.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a 10,589,948.			
	b	Less: accumulated depreciation — 10b 6,840,278.	3,738,690.	10c	3,749,670.
	11	Investments — publicly traded securities		11	
	12	Investments — other securities. See Part IV, line 11		12	
	13	Investments — program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	3,211,292.	15	2,268,464.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	10,905,607.	16	10,457,629.
LIABILITIES	17	Accounts payable and accrued expenses	4,491,196.	17	4,420,167.
	18	Grants payable		18	
	19	Deferred revenue		19	595.
	20	Tax-exempt bond liabilities		20	
	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	308,289.	24	276,018.
	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	1,342,651.	25	1,696,147.
	26	**Total liabilities.** Add lines 17 through 25	6,142,136.	26	6,392,927.
NET ASSETS OR FUND BALANCES		**Organizations that follow SFAS 117 (ASC 958), check here ► [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	4,056,966.	27	3,315,444.
	28	Temporarily restricted net assets	346,652.	28	389,055.
	29	Permanently restricted net assets	359,853.	29	360,203.
		Organizations that do not follow SFAS 117 (ASC 958), check here ► ☐ 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	4,763,471.	33	4,064,702.
	34	Total liabilities and net assets/fund balances	10,905,607.	34	10,457,629.

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	19,645,987.
2	Total expenses (must equal Part IX, column (A), line 25)	2	19,826,123.
3	Revenue less expenses. Subtract line 2 from line 1	3	-180,136.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	4,763,471.
5	Net unrealized gains (losses) on investments	5	5,100.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O) See Schedule O	9	-523,733.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	4,064,702.

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: [ ] Cash [X] Accrual [ ] Other _____			
	If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		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:			
	[ ] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	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:			
	[ ] Separate basis [X] Consolidated basis [ ] Both consolidated and separate basis			
c	If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

► **Attach to Form 990 or Form 990-EZ.**

► **Information about Schedule A (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(CADean)
Charles A Dean Memorial Hospital(CADean)

Employer identification number 04-3341666

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 [X] A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 [ ] A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state:

5 [ ] An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 [ ] A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 [ ] An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 [ ] A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

9 [ ] An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions – subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)

10 [ ] An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

11 [ ] An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a [ ] Type I **b** [ ] Type II **c** [ ] Type III – Functionally integrated **d** [ ] Type III – Non-functionally integrated

e [ ] By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box [ ]

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

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

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? Yes	No	**(v)** Did you notify the organization in column **(i)** of your support? Yes	No	**(vi)** Is the organization in column **(i)** organized in the U.S.? Yes	No	**(vii)** Amount of monetary support
(A)										
(B)										
(C)										
(D)										
(E)										
Total										

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

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** %

16 a **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 ► ☐

17 a **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						
7 a 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						
10 a 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	%

19 a **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 IV **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

► Complete if the organization is described below. ► Attach to Form 990 or Form 990-EZ.
► See separate instructions. ► Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990.*

OMB No. 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of organization	Employer identification number
Eastern Maine Healthcare Systems(CADean)	04-3341666

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

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

2 Political expenditures ..... $ ►

3 Volunteer hours .....

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ..... ► $ 0.

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ..... ► $ 0.

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ..... ☐ Yes ☐ No

4 a Was a correction made? ..... ☐ Yes ☐ No

b If 'Yes,' describe in Part IV.

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ..... ► $

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ..... ► $

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ..... ► $

4 Did the filing organization file **Form 1120-POL** for this year? ..... ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

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

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

Schedule **C** (Form 990 or 990-EZ) 2013

TEEA3201L 11/19/13

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		
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-		

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.

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? ☐ **Yes** ☐ **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					

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) Yes	(a) No	(b) Amount
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		3,865.
j Total. Add lines 1c through 1i.			3,865.
2 a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If 'Yes,' enter the amount of any tax incurred under section 4912			
c If 'Yes,' enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV **Supplemental Information**

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

Part II-B - Description of Lobbying Activity

Non-deductible portion of dues.

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

Eastern Maine Healthcare Systems(CADean)
Charles A Dean Memorial Hospital(CADean)

Employer identification number

04-3341666

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)
☐ Protection of natural habitat
☐ Preservation of open space
☐ Preservation of an historically important land area
☐ Preservation of a certified historic structure

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Revenues included in Form 990, Part VIII, line 1 ►$

(ii) Assets included in Form 990, Part X ►$

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

a Revenues included in Form 990, Part VIII, line 1 ►$

b Assets included in Form 990, Part X ►$

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

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

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

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

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

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

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 explantion 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	891,632.	866,148.	823,036.	516,370.	491,863.
b Contributions	350.	9,001.	10,000.	296,827.	
c Net investment earnings, gains, and losses	32,946.	20,820.	37,367.	13,517.	27,707.
d Grants or scholarships					
e Other expenditures for facilities and programs	1,630.	855.	832.	324.	
f Administrative expenses	3,701.	3,482.	3,423.	3,354.	3,200.
g End of year balance	919,597.	891,632.	866,148.	823,036.	516,370.

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

a Board designated or quasi-endowment ► 60.00 %
b Permanent endowment ► 40.00 %
c Temporarily restricted endowment ► %

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

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

		Yes	No
(i) unrelated organizations	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	

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

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		160,146.		160,146.
b Buildings		4,149,308.	2,775,084.	1,374,224.
c Leasehold improvements				
d Equipment		5,892,374.	4,065,194.	1,827,180.
e Other		388,120.		388,120.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ►				3,749,670.

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)	
(2)	
(3) Board Designated Investments	1,052,281.
(4) Due from Restricted Funds	185,163.
(5) Estimated Prof. Liab. Claims Receivable	277,611.
(6) Permanently Donor Restricted Funds	360,203.
(7) Self-Insurance Funds Held by Trustee	4,151.
(8) Temporarily Donor Restricted Funds	389,055.
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, column (B), line 15.)* ►	2,268,464.

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) Accrual for Post Retirement Benefit	1,408,921.
(3) Capital Lease Obligation	9,615.
(4) Reserve for Prof. Liab. Self Ins.	277,611.
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, column (B) line 25.)* ►	1,696,147.

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. [X]

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

Part XII **Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.** 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	**2a**		
b	Prior year adjustments	**2b**		
c	Other losses	**2c**		
d	Other (Describe in Part XIII.)	**2d**		
e	Add lines **2a** through **2d**		**2e**	
3	Subtract line **2e** from line **1**		**3**	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	**4a**		
b	Other (Describe in Part XIII.)	**4b**		
c	Add lines **4a** and **4b**		**4c**	
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*		**5**	

Part XIII **Supplemental Information.**

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

Part V, Line 4 - Intended Uses Of Endowment Fund

Endowment Funds are designated for purposes that align within this organization's exempt purpose.

Part X - FIN 48 Footnote

EMHS, its hospitals, and certain other affiliates have been determined by the Internal Revenue Service to be tax-exempt charitable organizations as described in Section 501(c)(3) or 501(c)(2) of the Internal Revenue Code (the Code) and, accordingly, are exempt from federal income taxes on related income pursuant to

Part XIII Supplemental Information *(continued)*

Part X - FIN 48 Footnote (continued)

Section 501(a) of the Code. Accordingly, no provision for federal income taxes has been recorded in the accompanying consolidated financial statements for these organizations.

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

Certain of the System's affiliates are taxable entities. Deferred taxes related to these entities are based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years the differences are expected to reverse. The deferred tax assets and liabilities for these entities are not material.

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered 'Yes' to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
► Attach to Form 990 or Form 990-EZ. ► See separate instructions.
► Information about Schedule G (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(CADean)
Charles A Dean Memorial Hospital(CADean)

Employer identification number: 04-3341666

Part I **Fundraising Activities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- **a** ☐ Mail solicitations
- **b** ☐ Internet and email solicitations
- **c** ☐ Phone solicitations
- **d** ☐ In-person solicitations
- **e** ☐ Solicitation of non-government grants
- **f** ☐ Solicitation of government grants
- **g** ☐ Special fundraising events

2 a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☒ **No**

b If 'Yes,' list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in column **(i)**	**(vi)** Amount paid to (or retained by) organization
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total ►						0.

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

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

		(a) Event #1 Golf Tournamen (event type)	(b) Event #2 Bike 'n Boat (event type)	(c) Other events None (total number)	(d) Total events (add column (a) through column (c))
REVENUE	1 Gross receipts	12,928.	9,645.		22,573.
	2 Less: Charitable contributions	11,974.	5,380.		17,354.
	3 Gross income (line 1 minus line 2)	954.	4,265.		5,219.
DIRECT EXPENSES	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages		443.		443.
	8 Entertainment				
	9 Other direct expenses	954.	3,822.		4,776.
	10 Direct expense summary. Add lines 4 through 9 in column (d) ►				5,219.
	11 Net income summary. Subtract line 10 from line 3, column (d) ►				

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

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add column (a) through column (c))
REVENUE	1 Gross revenue				
DIRECT EXPENSES	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	
	7 Direct expense summary. Add lines 2 through 5 in column (d) ►				
	8 Net gaming income summary. Subtract line 7 from line 1, column (d) ►				

9 Enter the state(s) in which the organization operates gaming activities: _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If 'No,' explain: _____

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

b If 'Yes,' explain: _____

11 Does the organization operate gaming activities with nonmembers? ☐ **Yes** ☐ **No**

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ **Yes** ☐ **No**

13 Indicate the percentage of gaming activity operated in:

a The organization's facility	**13a**	%
b An outside facility	**13b**	%

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ►

Address ►

15a Does the organization have a contact with a third party from whom the organization receives gaming revenue? ☐ **Yes** ☐ **No**

b If 'Yes,' enter the amount of gaming revenue received by the organization ► $ and the amount of gaming revenue retained by the third party ► $.

c If 'Yes,' enter name and address of the third party:

Name ►

Address ►

16 Gaming manager information:

Name ►

Gaming manager compensation ► $.

Description of services provided ►

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ **Yes** ☐ **No**

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ► $

Part IV **Supplemental Information.** Provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information (see instructions).

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

► 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.*

OMB No. 1545-0047

2013

Open to Public Inspection

Name of the organization: Eastern Maine Healthcare Systems(CADean)

Employer identification number: 04-3341666

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	1a	X	
b If 'Yes,' was it a written policy?	1b	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to the various hospital facilities during the tax year. ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.			
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If 'Yes,' indicate which of the following was the FPG family income limit for eligibility for free care: ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ %	3a	X	
b Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If 'Yes,' indicate which of the following was the family income limit for eligibility for discounted care: ☐ 200% ☐ 250% ☒ 300% ☐ 350% ☐ 400% Other _____ %	3b	X	
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, 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'?	4	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	X	
b If 'Yes,' did the organization's financial assistance expenses exceed the budgeted amount?	5b	X	
c If 'Yes' to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		X
6a Did the organization prepare a community benefit report during the tax year?	6a	X	
b If 'Yes,' did the organization make it available to the public?	6b	X	
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.			

7 Financial Assistance and Certain Other Community Benefits at Cost

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)		183	449,735.	1,500.	448,235.	2.80
b Medicaid (from Worksheet 3, column a)		4,942	2,144,497.	1,628,867.	515,630.	3.22
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs	0	5,125	2,594,232.	1,630,367.	963,865.	6.02
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	5	49	127,801.		127,801.	0.80
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits	5	49	127,801.	0.	127,801.	0.80
k Total. Add lines 7d and 7j	5	5,174	2,722,033.	1,630,367.	1,091,666.	6.82

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						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total	0	0	0.	0.	0.	0.

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			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 Part VI	2	554,262.		
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	7,386,684.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	7,564,008.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-177,324.

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

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

		Yes	No
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 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					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities (list in order of size, from largest to smallest — see instructions) How many hospital facilities did the organization operate during the tax year? 1 Name, address, primary website address, and state license number	Licensed hospital	General medical and surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 C.A. Dean Memorial Hospital 364 Pritham Avenue Greenville, ME 04441 www.cadean.org 37959	X	X			X		X			

Part V Facility Information *(continued)* Copy 1 of 1

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	1	X	
If 'Yes,' indicate what the CHNA report describes (check all that apply):			
a [X] A definition of the community served by the hospital facility			
b [X] Demographics of the community			
c [X] Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d [X] How data was obtained			
e [X] The health needs of the community			
f [X] Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g [X] The process for identifying and prioritizing community health needs and services to meet the community health needs			
h [X] The process for consulting with persons representing the community's interests			
i [X] Information gaps that limit the hospital facility's ability to assess the community's health needs			
j [X] Other (describe in Section C) Part V			
2 Indicate the tax year the hospital facility last conducted a CHNA: 2014			
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	3	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	4	X	
5 Did the hospital facility make its CHNA widely available to the public?	5	X	
If 'Yes,' indicate how the CHNA was made widely available (check all that apply):			
a [X] Hospital facility's website (list url): www.cadean.org/About-Us/Annual-Report			
b [X] Other website (list url): www.emhs.org/Community-Benefit/CHNA.aspx			
c [X] Available upon request from the hospital facility			
d [X] 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 [X] Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b [ ] Execution of the implementation strategy			
c [ ] Participation in the development of a community-wide plan			
d [ ] Participation in the execution of a community-wide plan			
e [ ] Inclusion of a community benefit section in operational plans			
f [ ] Adoption of a budget for provision of services that address the needs identified in the CHNA			
g [X] Prioritization of health needs in its community			
h [X] Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i [ ] 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	7		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)?	8a		X
b If 'Yes' to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
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)* Copy 1 of 1

Financial Assistance Policy

			Yes	No
	Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	X	
	If 'Yes,' indicate the FPG family income limit for eligibility for free care: 200 %			
	If 'No,' explain in Section C the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing *discounted* care?	11	X	
	If 'Yes,' indicate the FPG family income limit for eligibility for discounted care: 300 %			
	If 'No,' explain in Section C the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients?	12		
	If 'Yes,' indicate the factors used in determining such amounts (check all that apply):			
a	[X] Income level			
b	[ ] Asset level			
c	[ ] Medical indigency			
d	[ ] Insurance status			
e	[ ] Uninsured discount			
f	[ ] Medicaid/Medicare			
g	[ ] State regulation			
h	[ ] Residency			
i	[ ] Other (describe in Section C)			
13	Explained the method for applying for financial assistance?	13	X	
14	Included measures to publicize the policy within the community served by the hospital facility?	14	X	
	If 'Yes,' indicate how the hospital facility publicized the policy (check all that apply):			
a	[ ] The policy was posted on the hospital facility's website			
b	[ ] The policy was attached to billing invoices			
c	[ ] The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	[ ] The policy was posted in the hospital facility's admissions offices			
e	[ ] The policy was provided, in writing, to patients on admission to the hospital facility			
f	[X] The policy was available on request			
g	[X] 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?	15	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	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Section C)			
17	Did the hospital facility or an authorized a third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	17		X
	If 'Yes,' check all actions in which the hospital facility or a third party engaged:			
a	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Section C)			

Part V **Facility Information** *(continued)* Copy 1 of 1

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** ☐ The hospital facility did not provide care for any emergency medical conditions
- **b** ☐ The hospital facility's policy was not in writing
- **c** ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)
- **d** ☐ 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** ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- **b** ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- **c** ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- **d** ☒ Other (describe in Section C) Part V

		Yes	No
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.

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 Charles A. Dean Memorial Hospital 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.

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)

The qualitative stakeholder survey was disseminated broadly to public health and community stakeholders who serve local populations. As such, the Community Health Needs Assessment does not provide for 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:

Key collaborators were convened as an advisory committee to review the Needs Assessment and assist in the dissemination of a survey instrument to a broad base of key informants representing healthcare, public health, and community stakeholders to identify issues and opportunities for collaborative community health improvement. These collaborators include: Local Public Health District Officials: Stacy Boucher, Aroostook District Coordinating Council; Paula Thomson, Central District Coordinating Council; Becca Matusovich, Cumberland District Public Health Council; Alfred May, Downeast Public Health Council; Jessica Fogg, Penquis District Coordinating Council; Clarisa Weber, Wabanaki Public Health. Healthy Maine Partnerships (contracted entities functioning as part of the local public health system): Jamie Comstock, Bangor Region Public Health & Wellness; Elsie Flemings, Healthy Acadia; Carol Bell, Healthy Aroostook; Anne Lang, Healthy Casco Bay; Joanne Joy, Healthy Communities of the Capital Area; Zoe Miller, Healthy Lakes; Fran Mullin, Healthy Northern Kennebec; Kristen Dow, Healthy Portland; Lucie Rioux, Healthy Rivers; Karen Hawkes, Healthy Sebasticook Valley; Malissa Boynton, Healthy Wabanaki; Vyvyenne Ritchie, Healthy Waldo County; Jane McGillicuddy, Partnership for a Healthy Northern Penobscot; Robin Mayo, Piscataquis Public Health Council; Ellen Willinghan, Power of Prevention; Bill

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

Primmerman, Somerset Public Health; Eleody Libby, Washington County: One Community.

Other Entities: Federally Qualified Health Centers, Bangor Public Health and

Community Services, Portland Public Health

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

Facility:

The CHNA was developed and implemented as a collaborative between the EMHS Healthcare

System and other independent hospitals serving Maine communities. EMHS Member

Organizations: Acadia Hospital, Blue Hill Memorial Hospital, Charles A. Dean Memorial

Hospital, Eastern Maine Medical Center, Inland Hospital, Mercy Hospital, Sebasticook

Valley Health, and TAMC. 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, 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:

Non-Selected priorities:

Transportation

Lack of insurance/unable to pay for the care

Hunger/Food Insecurities

We did not choose the priorities listed because we know that they're important, but

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)

we have current processes in place to help with these concerns. For transportation, CA Dean has purchased a courtesy van which is not advertised, but is used to pick up/drop off patients free of charge. The lack of insurance/unable to pay for care issue has been addressed by our newly certified patient financial counselor who is also a Certified Application Specialist for the Healthcare Marketplace. She also works to help those who do not have the means to pay fill out paperwork for MaineCare and Free Care if needed. We have worked with the local school to develop the backpack program which is a program that sends backpacks full of healthy food home with children who need it each night and over the weekends.

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

Facility:

Posted signs and individual notices containing information on the availability of free care are located in key public areas in the hospital. Signs and notices inform the patient of the availability of free care and include eligibility criteria, instructions on how to applyand how to obtain additional information or assistance.

The "Billing Help" section of the hospital web pages provides a link to the free care application form, instructions and eligibility criteria.

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. The hospital also offers a partial discount for patients who fall within the 201% to 300% 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? 3

Name and address	Type of Facility (describe)
1 Northwoods Healthcare 364 Pritham Avenue Greenville, ME 04441	Outpatient clinic
2 Northwoods Healthcare 7 Greenville Road Monson, ME 04464	Outpatient clinic
3 Northwoods Healthcare 22 Haley Court Rd. Sangerville, ME 04479	Outpatient 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

The Charles A Dean Memorial Hospital 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

Ratio of Patient Care Cost-to-Charges is used in calculations.

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

$681,123 of bad debt expense, $552,497 of charity care and $2,568,582 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

The costing methodology used to determine the amount is cost to charge ratio.

Part III, Line 4 - Bad Debt Expense

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.

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 III, Line 8 - Explanation Of Shortfall As Community Benefit

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

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

All account guarantors who express an inability to pay inpatient and outpatient services are screened for eligibility for charity care using an application and guidelines established by CA Dean. 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 - Patient Education of Eligibility for Assistance

CA Dean offers free care and sliding scale assistance programs. We have posters and pamphlets at all patient intake areas. Patient bills and our web site also list information on the availability of these programs and the application process. C A Dean has put forth a designated position financial councilor within the organization to assist with these programs

Part VI - Community Information

Located in Greenville, CA Dean is the only healthcare provider within a 35 mile radius serving the Moosehead Lake region of Maine. This area has a HPSA rating and is one of the poorest counties in the state. We have a heavy Medicare/MaineCare population. We also are the eldest populated County in Maine. Piscataquis has a

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)

population rate of 16.4%/1000 of residents 65 and older. State average is 12.4%/1000.

Part VI - Community Building Activities

In keeping with our mission statement, CA Dean actively participates by fulfilling the needs of our civic, community and faith based organizations. We offer flu clinics and blood pressure clinics just to name a few. CA Dean works in collaboration with the school on a number of projects including; nutritious food 'back pack program', activities that promote health and wellness, and general health education. CA Dean sponsors a number of healthy lifestyle activities such as a an annual triathalon and Bike and Boat. We also offer a Community Paramedicine Program in conjunction with ER, Inpatient, and the provider offices as a follow-up on patients in our communities.

Part VI - Explanation Of How Organization Furthers Its Exempt Purpose

We have an Elderwell program that allows the elderly in our community to use our exercise equipment (at a very minimal fee) to promote physical activity in this population. Our 'loan closet' program provides medical equipment supplies for our community at no cost. We author educational healthcare articles for publication in our local newspapers. We offer the use of our buildings, tele-med and office equipment to civic and community groups for meetings and publications. We developed

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

'walk-in clinic hours' to create greater access to healthcare for our patients. Participate in a bone builders program. Support Community health initiatives around diet and exercise both at the adult and the school level age. CA Dean sponsors several healthy lifestyle events annually such as a triathalon and Bike and Boat. CA Dean serves an elderly population with a high chronic disease burden. Lack of adequate transportation has been attributed to the inability of some patients to access health care. CA Dean implemented a free transportation program for the eligible population (no other means of transportation). This program provides limited transportation to and from medical appointments and procedures at no cost for this eligible population. We also offer a surgical weight loss support group on a quarterly basis as part of Eastern Maine Medical Center's Surgical Weight Loss Program.

Part VI - Affiliated Health Care System Roles and Promotion

CA Dean is a member of EMHS. EMHS serves the northern two-thirds (most rural areas) of Maine. Together, EMHS member organizations identify and meet the health priorities of the state. By working together, our members are able to share resources and information, as well as control costs and better serve our Maine communities. EMHS is addressing the changes and mandates of the new health care reform. Focus groups consisting of staff from each member organization have been

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)

formed and are actively collecting data and striving to meet or define best practices as we implement these mandated changes. The roll out and use of electronic medical records across our system is one of these initiatives that is being developed and will enhance the efficiencies of each individual member organization. We have initiated plans for an ACO medical home model and have been certified as a patient centered medical home model level 3 and participate in the State of Maine's Patient Centered Medical Home Initiative.

Part VI - States Where Community Benefit Report Filed

ME

Part V - Explanation of Number of Facility Type

N/A

SCHEDULE J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
► Complete if the organization answered 'Yes' 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.*

OMB No. 1545-0047

2013

Open to Public Inspection

Name of the organization: Eastern Maine Healthcare Systems(CADean)

Employer identification number: 04-3341666

Part I Questions Regarding Compensation

		Yes	No
1 a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. Part III			
☐ First-class or charter travel ☐ Housing allowance or residence for personal use			
☐ Travel for companions ☐ Payments for business use of personal residence			
☒ Tax indemnification and gross-up payments ☐ Health or social club dues or initiation fees			
☐ Discretionary spending account ☐ 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	1 b	X	
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?	2	X	
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. Part II			
☐ Compensation committee ☐ Written employment contract			
☐ Independent compensation consultant ☐ Compensation survey or study			
☐ Form 990 of other organizations ☐ 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		X
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4 b	X	
c Participate in, or receive payment from, an equity-based compensation arrangement?	4 c		X
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		X
b Any related organization?	5 b		X
If 'Yes' to line 5a or 5b, describe in Part III.			
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a The organization?	6 a		X
b Any related organization?	6 b		X
If 'Yes' to line 6a or 6b, describe in Part III.			
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If 'Yes,' describe in Part III	7		X
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If 'Yes,' describe in Part III	8		X
9 If 'Yes' to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	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	Darin M. Peck, MD	(i)	225,552.	54,715.	1,347.	17,132.	25,292.	324,038.	0.
	CMO	(ii)	0.	0.	0.	0.	0.	0.	0.
2	Mary M. Hood, President & CEO	(i)	0.	0.	0.	0.	0.	0.	0.
	Ex-Officio	(ii)	712,895.	171,996.	12,420.	232,431.	18,491.	1,148,233.	0.
3	Dennis Welsh	(i)	120,817.	100.	2,192.	10,563.	24,506.	158,178.	0.
	VP of Operation	(ii)	0.	0.	0.	0.	0.	0.	0.
4	Eugene F. Murray, Jr.	(i)	143,668.	7,500.	13,071.	26,827.	30,313.	221,379.	0.
	President & CEO	(ii)	0.	0.	0.	0.	0.	0.	0.
5	Gregg Christensen, PA-C	(i)	91,055.	70,153.	2,270.	13,704.	9,615.	186,797.	0.
	Director	(ii)	0.	0.	0.	0.	0.	0.	0.
6	Glenn Martin, VP/General Couns	(i)	0.	0.	0.	0.	0.	0.	0.
	Secretary	(ii)	299,530.	21,640.	2,779.	60,231.	26,468.	410,648.	0.
7	Paul Potvin	(i)	314,107.	100.	1,123.	20,067.	6,615.	342,012.	0.
	Physician	(ii)	0.	0.	0.	0.	0.	0.	0.
8	John L. Toothaker	(i)	231,506.	100.	3,103.	19,515.	17,697.	271,921.	0.
	Physician	(ii)	0.	0.	0.	0.	0.	0.	0.
9	Lawrence DuBien	(i)	181,537.	100.	4,029.	15,717.	21,641.	223,024.	0.
	Physician	(ii)	0.	0.	0.	0.	0.	0.	0.
10	David T. Rideout	(i)	324,067.	100.	1,135.	16,400.	27,452.	369,154.	0.
	Physician	(ii)	0.	0.	0.	0.	0.	0.	0.
11	Mario Turi	(i)	245,008.	100.	1,001.	19,772.	2,452.	268,333.	0.
	Physician	(ii)	0.	0.	0.	0.	0.	0.	0.
12	Edward Olivier	(i)	0.	0.	0.	0.	0.	0.	0.
	Former VP CFO	(ii)	121,340.	19,726.	36,209.	10,459.	8,508.	196,242.	0.
13		(i)							
		(ii)							
14		(i)							
		(ii)							
15		(i)							
		(ii)							
16		(i)							
		(ii)							

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 1, Line 1a - Relevant Information Regarding Compensation Benefits

Tracy Bonney-Corson, officer received a gift certificate for $50 with a $4.14 gross-up payment. Darin Peck, board member and officer received a gift certificate for $50 with a $4.14 gross-up payment.

Part I, Line 3 - Methods Used By Related Org. To Establish CEO/Exec. Dir. Compensation

The Chief Executive Officer (CEO) of The Charles A. Dean Memorial Hospital (C.A. Dean) is employed by C.A. Dean and reports directly to the system parent, Eastern Maine Healthcare Systems (EMHS) President/CEO. The EMHS Executive Performance Management Committee (the Committee) is responsible to determine the compensation of the C.A. Dean CEO in consultation with the EMHS President/CEO. The Committee used the following methods to establish the CEO's compensation:

- Compensation committee
- Independent compensation consultant
- Written employment contract
- Compensation survey or study
- Approval by the board or compensation committee

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

Line 4(b) Supplemental non-qualified retirement plan:

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.

Glenn Martin -

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 $47,731 based on the amounts contributed and related earnings. The supplemental non-qualified retirement benefit is subject to a substantial risk of forfeiture.

Eugene Murray -

A pension obligation satisfied through a supplemental non-qualified retirement plan

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)

is based on a percent of qualified earnings or by specific agreement. The portion accrued for the supplemental non-qualified retirement plan is $23,560 based on the amounts contributed and related earnings. The supplemental non-qualified retirement benefit is subject to a substantial risk of forfeiture.

Other compensation information:

Mary M. Hood

This officer is employed by the system parent organization, Eastern Maine Healthcare Systems and is responsible for system-wide operations of eight hospitals and other related health care activities, including Charles A. Dean Memorial Hospital.

Glenn Martin-

This officer is employed by the system parent organization, Eastern Maine Healthcare Systems and is responsible for system-wide operations of eight hospitals and other related health care activities, including Charles A. Dean Memorial Hospital.

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)

Jennifer Goodrich

This officer is employed by the parent company, Eastern Maine Healthcare Systems. 100% of her time is dedicated to Charles A. Dean Memorial Hospital. As a result her compensation is reported in Form 990, Part VII, column D.

Edward Olivier

This former officer is employed by the system parent organization, Eastern Maine Healthcare Systems and a 100% of his time is dedicated to Blue Hill Memorial Hospital, a related organization to Charles A Dean Memorial Hospital

Compensation for employees of Charles A. Dean Memorial Hospital listed in Form 990, Part VII and Schedule J, Part II are for administrative services. Board members are not compensated for the time devoted on the board.

SCHEDULE L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

► Complete if the organization answered 'Yes' on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, 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.*

OMB No. 1545-0047

2013

Open to Public Inspection

Name of the organization: Eastern Maine Healthcare Systems(CADean)
Charles A Dean Memorial Hospital(CADean)

Employer identification number: 04-3341666

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	(d) Corrected? 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? To	(d) From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	(g) No	(h) Approved by board or committee? Yes	(h) No	(i) Written agreement? Yes	(i) 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.

Part IV **Business Transactions Involving Interested Persons.**
Complete if the organization answered 'Yes' on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
(1) Linda D. Gilbert, VP at Bank					
(2)	VP=Chair Brd	276,018.	unsec note w/bank		X
(3) Donna Welsh	fam of offic	19,430.	compensation		X
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Part V **Supplemental Information**
Provide additional information for responses to questions on Schedule L (see instructions).

Supplemental Information

Linda D. Gilbert, Charles A. Dean Board Chairman is a Camden National Bank VP. Camden National Bank is Charles A. Dean's primary bank, holding deposits of $1,574,772 and a note for $276,018.

Donna Welsh is a family member of an officer and is an employee of Charles A. Dean.

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(CADean)
Charles A Dean Memorial Hospital(CADean)

Employer identification number: 04-3341666

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

Provided emergency, ambulance, inpatient acute care, outpatient surgery, specialty physician clinics and nursing home services to patients regardless of ability to pay.

The Charles A. Dean Memorial Hospital is a 25 bed Critical Access Hospital in rural northwestern Maine providing emergency, ambulance, inpatient acute care, outpatient surgery, specialty physician clinics and nursing home services to patients regardless of ability to pay.

Additional Statistics:

Northwoods Healthcare Clinic visits	14,550
Hospital diagnostic and rehabilitation visits	16,540
Emergency room visits	2,295
Hospital admissions	334
Surgery cases	344
Ambulance runs	481

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

Experienced Medicare shortfall (at cost). 13,137 persons served.

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

Charles A. Dean Memorial Hospital

Name of the organization: Eastern Maine Healthcare Systems(CADean)
Charles A Dean Memorial Hospital(CADean)

Employer identification number: 04-3341666

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

Leadership: Geno Murray, President and CEO; Linda Gilbert, Board Chair

Description: CA Dean is a 25-bed critical access hospital nestled in the Moosehead Lake region. CA Dean has outpatient family practice clinics in Greenville, Monson, and Sangerville, as well as a specialty clinic in Greenville.

Employees: 176

Location: Greenville, Monson, Sangerville

Charles A. Dean Memorial Hospital Highlights

-Hosted 4-H kids program about muscles and bones, which included dissecting a cow leg with Mario Turi, MD, orthopedic surgeon

-Sponsored a backpack program for students in the Greenville school system with food insecurities and also secured $2,500 to use to support the backpack program

-Received recognition for being one of the Top 100 Hospitals for Patient Satisfaction by the National Rural Health Association

-Experienced great success in provider recruitment, hiring five new providers

Total Community Benefit: $1,268,990

Philanthropy: $1,039

Name of the organization: Eastern Maine Healthcare Systems(CADean)
Charles A Dean Memorial Hospital(CADean)

Employer identification number: 04-3341666

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

Community Benefit Operations: $100,701

Community Health Improvement Services: $27,100

Traditional Charity Care*: $448,235

Unpaid Cost of Public Programs:

Medicare: $177,324

Medicaid: $515,630

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

ADOPTION OF UNIFORM BYLAWS BY EMHS MEMBER ORGANIZATIONS (FY 2014)

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 FY 2014:

1.Acadia Hospital, Corp.

2.Charles A. Dean Memorial Hospital

3.Eastern Maine HomeCare

4.Eastern Maine Medical Center

5.EMHS Foundation

6.Inland Hospital

7.Mercy Hospital

Name of the organization: Eastern Maine Healthcare Systems(CADean)
Charles A Dean Memorial Hospital(CADean)

Employer identification number: 04-3341666

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

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 Sebasticook Valley Health in FY 2014 because Sebasticook was not an Integrated Member Organization for the period covered by this tax return.

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.

Name of the organization: Eastern Maine Healthcare Systems(CADean)
Charles A Dean Memorial Hospital(CADean)

Employer identification number: 04-3341666

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

2) EMHS CEO became a voting member of all boards. This was previously the case for 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. Thechair and vice chair positions are limited to three

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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 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

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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 committees comprise: Finance (and where relevant, an 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 chair. Committee chairs may serve no more than five (5) consecutive full one-year terms.

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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

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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 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

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

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 Charles A. Dean Memorial Hospital (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;

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;

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

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

Form 990 is reviewed by the CEO and CFO of CA Dean Memorial Hospital. It is provided to each board member either electronically or in hard copy with an opportunity to ask questions prior to filing with the IRS.

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

The organization requests updates of potential conflicts and relationships from the officers and Board members on an annual basis. The request requires disclosure of all business relationships, board memberships, and family relationships. A database is maintained that is compared to payroll records and the accounts payable vendor list to identify any potential conflicts of interest. Transactions are reviewed for reasonableness as an arm's length transaction.

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

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

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

The CEO of The Charles A. Dean Memorial Hospital (C.A. Dean), who is employed by C.A. Dean, reports directly to the system parent, Eastern Maine Healthcare Systems (EMHS) President/CEO (President) who serves on the board ex-officio.

The EMHS Executive Performance Management Committee (the Committee) is responsible to monitor and evaluate the performance of the EMHS President, to set compensation of the EMHS President, and to review recommendations of the EMHS President with respect to compensation of the Chief Executive Officer of the direct subsidiaries, and other direct reports to the President. The Committee is comprised entirely of independent Directors per EMHS bylaws.

Process:

The Committee meets regularly throughout the fiscal year at the discretion of the Committee chair as well as on call of the Chair of the EMHS board. In carrying out its duties pursuant to the Bylaws, the Committee:

-Assures that the executive compensation program is administered in a manner consistent with the EMHS executive compensation philosophy.

-Reviews and updates the EMHS executive compensation philosophy which serves as the foundation on which all current and future executive compensation decisions are made.

-Assures that value of compensation provided by EMHS does not exceed the value of services provided by the executive.

-Reviews annual incentive compensation criteria for eligible executives, as defined by the EMHS President.

-Reviews periodic compensation survey information and provides expert input to

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

proposed changes to the executive compensation program.

-Assures that a formal and timely performance management system is in place for executives.

-Reviews incentive compensation criteria scoring and associated pay schedules for officers and key employees.

-Provides any public statements regarding executive compensation practices at EMHS deemed appropriate.

-Maintains minutes of the meetings and communicates actions to the EMHS Board of Directors.

To accomplish this, the committee uses an external consultant with access to comparative data from independent sources and include national as well as regional data points. The EMHS President reviews all direct report compensation actions with the committee. In addition, the EMHS President ensures that any subsidiary policies and practices governing executive compensation are consistent with the committee's philosophy and practices statement.

Form 990, Part VI, Line 15b - Compensation Review & Approval Process for Officers & Key Employees

Compensation of other officers and key employees of the organization is established by the Human Resources department who utilize external market research to establish compensation ranges for specific positions.

Name of the organization: Eastern Maine Healthcare Systems(CADean)
Charles A Dean Memorial Hospital(CADean)

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

On an annual basis, the compensation ranges are compared to the updated survey information.

The hiring manager will determine where the employee will fall within the ranges established by the Human Resources department based on experience and credentials.

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

The Charles A. Dean Memorial Hospital makes its governing documents, conflict of interest policy and financial statements available to the public upon request.

Form 990, Part IX, Line 11g
Other Fees For Services

	(A) Total	(B) Program Services	(C) Management & General	(D) Fund-raising
Collection Fees Expense	16,125.	16,125.		
Consulting Expense	452,634.	412,742.	39,892.	
EMHS Support Service Expense	692,515.		692,515.	
Laboratory Expense	109,962.	109,962.		
Other Diagnostic Expense	42,252.	42,252.		
Other Purchase Service	36,119.	36,114.	5.	
Purchased Services Expense	300,057.	131,050.	169,007.	
Recruitment Expense	79,228.	79,228.		
Temporary Staff Expense	303,684.	303,684.		
Transcription Expense	32,780.	32,780.		
Total	$ 2,065,356.	$ 1,163,937.	$ 901,419.	$ 0.

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

Change in net assets held @ EMHS Foundation	$ 2,149.
Contribution To Strat Pool Per Affiliation Agreement	-104,035.
Post Retirement Health Benefit FAS158	-157,966.
Transfer to exempt parent-Eastern Maine Healthcare Systems	-263,881.
Total	$ -523,733.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

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.***

OMB No. 1545-0047

2013

Open to Public Inspection

Name of the organization: Eastern Maine Healthcare Systems(CADean) Charles A Dean Memorial Hospital(CADean)

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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 Whiting Hill Road Brewer, ME 04412 01-0527066	Supporting organization for healthcare affiliates	ME	501(c)(3)	11 Type III Func Int	N/A	X	
(2) Eastern Maine Medical Center (EMMC PO Box 404, 489 State Street Bangor, ME 04402-0404 01-0211501	Provide healthcare services	ME	501(c)(3)	3	Eastern Maine Healthcare Systems	X	
(3) Eastern Maine Healthcare Real Esta 43 Whiting Hill Road Brewer, ME 04412 01-0391036	Leases real estate	ME	501(c)(2)		Eastern Maine Healthcare Systems	X	
(4) Rosscare 43 Whiting Hill Road, Ste 400 Brewer, ME 04412 01-0391038	Provide services to elderly	ME	501(c)(3)	PF	Eastern Maine Healthcare Systems	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? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
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	(i) No
(1) Affiliated Healthcare Systems PO Box 940 Bangor, ME 04402-0940 01-0385322	Holding Co.	ME	EMHS	C	0.	0.		X	
(2) Affiliated Healthcare Manageme PO Box 811 Bangor, ME 04402-0811 01-0349339	Hlthcr mgmnt	ME	AHS	C	0.	0.		X	
(3) Affiliated Laboratory, Inc. PO Box 638 Bangor, ME 04402-0638 01-0381283	Clinicl lab	ME	AHS	C	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.

			Yes	No
	Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.			
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	**1 a**		X
b	Gift, grant, or capital contribution to related organization(s)	**1 b**		X
c	Gift, grant, or capital contribution from related organization(s)	**1 c**		X
d	Loans or loan guarantees to or for related organization(s)	**1 d**		X
e	Loans or loan guarantees by related organization(s)	**1 e**		X
f	Dividends from related organization(s)	**1 f**		X
g	Sale of assets to related organization(s)	**1 g**		X
h	Purchase of assets from related organization(s)	**1 h**		X
i	Exchange of assets with related organization(s)	**1 i**		X
j	Lease of facilities, equipment, or other assets to related organization(s)	**1 j**		X
k	Lease of facilities, equipment, or other assets from related organization(s)	**1 k**		X
l	Performance of services or membership or fundraising solicitations for related organization(s)	**1 l**		X
m	Performance of services or membership or fundraising solicitations by related organization(s)	**1 m**	X	
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	**1 n**		X
o	Sharing of paid employees with related organization(s)	**1 o**		X
p	Reimbursement paid to related organization(s) for expenses	**1 p**	X	
q	Reimbursement paid by related organization(s) for expenses	**1 q**		X
r	Other transfer of cash or property to related organization(s)	**1 r**	X	
s	Other transfer of cash or property from related organization(s)	**1 s**	X	

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

(a) Name of related organization	**(b)** Transaction type (a-s)	**(c)** Amount involved	**(d)** Method of determining amount involved
(1) Eastern Maine Healthcare Systems (EMHS)	m	967,053.	FMV
(2) Eastern Maine Healthcare Systems (EMHS)	p	1,705,212.	FMV
(3) Eastern Maine Healthcare Systems (EMHS)	r	104,035.	FMV
(4) Eastern Maine Medical Center (EMMC)	m	192,375.	FMV
(5) EMHS Foundation	m	100,000.	FMV
(6) Affiliated Laboratory, Inc.	m	118,991.	FMV

Part VI **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
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	
Acadia Hospital Corp. (AHC) 43 Whiting Hill Road Brewer, ME 04412 01-0459837	Provide healthcare services	ME	501(c)(3)	3	Eastern Maine Healthcare Systems	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	Eastern Maine Medical Center	X	
Acadia Healthcare, Inc. (AHI) 43 Whiting Hill Road Brewer, ME 04412 22-3183888	Provide healthcare services	ME	501(c)(3)	9	Acadia Hospital Corp.	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	Eastern Maine Healthcare Systems	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	Eastern Maine Medical Center	X	
Inland Hospital 200 Kennedy Memorial Drive Waterville, ME 04901 01-0217211	Provide healthcare services	ME	501(c)(3)	3	Eastern Maine Healthcare Systems	X	
Lakewood, A Continuing Care Center 220 Kennedy Memorial Drive Waterville, ME 04901 01-0421234	Provide skilled and long-term nursing care	ME	501(c)(3)	3	Inland Hospital	X	
Sebasticook Valley Health (SVH) 447 North Main Street Pittsfield, ME 04967 01-0263628	Critical care hospital	ME	501(c)(3)	3	Eastern Maine Healthcare Systems	X	

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

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

Part 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
Sebasticook Valley Work Health, LLC 447 North Main Street Pittsfield, ME 04967 45-3359446	Provide patient care	ME	501(c)(3)	3	SVH	X	
Restoration Health, LLC 43 Whiting Hill Road Brewer, ME 04412 35-2449986	Provide mental & behavioral hlth srvcs	ME	501(c)(3)	9	Acadia Healthcare, Inc.	X	
Mercy Hospital 144 State Street Portland, ME 04101 01-0211534	Provide healthcare services	ME	501(c)(3)	3	Eastern Maine Healthcare Systems	X	
Mercy Health System of Maine 144 State Street Portland, ME 04101 01-0484074	Supporting org for healthcare affiliates	ME	501(c)(3)	11 Type III Func Int	Eastern Maine Healthcare Systems	X	
VNA Home Health & Hospice 50 Foden Road South Portland, ME 04106 01-0246804	Provide home health and hospice services	ME	501(c)(3)	9	Eastern Maine Healthcare Systems	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	0.	0.		X	
Affiliated Pharmacy Services 917 Union St., Suite 7 Bangor, ME 04401 01-0587230	Pharmacy	ME	AHS	C	0.	0.		X	
Meridian Mobile Health, LLC 931 Union St., PO Box 940 Bangor, ME 04402-0940 01-0512673	Ambulance	ME	AHS	C	0.	0.		X	
Maine Network for Health PO Box 2813 Bangor, ME 04402-2813 01-0496352	Support srv	ME	EMHS	C	0.	0.		X	
Dirigo Pines Retirement Commun 9 Alumni Drive Orono, ME 04473 01-0537924	Holding Co.	ME	AHS	C	0.	0.		X	
Dirigo Pines Inn, LLC 9 Alumni Drive Orono, ME 04473 02-0547749	Contin Care	ME	Rosscare	C	0.	0.		X	
Dirigo Funding, LLC 9 Alumni Drive Orono, ME 04473 01-0599968	Prov Finance	ME	AHS	C	0.	0.		X	
Dirigo Pines Development Compa 9 Alumni Drive Orono, ME 04473 01-0537924	RetirCottag	ME	AHS	C	0.	0.		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
M Drug, LLC PO Box 1779 Bangor, ME 04402-1779 27-2175482	Pharmacy	ME	AHS	C	0.	0.		X	
Alliance Health Documentation, 9 Central Street, Ste. 205 Bangor, ME 04401 46-2751855	Transcript ion	ME	AHS	C	0.	0.		X	

Part V **Continuation of Transactions With Related Organizations** (Schedule R (Form 990), Part V, line 2)

(A) Name of related organization	(B) Transaction type (a-s)	(C) Amount involved	(D) Method of determining amount involved
Affiliated Materiel Services	p	156,004.	FMV

Form **8868**
(Rev January 2014)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

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

OMB No. 1545-1709

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

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

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

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

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

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

Enter filer's identifying number, see instructions

Type or print	Name of exempt organization or other filer, see instructions. Eastern Maine Healthcare Systems (CADean) Charles A Dean Memorial Hospital (CADean)	Employer identification number (EIN) or 04-3341666
File by the due date for filing your return. See instructions.	Number, street, and room or suite number. If a P.O. box, see instructions. Pritham Avenue P.O. Box 1129	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Greenville, ME 04441-1129	

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

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

- The books are in the care of ► John J. Doyle

Telephone No. ► (207) 973-9081 Fax No. ► (207) 973-7139

- If the organization does not have an office or place of business in the United States, check this box ..... ► [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) 5247. If this is for the whole group, check this box..... ► [ ]. If it is for part of the group, check this box ... ► [X] and attach a list with the names and EINs of all members the extension is for. Charles A Dean Memorial Hospital 04-3341666

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 5/15, 20 15, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
► [ ] calendar year 20 ____ or
► [X] tax year beginning 9/29, 20 13, and ending 9/27, 20 14.

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

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

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

BAA For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Department of Treasury
Internal Revenue Service
Ogden UT 84201

Notice	CP211A
Tax period	September 30, 2014
Notice date	March 23, 2015
Employer ID number	04-3341666
To contact us	Phone 1-877-829-5500 FAX 801-620-5555

122765.542168.407286.18375 1 AT 0.406 370

EASTERN MAINE HEALTHCARE SYSTEMS
CHARLES A DEAN MEMORIAL HOSPITAL
PO BOX 1129
GREENVILLE ME 04441-1129

122765

Important information about your September 30, 2014 Form 990

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

We approved the Form 8868 for your September 30, 2014 Form 990.

Your new due date is May 15, 2015.

What you need to do

File your September 30, 2014 Form 990 by May 15, 2015. We encourage you to use electronic filing—the fastest and easiest way to file.

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

Additional information

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

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

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box ► [X]

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

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

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

Enter filer's identifying number, see instructions

Type or print File by the extended due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions. Eastern Maine Healthcare Systems (CADean) Charles A Dean Memorial Hospital (CADean)	Employer identification number (EIN) or 04-3341666
	Number, street, and room or suite number. If a P.O. box, see instructions. Pritham Avenue P.O. Box 1129	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Greenville, ME 04441-1129	

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

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

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

- The books are in care of ► John J. Doyle
  Telephone No. ► (207) 973-9081 Fax No. ► (207) 973-7139
- If the organization does not have an office or place of business in the United States, check this box ► [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ... 5247 . If this is for the whole group, check this box ... ► [ ] . If it is for part of the group, check this box ► [X] and attach a list with the names and EINs of all members the extension is for. Charles A Dean Memorial Hospital 04-3341666

4 I request an additional 3-month extension of time until 8/15, 20 15.

5 For calendar year ____, or other tax year beginning 9/29, 20 13, and ending 9/27, 20 14.

6 If the tax year entered in line 5 is for less than 12 months, check reason: [ ] Initial return [ ] Final return [ ] Change in accounting period

7 State in detail why you need the extension.. Taxpayer respectfully requests additional time to gather information necessary to file a complete and accurate tax return.

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

Signature and Verification must be completed for Part II only.

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

Signature ► [signature] Title ► Treasurer Date ► 4/29/15

Department of Treasury
Internal Revenue Service
Ogden UT 84201

Notice	CP211A
Tax period	September 30, 2014
Notice date	June 15, 2015
Employer ID number	04-3341666
To contact us	Phone 1-877-829-5500 FAX 801-620-5555

060768.565845.491294.21250 1 AT 0.416 370

EASTERN MAINE HEALTHCARE SYSTEMS
CHARLES A DEAN MEMORIAL HOSPITAL
PO BOX 1129
GREENVILLE ME 04441-1129

060768

Important information about your September 30, 2014 Form 990

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

We approved the Form 8868 for your September 30, 2014 Form 990.

Your new due date is August 15, 2015.

What you need to do

File your September 30, 2014 Form 990 by August 15, 2015. We encourage you to use electronic filing—the fastest and easiest way to file.

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

Additional information

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

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

Eastern Maine Healthcare Systems (CADean)
Charles A. Dean Memorial Hospital (CA Dean)
04-3341666
Form 990, Part IV, line 20b

BerryDunn

EASTERN MAINE HEALTHCARE SYSTEMS

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

September 27, 2014 and September 28, 2013

With Independent Auditor's Report

EASTERN MAINE HEALTHCARE SYSTEMS

Consolidated Financial Statements

September 27, 2014 and September 28, 2013

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BerryDunn

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Eastern Maine Healthcare Systems
Brewer, Maine

We have audited the accompanying consolidated financial statements of Eastern Maine Healthcare Systems, 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 consolidated financial position of Eastern Maine Healthcare Systems as of September 27, 2014 and September 28, 2013, and the consolidated results of its operations, changes in net assets and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Board of Directors
Eastern Maine Healthcare Systems
Brewer, Maine

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary consolidating information, as identified in the table of contents, is presented for purposes of additional analysis rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual entities. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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

EASTERN MAINE HEALTHCARE SYSTEMS

Consolidated Balance Sheets

September 27, 2014 and September 28, 2013

ASSETS

(Dollars in thousands)

	2014	2013
CURRENT ASSETS:		
Cash and cash equivalents	**$ 91,043**	$ 57,903
Short-term investments	**14,783**	14,599
Assets whose use is limited or restricted	**62,028**	46,781
Patient and trade accounts receivable - less allowance for uncollectible accounts of $68,961 in 2014 and $43,295 in 2013	**149,109**	104,108
Estimated third-party payor settlements	**9,120**	10,896
Other receivables	**15,299**	12,047
Inventory	**14,648**	11,289
Prepaid expenses and other current assets	**14,599**	17,636
Total current assets	**370,629**	275,259
PROPERTY AND EQUIPMENT — Net	**545,109**	374,852
NONCURRENT ASSETS WHOSE USE IS LIMITED OR RESTRICTED:		
Internally designated by the Board of Directors:		
Funded depreciation	**191,835**	201,706
Other designated funds	**99,456**	105,519
Self-insurance and other funds held by trustees	**178,999**	206,536
Temporarily donor-restricted	**44,596**	36,530
Permanently donor-restricted	**16,098**	13,066
Beneficial interest in perpetual trusts	**12,288**	10,852
Total noncurrent assets whose use is limited or restricted	**543,272**	574,209
OTHER ASSETS:		
Estimated settlements receivable from the State of Maine	**21,306**	21,604
Deferred financing costs	**3,109**	2,755
Intangibles and other assets	**22,757**	20,922
Total other assets	**47,172**	45,281
TOTAL ASSETS	**$ 1,506,182**	$ 1,269,601

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

LIABILITIES AND NET ASSETS

(Dollars in thousands)

	2014	2013
CURRENT LIABILITIES:		
Accounts payable	**$ 73,813**	$ 51,691
Accrued expenses and other current liabilities	**101,217**	76,041
Estimated third-party payor settlements	**35,833**	30,158
Line-of-credit borrowings	**22,307**	58
Current portion of long-term debt	**13,155**	12,246
Current portion of accrual for self-insurance	**10,837**	10,442
Total current liabilities	**257,162**	180,636
NONCURRENT LIABILITIES:		
Long-term debt — net of current portion	**361,902**	311,308
Accrual for self-insurance and postretirement benefits	**148,686**	137,949
Estimated third-party payor settlements	**21,823**	38,948
Other liabilities	**13,764**	4,557
Total noncurrent liabilities	**546,175**	492,762
Total liabilities	**803,337**	673,398
NET ASSETS:		
Unrestricted	**629,504**	535,276
Temporarily restricted	**44,596**	36,530
Permanently restricted	**28,386**	23,918
Total controlled net assets	**702,486**	595,724
Unrestricted-noncontrolling interest	**359**	479
Total net assets	**702,845**	596,203
TOTAL LIABILITIES AND NET ASSETS	**$ 1,506,182**	$ 1,269,601

EASTERN MAINE HEALTHCARE SYSTEMS

Consolidated Statements of Operations

Years Ended September 27, 2014 and September 28, 2013

(Dollars in thousands)

	2014	2013
REVENUE:		
Patient service revenue (net of contractual allowances and discounts)	**$ 1,312,505**	$ 1,006,662
Less provision for bad debts	**73,822**	46,029
Net patient service revenue	**1,238,683**	960,633
Sales and contract revenue	**23,278**	25,023
Other revenue	**37,099**	38,758
Net assets released from restrictions — operations	**2,825**	2,104
Total revenue	**1,301,885**	1,026,518
EXPENSES:		
Compensation and employee benefits	**785,064**	609,505
Supplies and other	**451,467**	329,213
Depreciation and amortization	**51,128**	42,500
Interest	**8,628**	7,027
Total expenses	**1,296,287**	988,245
INCOME FROM OPERATIONS BEFORE GAINS AND LOSSES	**5,598**	38,273
OTHER GAINS (LOSSES):		
Income tax (expense) benefit	**(547)**	414
Joint venture income	**701**	38
Investment income and other — net	**4,896**	9,615
Contribution received in the acquisition of Mercy, net	**73,076**	-
Total other gains — net	**78,126**	10,067
EXCESS OF REVENUE AND GAINS OVER EXPENSES AND LOSSES BEFORE DISCONTINUED OPERATIONS	**83,724**	48,340
DISCONTINUED OPERATIONS	**-**	15,264
EXCESS OF REVENUE AND GAINS OVER EXPENSES AND LOSSES	**83,724**	63,604
NONCONTROLLING INTEREST	**277**	(23)
EXCESS OF REVENUE AND GAINS OVER EXPENSES AND LOSSES - CONTROLLING INTEREST	**84,001**	63,581
OTHER CHANGES IN UNRESTRICTED NET ASSETS:		
Net assets released from restrictions — capital acquisitions	**1,784**	4,394
Change in net unrealized gains (losses) on investments	**9,499**	(5,480)
Contribution of long-lived assets, net	**36**	-
Pension and postretirement plan-related adjustments	**(1,092)**	16,711
INCREASE IN UNRESTRICTED NET ASSETS	**$ 94,228**	$ 79,206

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

EASTERN MAINE HEALTHCARE SYSTEMS

Consolidated Statements of Changes in Net Assets

Years Ended September 27, 2014 and September 28, 2013

(Dollars in thousands)

	Controlled Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Controlled Net Assets	Total Noncontrolling Interest
NET ASSETS — September 29, 2012	$ 456,070	$ 32,599	$ 23,026	$ 511,695	$ 134
Excess of revenue and gains over expenses and losses	63,604	-	-	63,604	-
Noncontrolling interest	(23)	-	-	(23)	23
Noncontrolling paid-in capital	-	-	-	-	322
Restricted contributions	-	6,756	164	6,920	-
Net assets released from restrictions:					
Capital acquisitions	4,394	(4,394)	-	-	-
Operations	-	(2,104)	-	(2,104)	-
Restricted investment income and realized net gains	-	5,622	-	5,622	-
Change in net unrealized gains on investments	(5,480)	(1,888)	667	(6,701)	-
Net transfers		(61)	61	-	-
Pension and postretirement plan-related adjustments	16,711	-	-	16,711	-
Increase in net assets	79,206	3,931	892	84,029	345
NET ASSETS — September 28, 2013	535,276	36,530	23,918	595,724	479
Excess of revenue and gains over expenses and losses	**83,724**	**-**	**-**	**83,724**	**-**
Noncontrolling interest	**277**	**-**	**-**	**277**	**(277)**
Noncontrolling paid-in capital	**-**	**-**	**-**	**-**	**157**
Contribution received in the acquisition of Mercy	**-**	**1,696**	**1,846**	**3,542**	**-**
Restricted contributions	**-**	**8,728**	**1,862**	**10,590**	**-**
Net assets released from restrictions:					
Capital acquisitions	**1,784**	**(1,784)**	**-**	**-**	**-**
Operations	**-**	**(2,825)**	**-**	**(2,825)**	**-**
Restricted investment income and realized net gains	**-**	**181**	**-**	**181**	**-**
Change in net unrealized gains on investments	**9,499**	**2,083**	**747**	**12,329**	**-**
Other	**36**	**(13)**	**13**	**36**	**-**
Pension and postretirement plan-related adjustments	**(1,092)**	**-**	**-**	**(1,092)**	**-**
Increase (decrease) in net assets	**94,228**	**8,066**	**4,468**	**106,762**	**(120)**
NET ASSETS — September 27, 2014	**$ 629,504**	**$ 44,596**	**$ 28,386**	**$ 702,486**	**$ 359**

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

EASTERN MAINE HEALTHCARE SYSTEMS

Consolidated Statements of Cash Flows

Years Ended September 27, 2014 and September 28, 2013

(Dollars in thousands)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	**$ 106,642**	$ 84,374
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	**51,128**	42,500
Provision for bad debts	**73,433**	44,944
Loss on extinguishment of debt	**-**	48
(Gain) loss on sale of property and equipment	**(98)**	1,179
Loss on sale of joint venture	**242**	-
Net realized and unrealized gains on investments	**(13,636)**	(10,871)
Equity in earnings of joint ventures	**(701)**	(38)
Adjustment to fair value of equity in net assets of acquired affiliates	**(76,619)**	114
Pension and postretirement plan-related adjustments	**1,092**	(16,711)
Restricted contributions	**(10,590)**	(6,920)
Contribution of long-lived assets	**(36)**	-
Changes in operating assets and liabilities:		
Patient and trade accounts receivable	**(88,156)**	(61,952)
Other current assets	**6,665**	(997)
Other assets	**686**	(1,865)
Estimated third-party payor settlements	**(11,096)**	74,753
Accounts payable, accrued expenses, and other liabilities	**11,433**	11,392
Accrual for self-insurance and postretirement benefits	**840**	8,727
Net cash provided by operating activities	**51,229**	168,677
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	**(97,113)**	(81,166)
Proceeds from sales of property and equipment	**338**	2,294
Proceeds from distributions of equity of joint ventures	**1,821**	535
Proceeds from sale of joint venture	**66**	-
Cash received in the acquisition of Mercy	**9,314**	-
Investment in joint ventures	**(471)**	(1,005)
Purchases of investments	**(95,632)**	(213,915)
Proceeds from sales of investments	**84,018**	125,610
Net changes in money market investments	**72,155**	(170,993)
Net cash used by investing activities	**(25,504)**	(338,640)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	**69,958**	163,271
Repayment of long-term debt	**(87,017)**	(11,907)
Proceeds from lines-of-credit	**97,597**	11,101
Repayment of lines-of-credit	**(80,407)**	(17,610)
Payment of bond issuance costs	**(463)**	(1,814)
Restricted contributions and investment income	**10,771**	12,542
Increase in pledges receivable restricted for long-term purposes	**(3,024)**	(702)
Net cash provided by financing activities	**7,415**	154,881
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**33,140**	(15,082)
CASH AND CASH EQUIVALENTS — Beginning of year	**57,903**	72,985
CASH AND CASH EQUIVALENTS — End of year	**$ 91,043**	$ 57,903

Cash paid for interest approximated $14,564 and $10,445 for the years ended September 27, 2014 and September 28, 2013, respectively.

NONCASH TRANSACTIONS:

The System entered into capital leases in the amount of approximately $127 and $472 during the years ended September 27, 2014 and September 28, 2013, respectively, related to the acquisitions of equipment.

The System refinanced $2,643 of tax-exempt bonds during the year ended September 28, 2013.

See Note 7 for disclosure of purchases of property and equipment included in accounts payable.

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

1. Organization and Business

Eastern Maine Healthcare Systems (EMHS) is the parent company in an integrated health care delivery system (the System). EMHS controls its subsidiaries by means of stock ownership, corporate membership or membership interests. The System provides a broad range of health care and related services in Northern, Eastern and Southern Maine through subsidiary and affiliated entities.

The primary function of EMHS is to provide overall coordination and direction for the activities of the following corporations. Each affiliated organization is a tax-exempt charitable organization, unless otherwise noted.

Acadia Hospital, Corp. (Acadia) — Acadia operates a 100-bed acute care, psychiatric hospital located in Bangor, Maine. Acadia is the sole corporate member of Acadia Healthcare, Inc. (AHI). AHI provides an alcohol and drug treatment program, case management, and other mental health community services. Restorative Health, LLC, is a wholly-owned subsidiary of AHI that provides outpatient mental health services.

Affiliated Healthcare Systems (AHS) — AHS, a taxable holding company, is a wholly-owned subsidiary of EMHS. AHS has several subsidiaries and is a member in several joint venture limited liability companies.

The following are subsidiaries of AHS:

Affiliated Laboratory, Inc. (ALI) — ALI provides medical laboratory services to various System companies, physicians, and other health care providers throughout Northern New England. ALI operates medical laboratories in Bangor and Portland, Maine.

Affiliated Materiel Services (AMS) — AMS is a distributor of medical and other supplies to various System companies, and other health care organizations. AMS also provides consulting services in materiel management.

Affiliated Healthcare Management (AHM) — AHM provides various services to businesses throughout Northern New England. These services include workforce training, employee assistance programs, web design solutions, and other services to hospitals and other health care organizations, including System companies.

Alliance Health Documentation, LLC (AHD) — AHD began operations July 2013 and provides transcription services in which AHS is 51% owner.

Dirigo Pines Retirement Community, LLC (DPRC) — The purpose of DPRC is to construct a cooperative retirement housing community in Orono, Maine.

M Drug, LLC (M Drug) – Doing business as Miller Drug, M Drug operates four retail pharmacies in Bangor and Brewer, Maine.

Meridian Mobile Health, LLC (Meridian) — Meridian is a limited liability company providing ground medical transportation services.

Beacon Health, LLC (Beacon) — Beacon contracts with payors to provide population health management service and care coordination. EMHS owns a 91% membership interest in Beacon.

Blue Hill Memorial Hospital (BHMH) — BHMH operates a 25-bed, critical access hospital located in Blue Hill, Maine.

Charles A. Dean Memorial Hospital (C.A. Dean) — C.A. Dean operates a 25-bed critical access hospital and skilled care facility in Greenville, Maine and has family and specialty practices in Greenville, Monson, and Sangerville.

Eastern Maine HomeCare (EMHC) — EMHC provides home health, hospice, telehealth, and community health services to residents in Central, Northern, and Eastern Maine.

Eastern Maine Medical Center (EMMC) — EMMC operates a regional 411-bed acute care medical center located in Bangor, Maine, which provides a variety of inpatient and ambulatory health care services. EMMC is the sole corporate member of the following subsidiaries:

Eastern Maine Medical Center Auxiliary (EMMCA) — EMMCA raises funds to benefit EMMC.

Norumbega Medical Specialists, Ltd. (Norumbega) — Norumbega operates a physician practice in Orono, Maine.

EMHS Foundation (The Foundation) — The Foundation holds and manages unrestricted and donor-restricted funds for the benefit of various System companies and other exempt organizations in Maine. The amount of assets held for the benefit of unrelated organizations is not material.

Inland Hospital (Inland) — Inland operates a 48-bed hospital located in Waterville, Maine. Inland is the sole member of Lakewood Continuing Care Center (Lakewood). Lakewood operates a 105-bed long-term care facility.

Maine Institute for Human Genetics and Health (MIHGH) — MIHGH operated as a medical research laboratory focusing on the chronic diseases that are prevalent in Maine with special emphasis on cancer. As of March 2014, MIHGH ceased research activities and was dissolved.

Maine Network for Health (MNH) — MNH is a provider-owned service organization that offers administrative, clinical, and quality support services to physician practices and hospitals. Several System hospitals collectively own the majority of MNH and, accordingly, MNH has been included in the System's consolidated financial statements. MNH is a taxable corporation.

Mercy Health System of Maine (MHSM or Mercy) — On October 4, 2013, EMHS became the sole corporate member of MHSM which consists of Mercy Hospital and VNA Home Health and Hospice (VNA). Mercy operates a 230-bed acute care hospital with two campuses located in Portland, Maine. The Hospital provides inpatient and outpatient medical, surgical, and obstetrical/gynecological care as well as treatment for alcoholism and drug addiction. VNA is a provider of home health and hospice services to clients in Cumberland and York counties. EMHS believes it will benefit from MHSM's extensive work on the development of an ambulatory network and VNA's extensive home-based care systems, which are considered central to improving the health of the communities.

The transaction was accounted for as an acquisition in accordance with Accounting Standards Update No. 2010-07, Not-for-Profit: Mergers and Acquisitions, which requires the assets and liabilities of MHSM to be accounted for at fair value as of the date of the acquisition. The fair value of the net assets at the date of acquisition were recognized as a contribution received in the acquisition of Mercy as part of other gains, temporarily restricted net assets, and permanently restricted net assets based on the donor restrictions, if any, on such net assets. There was no consideration transferred in connection with the transaction.

As of October 1, 2013, the effective date of the transaction, the fair value of each major class of assets and liabilities was as follows (dollars in thousands):

Assets	
Current assets	$ 57,845
Property and equipment	116,513
Intangible assets	3,237
Other assets	28,966
Total assets	206,561
Liabilities	
Current liabilities	42,724
Contingent consideration	1,000
Long-term liabilities	86,219
Contribution	$ 76,618

The contribution received was recorded as follows:

Unrestricted: Contribution received in the acquisition of Mercy	$ 73,076
Temporarily restricted net assets	1,696
Permanently restricted net assets	1,846
Total	$ 76,618

The contribution received was recorded net of $5,136 of transition service agreement fees to be paid to Catholic Health East (CHE), the previous parent company of MHSM. The fair value of property and equipment is based on the cost approach and market (comparable sales) approach. Intangible assets consist of the Medicare license and a Certificate of Need application, both of which are based on replacement cost. The contingent consideration relates to the maximum indemnification MHSM must provide to CHE because the outcomes cannot be reasonably estimated under the terms of the affiliation agreement.

The consolidated statement of operations for fiscal year 2014 includes the results of Mercy for the entire year.

The following supplemental pro forma information is for the year ended September 28, 2013.

(dollars in thousands)	EMHS (as previously reported)	MHSM	Pro Forma 2013
Revenue	$ 1,027,000	$222,000	$ 1,249,000
Excess of revenue and gains over expenses and losses	63,581	(8,953)	54,628
Increase in unrestricted net assets	79,206	(6,449)	72,757
Increase in temporarily restricted net assets	3,931	(991)	2,940
Increase in permanently restricted net assets	892	719	1,611

Rosscare — Rosscare provides or supports a continuum of nonacute health care services, including a personal emergency response program, a telephone reassurance program, geriatric nurse consultation and education, and a continuing care information center. Rosscare is the sole shareholder of Rosscare Nursing Homes, Inc. (RNHI) and is the sole member of Dirigo Pines Inn, LLC (DPI):

RNHI — RNHI is a 50% partner in six separate partnerships, each of which owns and operates a nursing home. On a combined basis, the nursing homes offer 384 long-term care beds, 14 independent living units, 40 assisted living units, 26 specialized care beds, and a 48-bed Alzheimer unit to the residents of Central Maine.

DPI — DPI is a limited liability company formed for the construction and operation of an apartment-style retirement community in Orono, Maine. DPI offers 23 specialized care beds, a 27-bed Alzheimer unit, 56 independent living units, and 17 assisted living units.

Sebasticook Valley Health (SVH) — SVH operates a 25-bed critical access hospital located in Pittsfield, Maine.

The Aroostook Medical Center (TAMC) and Subsidiaries — TAMC operates a community hospital with 89 beds and a nursing home with 72 beds. TAMC has the following subsidiaries:

TAMC Title Corporation — TAMC Title Corporation is a real estate holding company that owns buildings that are leased to various health care-related organizations.

TAMC Endowments — TAMC Endowments is responsible for raising, holding, and managing contributions received from donors for the benefit of TAMC and its subsidiaries.

2. Summary of Significant Accounting Policies

Reporting Entity

The accompanying consolidated financial statements include the accounts of EMHS and its controlled affiliates. The consolidated financial statements include 100% of the assets and liabilities of majority-owned subsidiaries. Significant intercompany accounts and transactions among the affiliated organizations have been eliminated in preparing the consolidated financial statements. The assets of any member of the consolidated group may not be available to meet the obligations of other members in the group, except as disclosed in Note 9.

Fiscal Year

The fiscal year for the majority of the System organizations ends on the last Saturday in September.

Basis of Presentation

The accompanying consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Health Care Organizations,* and other pronouncements applicable to health care organizations.

For purposes of display, transactions deemed by management to be ongoing and central to the provision of health care services are reported as revenue and expenses. Peripheral or incidental transactions are reported as other gains and losses.

Use of Estimates

The preparation of consolidated financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Significant management estimates include net patient service revenue and related patient accounts receivable, the valuation of investments and acquisitions, the determination of impairment of long-lived assets, self-insurance reserves, accrued retirement benefits, estimated third-party payor settlements and gains or losses from risk based contracts.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less at the date of purchase, excluding amounts classified as assets whose use is limited or restricted.

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

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Realized gains or losses on the sale of investments are determined by use of average cost. Unrealized gains and losses on investments are excluded from excess of revenue and gains over expenses and losses and reported as an increase or decrease in net assets, except that declines in fair value that are judged to be other than temporary are reported as realized losses. The System periodically reviews its investments to identify those individual investments for which fair value is below cost. The System then makes a determination as to whether the investment should be considered other than temporarily impaired. There were no significant impairments at September 27, 2014 or September 28, 2013.

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.

Several System organizations own interests in joint venture entities. Ownership interests between 20% and 50% in a joint venture are accounted for by using the equity method of accounting. Using the equity method, the investment is increased by the System organization's share of the entity's income and additional investments. The investment is decreased by the System organization's share of the entity's losses and distributions.

Derivative Instruments

The System recognizes derivative instruments as either assets or liabilities and measures those instruments at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. For a derivative instrument designated as a fair value hedge, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributed to the risk being hedged. For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as an unrealized gain or loss on investments and subsequently reclassified into earnings when the hedged exposure affects earnings. The ineffective portion of the gain or loss is reported in earnings immediately. For derivative instruments that are not designated as accounting hedges, changes in fair value are recognized in earnings in the period of change. The System records derivative instruments in the statements of cash flows to operating, investing, or financing activities consistent with the cash flows of the hedged item.

Inventory

System organizations record inventory at the lower of cost or market using the first-in, first-out, or average cost methods.

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include Board of Directors (the "Board") designated assets, assets held in trust under debt agreements, self-insurance trust arrangements, and assets that are donor-restricted. Permanently restricted trusts held by unrelated entities for the benefit of various System organizations are reported as beneficial interest in perpetual trusts. Board-designated assets may be used at the Board's discretion.

Property and Equipment

Property and equipment are recorded at cost or, in the case of gifts, at fair market value at the date of the gift, less accumulated depreciation. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the related assets. Buildings and equipment under capital lease obligations are amortized using the straight-line method over the shorter period of the lease term or estimated useful life of the building or equipment. Such amortization is included in depreciation and amortization in the consolidated statements of operations.

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 revenue 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.

Impairment of Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

Asset Retirement Obligations

The System recognizes the liability for conditional asset retirement obligations when the System has a legal obligation to perform asset retirement activities. The fair value of the liability for the legal obligation associated with an asset retirement is recorded in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement is capitalized.

Substantially all of the asset retirement obligations recorded relate to estimated costs to remove asbestos that is contained within the System's facilities. The adjustments to the carrying amount of the asset retirement obligation were approximately $1,843,000 and $62,000 in 2014 and 2013, respectively, and were primarily attributable to revised estimates, accretion expense and removal of asbestos.

Costs of Borrowing

Interest costs incurred on borrowed funds during the period of construction of capital assets, net of investment income on borrowed assets held by trustees, are capitalized as a component of the cost of acquiring those assets. The amount of interest that was capitalized totaled approximately $6,252,000 and $4,796,000 in 2014 and 2013, respectively. Deferred financing costs and original issue premiums and discounts are amortized over the period the related obligation is outstanding on an effective interest rate method.

Temporarily and Permanently Restricted Net Assets

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

Interpretation of Relevant Law

The System has interpreted state law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Board and expended. As a result of this interpretation, the System classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present, and (b) the original value of the subsequent gifts to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present. The remaining portion of the donor-restricted endowment fund composed of accumulated gains not required to be maintained in perpetuity is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the donor's stipulations.

The System administers a formal spending policy consistent with state law to appropriate the net appreciation of permanently restricted net assets as is deemed prudent by the Board considering the System's long-term and short-term needs, price-level trends, and general economic conditions. Under this policy, the System maintains an annual spending level generally in the range of 3%-6%, with a target of 5%, of each endowment fund's moving five-year average market value. Endowment assets are invested in a manner to generate returns at least equal to and preferably greater than the consumer price index, plus 5%. To satisfy its long-term rate-of-return objectives, the System targets a diversified asset allocation that places a greater emphasis on equity-based investments within prudent risk constraints. Realized and unrealized gains on permanently restricted net assets, which are not specifically restricted by donors, are reported in a temporarily restricted net asset classification until appropriated by the Board and expended.

Revenue Recognition

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. Under the terms of various agreements, regulations, and statutes, certain elements of third-party reimbursement to System organizations are subject to negotiation, audit, and/or final determination by the third-party payors. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Variances between preliminary estimates of net patient service revenue and final third-party settlements are included in net patient service revenue in the year in which the settlement or change in estimate occurs. In 2014 and 2013, changes in prior-year estimates increased net patient service revenue by $19,746,000 and $31,974,000, respectively.

Gifts

Unconditional promises to give cash and other assets to System organizations are reported at fair value at the date the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. 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 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.

Excess of Revenue and Gains Over Expenses and Losses

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

Other Revenue

Unrestricted investment income on operating assets is included in other revenue in the year earned. Grant revenue, meaningful use incentives (see below), cafeteria sales, and gift shop revenue are also included as other revenue.

Meaningful Use Revenues

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The criteria for meaningful use will be staged in three steps from fiscal year 2012 through 2016. During 2014 and 2013, the System attested to Stage 1 and Stage 2 meaningful use certification from the Centers of Medicare and Medicaid Services (CMS) and recorded meaningful use revenues of $5,114,000 and $3,890,000, respectively, in the consolidated statements of operations. The meaningful use attestation is subject to audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by the System.

The Medicaid program provides 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, the System recorded meaningful use revenues of $4,660,000 and $4,330,000, respectively, after attesting to Stage 1 and Stage 2 meaningful use.

The System 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.

Income Taxes

EMHS, its hospitals, and certain other affiliates have been determined by the Internal Revenue Service to be tax-exempt charitable organizations as described in Section 501(c)(3) or 501(c)(2) of the Internal Revenue Code (the Code) and, accordingly, are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for federal income taxes has been recorded in the accompanying consolidated financial statements for these organizations.

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

Certain of the System's affiliates are taxable entities. Deferred taxes related to these entities are based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the years the differences are expected to reverse. The deferred tax assets and liabilities for these entities are not material.

Accrual for Self-Insurance Liabilities

The liabilities for outstanding losses and loss-related expenses include estimates for malpractice losses incurred but not reported, as well as losses pending settlement. Insurance recoveries are included in other assets and are not netted against the liability. Such liabilities are necessarily based on estimates, and while management believes that the amounts provided are adequate, the ultimate liability may be in excess of or less than the amounts provided. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The methods for making such estimates and the resulting liability are actuarially reviewed on an annual basis and any adjustments are reflected in operations currently.

The System also estimates and records a liability for claims incurred but not reported for employee health and dental benefits provided through self-insured plans. The liability is estimated based on prior claims experience and the expected time period from the date such claims are incurred to the date the related claims are submitted and paid.

Accounting for Defined Benefit Pension and Other Postretirement Plans

The System recognizes the overfunded or underfunded status of its defined benefit and postretirement plans as an asset or liability in its consolidated balance sheets. Certain changes in the funded status of the plans are reported as a change in unrestricted net assets presented below the excess of revenue and gains over expenses and losses in the consolidated statements of operations and changes in net assets in the year in which the changes occur.

Discontinued Operations

On November 1, 2012, EMMC transferred ownership of its outpatient dialysis services to an independent third-party provider. EMMC received $16,342,000 in net proceeds and recorded a $15,116,000 gain on sale in fiscal year 2013.

All outpatient dialysis services were treated as discontinued operations for fiscal year 2013. Net patient service revenue of $978,680 is reported net of related expenses for the fiscal year ended 2013.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The standard is designed to replace all existing guidance on revenue recognition, including industry-specific rules with an overarching, principles-based general standard. The core principle is to recognize revenue in an amount that reflects the consideration the entity expects to receive in exchange for services provided. The ASU will be effective for the System in its fiscal year ending in 2018. The System has not determined the impact of the ASU on its financial statements.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation.

Subsequent Events

For purposes of the preparation of these financial statements, the System has considered transactions or events occurring through December 19, 2014, which was the date that the financial statements were issued.

3. Net Patient Service Revenue

Net patient service revenue for the years ended September 27, 2014 and September 28, 2013 consisted of the following (dollars in thousands):

	2014	2013
Full charges for services to patients:		
Daily patient services	$ 330,006	$ 271,620
Ancillary services	735,778	589,470
Outpatient services	1,475,312	988,030
Gross patient service revenue	2,541,096	1,849,120
Less contractual allowances	(1,162,071)	(787,117)
Less charity care	(66,520)	(55,341)
	(1,228,591)	(842,458)
Patient service revenue (net of contractual allowances and discounts)	1,312,505	1,006,662
Less provision for bad debts	(73,822)	(46,029)
Net patient service revenue	$ 1,238,683	$ 960,633

The allowance for doubtful accounts related to patient service revenue was $68,816,000 and $42,791,000 at September 27, 2014 and September 28, 2013, respectively, and relates primarily to self-pay accounts. Gross self-pay accounts receivable were $75,374,000 and $44,970,000 at September 27, 2014 and September 28, 2013, respectively. During the years ended September 27, 2014 and September 28, 2013, self-pay write-offs were $69,646,000 and $51,073,000, respectively. The increase in write-offs relates directly to the increase in revenue from self-pay patients.

Revenue related to self-pay patients was $176,350,000 and $135,831,000 for the years ended September 27, 2014 and September 28, 2013, respectively.

4. Charity Care and Community Service

When patients meet certain criteria under the System's charity care policies, System organizations provide them with care without charge or at amounts less than established rates. System organizations do not pursue collection of amounts determined to qualify as charity care and, accordingly, these amounts are not included in net patient service revenue. The System estimates the costs associated with providing charity care by calculating a ratio of total cost to total gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. The estimated cost of caring for charity care patients was $30,727,517 and $26,166,442 for the years ended September 27, 2014 and September 28, 2013, respectively. Funds received from gifts and grants to subsidize charity services provided were $538,598 and $430,486 for the years ended September 27, 2014 and September 28, 2013, respectively.

In furtherance of their charitable purposes, System organizations provide many services and programs at reduced or no cost to the public, schools, and civic groups. Some of these services include health screenings, clinics, coordination of blood drives, educational materials and presentations, radio and television information programs on health topics, hosting support groups and programs, and offering a speakers bureau of professionals to discuss health issues.

5. Third-Party Reimbursement

The System's affiliates have agreements with third-party payors that provide for payments to the respective organizations at amounts different from their established rates. A summary of the payment arrangements with major third-party payors is as follows:

Medicare

Net revenue from the Medicare program accounted for approximately 32% of the System's net patient service revenue for both 2014 and 2013. The acute care hospitals are subject to the federal Prospective Payment System (PPS) for Medicare inpatient hospital services, inpatient skilled nursing facilities services, inpatient rehabilitation services, and for certain outpatient services. Under these prospective payment methodologies, Medicare pays a prospectively determined per discharge, per day, or per visit rate for non-physician services. These rates vary according to the applicable Diagnosis Related Group (DRG), Case-Mix Group, or Resource Utilization Group. Capital costs related to Medicare inpatient PPS services are paid based upon a standardized amount per discharge weighted by DRG. TAMC is designated as a Medicare-dependent hospital for reimbursement purposes. Accordingly, TAMC receives an additional payment amount, which is a portion of the difference between the federal operating rate and a hospital-specific rate. Inland was selected to participate in a Medicare Rural Community Hospital Demonstration Project and is therefore no longer subject to PPS payments for inpatient hospital services and associated capital costs for the duration of this five-year program. During the first fiscal year of the program which began September 25, 2011, Medicare paid for the full reasonable costs incurred for inpatient services provided. The payment for subsequent years is the lesser of reasonable costs or a target amount determined by increasing the first year program costs by the inpatient prospective payment factor update for each succeeding year. For most outpatient services, Medicare makes payment

based upon the Ambulatory Payment Classification (APC) of each patient. Certain other outpatient services are reimbursed according to fee screens. The hospitals are reimbursed for cost-reimbursable items at an interim tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare audit contractor. Outpatient services provided at the System's rural health centers are reimbursed on the basis of reasonable costs per visit.

As a specialty psychiatric hospital facility, Acadia is reimbursed for Medicare inpatient services on a PPS basis. The prospective payment methodology for psychiatric facilities is based on a per diem rate. This rate will be adjusted upwards to reflect higher costs on the earlier days of the stay and downwards towards the end of the stay. The per diem will vary based on diagnosis, comorbidity condition, age, wage index, rural setting, the presence of a full-service emergency room, and the extent of teaching activity in the facility.

BHMH, C.A. Dean, and SVH have been granted Critical Access Hospital (CAH) status, which continues as long as certain utilization criteria are met. Each CAH is reimbursed 101% of allowable costs for its inpatient and substantially all of its outpatient services provided to Medicare patients.

The System began participating in the CMS Pioneer Accountable Care Organization (ACO) on January 1, 2012. System hospitals participating include EMMC, BHMH, CA Dean, Inland, Mercy, SVH and TAMC. Additional organizations participated in the ACO through contractual arrangements or through ownerships in Beacon Health, LLC. Through this agreement, the System provides care coordination and health care management to Medicare enrollees identified as patients of the ACO participants. Under the program, the System is eligible to share in the resulting savings in year one, and in shared savings and losses in subsequent years, based on calendar year final settlements. In 2014, the System recorded losses of $1,100,000 related to plan year 2013 (final) and $3,200,000 of shared losses for the plan year 2014 (preliminary). In 2013, the System recorded shared savings revenue of $2,026,025 for plan year 2012 (final) and shared losses of $1,800,000 for plan year 2013 (preliminary). The initial term of the agreement is through December 31, 2014 and has been extended for an additional one-year term. The System is required to meet certain performance and quality measures to maintain eligibility.

MaineCare

Net revenue from the MaineCare program accounted for approximately 15% and 19% of the System's net patient service revenue for 2014 and 2013, respectively. MaineCare reimbursement is based upon prospectively determined rates that vary according to the applicable DRG. Capital and physician service costs related to MaineCare inpatient services are paid based on a percentage of allowable costs. For most outpatient services, MaineCare makes payment based upon APC of the patient. Outpatient physician services are paid on a percentage of allowable costs and certain other outpatient services are reimbursed according to fee screens. Acute hospitals receive interim payments for capital costs and physician services at a tentative rate with final settlement determined after completion of annual cost reports by the State. Nursing facilities are reimbursed partially on a prospectively determined per diem rate for direct and routine services together with a fixed cost component that is subject to final settlement determined after completion of an annual cost report by the State.

BHMH, C. A. Dean, and SVH are also recognized as CAHs by the MaineCare program and, as such, are reimbursed on a percentage of allowable costs for inpatient and outpatient services provided to MaineCare patients.

Acadia is reimbursed for MaineCare inpatient services based on a negotiated rate related to established charges. Outpatient services are reimbursed based on a percentage of cost.

The System's hospitals have not received final settlement on cost reports filed under the MaineCare program since 2004. For the open cost report years from 2005 to 2014, the System has established reserves against changes in the total obligation arising from final settlement of the cost reports. At September 27, 2014 and September 28, 2013, the System had $14,575,000 and $33,869,000, respectively, of MaineCare reserves included in non-current estimated third party-payor settlements. Estimated settlements receivable are also classified as current or non-current based on expected timing of final settlement.

The State assesses a health care provider tax on the revenues of hospitals. The amount of tax assessed to System organizations was approximately $25,443,000 and $20,518,000 in 2014 and 2013, respectively. This amount has been reported as supplies and other expenses in the accompanying consolidated statements of operations.

Other Payor Arrangements

The System's affiliates have entered into other payment agreements with commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge and per day, discounts from established charges, fee screens, and capitation fees earned on a per member, per month basis.

The System entered into a population health management contract with a large employer. The contract provides shared gains and losses based on performance against cost benchmarks with adjustments for quality goals. The performance period is from March 2014 through February 2015. The contract covers approximately 5,500 lives and includes a provider network that includes System members and strategic contractors. Preliminary results are inconclusive and accordingly, the System has recorded no gains or losses as of September 27, 2014. Shared gains are limited to 10% of the cost target and shared losses are limited to 10% of the cost target and not to exceed $2,500,000.

Subsequent to year-end, the System entered into a one-year population health agreement with Anthem Blue Cross Blue Shield of Maine. The performance period begins January 1, 2015 and includes shared savings and losses based on performance against cost benchmarks with adjustments for quality goals. The contract covers approximately 36,000 lives and includes a provider network that includes System members and strategic contractors. Shared gains and losses are subject to a 10% cap.

6. Investments and Assets Whose Use is Limited or Restricted

At September 27, 2014 and September 28, 2013, investments and assets whose use is limited or restricted consisted of the following (dollars in thousands):

	2014	2013
Short-term investments:		
Temporary cash investments	$ 34	$ 32
Mutual funds, institutional funds and common/collective trusts	14,362	14,183
Fixed-income securities	387	384
Total short-term investments	$ 14,783	$ 14,599
Assets whose use is limited or restricted — current:		
Temporary cash investments	$ 46,210	$ 32,537
Mutual funds, institutional funds and common/collective trusts	141	119
Fixed-income securities	15,677	14,125
Total assets whose use is limited or restricted — current	$ 62,028	$ 46,781
Assets whose use is limited or restricted — noncurrent:		
Temporary cash investments	$ 73,116	$ 82,766
Marketable equity securities	9,208	7,946
Other equity investments	4,659	4,792
Mutual funds, institutional funds and common/collective trusts	236,835	218,710
Guarantee investment contracts	29,969	66,633
Fixed-income securities	168,482	176,737
Pledges and other receivables	8,715	5,773
Beneficial interest in perpetual trusts	12,288	10,852
Total assets whose use is limited or restricted — noncurrent	$ 543,272	$ 574,209

Assets of self-insured programs for employee health benefits, certain assets held in trust under bond indentures, and portions of charitable gift annuities are classified as current assets.

For the years ended September 27, 2014 and September 28, 2013, investment income consisted of the following (dollars in thousands):

	2014	2013
Interest and dividend income	**$ 4,865**	$ 4,640
Realized gains and losses on sale of securities — net	**1,307**	17,572
Change in net unrealized gains (losses) on investments	**12,329**	(6,701)
Total	**$ 18,501**	$ 15,511

For the years ended September 27, 2014 and September 28, 2013, investment income was reported as follows (dollars in thousands):

	2014	2013
Consolidated statements of operations:		
Other revenue	**$ 1,745**	$ 7,101
Investment income and other — net	**4,246**	9,489
Change in net unrealized gains (losses) on investments	**9,499**	(5,480)
Consolidated statements of changes in net assets:		
Temporarily restricted net assets — restricted investment income and realized and unrealized investment gains	**2,264**	3,734
Permanently restricted net assets — unrealized investment gains	**747**	667
Total	**$ 18,501**	$ 15,511

Derivative Financial Instruments

AHS and EMHS are parties in several fixed-payor swap contracts related to underlying, variable rate debt obligations (which are disclosed in Note 9). The purpose of these contracts is to protect AHS and EMHS against rising interest rates related to the variable rate debt. These contracts qualify for hedge accounting as a cash flow hedge. The combined increase in the fair value of the contracts amounted to $531,000 during 2014 and increase amounted to $1,267,000 during 2013, and is included in change in net unrealized gains (losses) on investments in the accompanying consolidated statements of operations. The net settlement related to the contracts is included in interest expense. AHS and EMHS expect to hold the swap contracts until their respective maturities, at which point unrealized gains or losses will be zero. The fair value of the interest rate swaps was a liability of $1,881,000 and $2,412,000 at September 27, 2014 and September 28, 2013, respectively, and is included in other liabilities in the accompanying consolidated balance sheets. The interest swap contract disclosures are summarized as follows (dollars in thousands):

	Fixed Rate Paid	Variable Rate Received	Notional Amount	Fair Value Liability as of September 27, 2014	Fair Value Liability as of September 28, 2013	Termination Date	Counterparty
AHS	7.10%	1.65%	$ 3,063	**$ 577**	$ 683	September 2021	TD Bank
AHS	7.09%	1.65%	1,785	**309**	378	November 2020	TD Bank
EMHS	5.57%	1.50%	9,909	**995**	1,318	November 2018	TD Bank
EMHS	4.95%	1.53%	5,818	**-**	33	November 2013	TD Bank
Total unrealized loss				**$ 1,881**	$ 2,412		

Pledges Receivable

Pledges receivable includes the net present value of future unconditional promises to give from donors. At September 27, 2014 and September 28, 2013, the future amounts receivable for unconditional promises to give are as follows (dollars in thousands):

	2014	2013
Due within one year	**$ 5,216**	$ 2,528
Due within two to five years	**3,970**	3,598
Thereafter	**28**	172
Total receivable	**9,214**	6,298
Less allowance for uncollectible pledges and discounts	**(830)**	(938)
Total net receivable	**$ 8,384**	$ 5,360

Annuity Agreements

The System has entered into various charitable gift annuity agreements with donors with the assets held in trust and administered by the System. These assets are included in assets whose use is limited or restricted in the accompanying consolidated balance sheets and totaled approximately $1,570,000 and $1,519,000 at September 27, 2014 and September 28, 2013, respectively. A contribution is recognized at the date the agreement is established. Liabilities associated with the agreements are recorded at the present value of estimated future payments to be made to the donors. The liabilities are included in noncurrent liabilities and accrued expenses in the accompanying consolidated balance sheets and totaled approximately $182,000 and $282,000 at September 27, 2014 and September 28, 2013, respectively.

7. Property and Equipment

At September 27, 2014 and September 28, 2013, property and equipment consisted of the following (dollars in thousands):

	2014	2013
Land	**$ 20,994**	$ 9,275
Buildings and land improvements	**434,316**	342,264
Equipment, furniture, and fixtures	**521,502**	461,511
Leasehold improvements	**20,601**	18,367
	997,413	831,417
Less accumulated depreciation and amortization	**(550,185)**	(504,578)
	447,228	326,839
Construction in progress	**97,881**	48,013
Net property and equipment	**$ 545,109**	$ 374,852

EMHS and its affiliates have commitments for facility expansions totaling approximately $117,876,000 and $157,556,000 at September 27, 2014 and September 28, 2013, respectively.

Construction in progress relates primarily to the construction of a new tower to add inpatient, surgical and diagnostic services and renovation of existing patient care areas at EMMC. Approval of the certificate of need for $247 million was received from the State of Maine, which does not include replacement equipment or debt service reserve funds. Phase 1 of the project is being funded through a 2013 bond issuance of $143.9 million including $11 million bond premium, and net assets of approximately $41 million and is expected to be completed in 2015. Phase 2 is expected to cost $94 million and is expected to be completed in 2017. Upon completion, capacity will increase from 346 total beds to 411, operating rooms will increase from 21 to 24, and the majority of patient rooms will be converted to private.

At September 27, 2014 and September 28, 2013, $15,240,000 and $7,571,000, respectively, of property and equipment purchases and costs related to construction projects were included in accounts payable.

Property and equipment includes a building and equipment recorded under capital leases totaling $10,261,000 and $9,925,000 with related accumulated depreciation of $9,428,000 and $8,812,000 at September 27, 2014 and September 28, 2013, respectively.

8. Intangibles and Other Assets

At September 27, 2014 and September 28, 2013, intangibles and other assets consisted of the following (dollars in thousands):

	2014	2013
Investments in joint ventures:		
Rosscare Nursing Homes, Inc.	**$ 5,204**	$ 5,886
Advanced Collections Services, LLC	**362**	178
Commercial Delivery Systems, LLC	-	356
County Physical Therapy, LLC	**465**	563
LifeFlight of Maine, LLC	**2,366**	2,025
MedComm, LLC	**(334)**	(374)
Uniship Courier Services, LLC	**85**	-
New Century Healthcare, LLC	**1**	1
Northern New England Accountable Care Collaborative, LLC	**507**	1,000
Penobscot Logistics Solutions, LLC	**203**	180
Total	**8,859**	9,815
Intangibles resulting from acquisition of Mercy	**3,127**	-
Other receivables	**2,422**	1,493
Retirement community development costs	**645**	703
Deferred tax assets	**1,777**	2,294
Customer lists	**3,122**	3,122
Other	**2,805**	3,495
Total	**$ 22,757**	$ 20,922

The System's share of earnings in its joint ventures totaled $701,000 and $38,000 for the years ended September 27, 2014 and September 28, 2013, respectively. Distributions from these joint ventures totaled $1,821,000 and $535,000 for the years ended September 27, 2014 and September 28, 2013, respectively. In 2014 and 2013, the System increased its investment in joint ventures by $471,000 and $1,005,000, respectively.

During the ordinary course of business, the System may provide services to various joint ventures. This income is included in sales and contract revenue and was not material in 2014 or 2013.

The System entities own 50% interests in several joint venture entities (except for a 33.3% interest in Penobscot Logistics Solutions, LLC and 25% interest in Northern New England Accountable Care Collaborative, LLC). Selected financial information derived from the unaudited financial statements of each joint venture entity at September 27, 2014 and September 28, 2013 is as follows (dollars in thousands):

		2014		
Name of Joint Venture	Owner	Total Assets	Long-Term Debt	Net Equity
Colonial Acres	RNHI	$ 2,738	$ 400	$ 1,810
Dexter Health Care	RNHI	1,219	42	872
Katahdin Health Care	RNHI	960	476	188
Ross Manor Associates	RNHI	13,728	6,950	4,920
Stillwater Health Care	RNHI	3,046	571	2,040
Hibbards Health Care	RNHI	5,499	4,196	578
Rosscare Nursing Homes, Inc.		27,190	12,635	10,408
Advanced Collections Services, LLC	AHS	1,629	-	724
Uniship Courier Services, LLC	AHS	517	-	170
County Physical Therapy, LLC	TAMC	1,215	99	930
LifeFlight of Maine, LLC	EMHS	9,941	4,574	4,731
MedComm, LLC	AHS	210	645	(668)
New Century Healthcare, LLC	EMHS	1	-	1
Northern New England Accountable Care Collaborative, LLC	EMHS	4,281	-	2,540
Penobscot Logistics Solutions, LLC	AHS	6,165	5,195	610
Total		$ 51,149	$ 23,148	$ 19,446

		2013		
Name of Joint Venture	Owner	Total Assets	Long-Term Debt	Net Equity
Colonial Acres	RNHI	$ 3,260	$ 518	$ 2,356
Dexter Health Care	RNHI	965	77	626
Katahdin Health Care	RNHI	1,023	502	206
Ross Manor Associates	RNHI	14,484	7,046	5,664
Stillwater Health Care	RNHI	3,905	615	2,920
Rosscare Nursing Homes, Inc.		23,637	8,758	11,772
Commercial Delivery Systems, LLC	AHS	1,089		356
County Physical Therapy, LLC	TAMC	1,271	80	395
LifeFlight of Maine, LLC	EMHS	1,288	63	1,126
MedComm, LLC	AHS	9,583	4,910	4,050
M Drug, LLC	AHS	185	666	(746)
New Century Healthcare, LLC	EMHS	1	-	1
Northern New England Accountable Care Collaborative, LLC	EMHS	4,000	-	4,000
Penobscot Logistics Solutions, LLC	AHS	6,408	5,447	540
Total		$ 47,462	$ 19,924	$ 21,494

9. Debt

Long-term debt at September 27, 2014 and September 28, 2013 consisted of the following (dollars in thousands):

Bonds payable:	2014	2013
Mercy Series 2014 Bonds (due in varying amounts each July through the year 2023 with fixed-interest rates ranging from 2.50% to 4.00% per annum)	**$ 60,585**	$ -
Mercy Series 2014 Bonds (due in varying amounts each July through the year 2035 with variable-interest rates ranging from 4.00% to 5.00% per annum)	**8,115**	-
EMMC Series 2013 Bonds (due in varying amounts each July through the year 2043 with fixed-interest rates ranging from 3.00% to 5.00% per annum)	**143,710**	143,900
SVH Finance Authority of Maine 2013 Revenue Obligation Bonds (due in varying amounts each January through the year 2029 with fixed interest rates ranging from 2.87% to 3.41% per annum)	**9,714**	10,212
TAMC Series 2012A Bonds (due in varying amounts each July through the year 2022 with fixed-interest rates ranging from 2.50% to 5.00% per annum)	**4,131**	4,651
BHMH/TAMC Series 2010B Bonds (due in varying amounts each July through the year 2028 with fixed-interest rates ranging from 3.00% to 5.25% per annum)	**5,146**	6,017
Acadia/EMMC Series 2010A Bonds (due in varying amounts each July through the year 2040 with fixed-interest rates ranging from 3.00% to 5.25% per annum)	**64,367**	67,717
Inland/Lakewood Series 2007B Bonds (due in varying amounts each July through the year 2037 with fixed-interest rates ranging from 4.00% to 5.00% per annum)	**8,222**	8,442
Inland Series 2006A Bonds (due in varying amounts each July through the year 2030 with fixed-interest rates ranging from 4.00% to 5.00% per annum)	**988**	1,033
SVH Series 2004B Bonds (due in varying amounts each July through the year 2015 with fixed-interest rates ranging from 3.625% to 3.75% per annum)	**38**	128
	305,016	242,100
Net unamortized original issue premium	**13,253**	14,163
Bonds payable — net	**318,269**	256,263
Other long-term debt:		
Installment loans and other	**55,541**	66,094
Capital lease obligations	**1,247**	1,197
Total long-term debt	**375,057**	323,554
Less current portion	**(13,155)**	(12,246)
Long-term debt — net of current portion	**$ 361,902**	$ 311,308

Bonds Payable

Series 2014 Note – In 2014 the Mercy Health System of Maine Obligated Group, comprised of MHSM, Mercy and VNA issued a Series 2014 Note to Maine Health and Higher Education Facilities Authority for the purpose of refunding 2006 Mercy revenue bonds. The Note is secured under the 2014 Mercy Obligated Group Master Trust Indenture with a first priority security interest in gross revenues and accounts receivable and a mortgage of obligated group facilities. The Note is guaranteed by the EMHS Obligated Group, comprised of EMHS, EMMC and Acadia.

Series 2014 Taxable Note – In 2014 the Mercy Health System of Maine Obligated Group, comprised of MHSM, Mercy and VNA, issued a Series 2014 Taxable Note in the amount of $8,450,000 to Bangor Savings Bank for the purpose of refunding 2010C fixed rate bonds. The Note is payable based on a ten year amortization with a final maturity date of March 28, 2024. The Note is secured under the 2014 Mercy Obligated Group Master Trust Indenture with a first priority security interest in gross revenues and accounts receivable and a mortgage of obligated group facilities

Series 2013 Bonds — In 2013, EMMC issued $143,900,000 in notes payable to secure tax-exempt revenue bonds issued by Maine Health and Higher Educational Facilities Authority (the "Authority") for the purpose of financing a portion of the first phase of the expansion and modernization project. The Series 2013 Bonds are collateralized by a security interest in its gross receipts, equipment and a mortgage lien on its main campus.

Finance Authority of Maine 2013 Bonds — In 2013, SVH issued $10,500,000 in notes payable to secure tax-exempt revenue bonds issued by the Finance Authority of Maine for the purpose of financing construction costs and refunding existing debt. The Series 2013 Bonds are collateralized by a security interest in the pledged receipts.

Series 2012A Bonds — In 2012, TAMC issued $5,156,350 in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of refunding existing debt. The Series 2012A Bonds are collateralized by substantially all of the property and equipment of TAMC and a security interest in the gross receipts of the entity.

Series 2010B Bonds — In 2010, BHMH and TAMC issued $2,223,000 and $6,243,000, respectively, in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of refunding existing debt. The Series 2010B Bonds are collateralized by substantially all of the property and equipment of BHMH and TAMC and a security interest in the gross receipts of each entity.

Series 2010A Bonds — In 2010, Acadia and EMMC issued $76,772,000 in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of refunding existing debt and financing new construction at EMMC. EMHS, EMMC, and Acadia are jointly and severally obligated to pay principal and interest on the notes when due. The notes are collateralized by the pledged and assigned revenue of EMHS, EMMC, and Acadia. The Series 2010A Bonds are collateralized by a security interest in their gross receipts.

Series 2007B Bonds — In 2008, Inland and Lakewood issued $9,537,000 in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of hospital and nursing home renovation and expansion. The Series 2007B Bonds are collateralized by substantially all of the property of Inland and Lakewood and a security interest in their gross receipts.

Series 2006A Bonds — In 2006, Inland issued $1,303,000 in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of hospital renovations. The Series 2006A Bonds are collateralized by substantially all of the property of Inland and a security interest in its gross receipts.

Series 2004B Bonds — In 2005, SVH issued $748,000 in notes payable to secure tax-exempt revenue bonds issued by the Authority for the purpose of hospital renovations and new construction. The notes are collateralized by a security interest in its gross receipts.

Installment Loans

In 1999, EMHS borrowed $25,000,000 from a commercial bank. The loan requires a monthly fixed-principal repayment sufficient to repay the debt in full at or before June 2019. The note requires interest at the rate of 1% above the London InterBank Offered Rate (LIBOR) resulting in an interest rate of 1.15% at September 27, 2014 and 1.18% at September 28, 2013. The outstanding balance was $5,705,000 and $6,955,000 at September 27, 2014 and September 28, 2013, respectively. Security to the lender includes a negative pledge on all unencumbered assets of EMHS at the time of borrowing.

In 2009, EMHS purchased an office building in Brewer, Maine. The building and related acquisition costs were financed through proceeds of two mortgage notes payable in a combined amount of $23,700,000, collateralized by the building. The notes are amortized over a 25-year period, but are structured in five-year and ten-year terms. The five-year loan of $6,504,500 bears a fixed-interest rate of 4.95%. This five-year loan required a balloon payment of $5,804,731 due in November 2013. The note was refinanced in November 2013 and, as a result, is reflected as long-term debt. The amended loan bears interest at a fixed rate of 3.23%. The ten-year loan of $17,195,500 includes $11,270,500 that bears interest at a fixed rate of 5.57%. The remaining $5,925,000 bears interest equal to one-month LIBOR, plus 1.35% resulting in an interest rate of 1.50% and 1.53% at September 27, 2014 and September 28, 2013, respectively. The outstanding balance was $20,670,000 and $21,344,000 at September 27, 2014 and September 28, 2013, respectively. The notes require certain financial covenants to be met on both a quarterly and annual basis.

The acquisition of DPRC and DPI in 2006 included the assumption of a mortgage and various notes payable. DPI has a mortgage collateralized by real estate and personal property and guaranteed by the U.S. Department of Housing and Urban Development (HUD). In March 2012, the mortgage was refinanced at a lower interest rate and previously unpaid interest payments were rolled into a second mortgage with repayment terms based on available cash flow. The first mortgage had an outstanding balance of $13,159,000 and $13,389,000 at September 27, 2014 and September 28, 2013, respectively. The second mortgage had an outstanding balance of $3,173,000 and $3,444,000 at September 27, 2014 and September 28, 2013, respectively. Beginning March 2012, the first note bears interest at 3.55% per annum and requires monthly principal and interest payments of $108,000 through February 2044. The second note bears interest at 2.65% per

annum. The note requires interest and principal payments when there is surplus cash as defined by HUD regulations.

DPI has a revolving working capital line-of-credit with total amounts outstanding of $1,999,000 at September 27, 2014 and September 28, 2013. The note matures in April 2015 and requires monthly interest payments. The note requires interest at the prime rate for domestic banks, resulting in interest rates of 4.25% and 3.25% at September 27, 2014 and September 28, 2013 respectively.

During 2011, DPRC replaced an existing revolving line-of-credit with a note payable. The outstanding balance was $2,200,000 and $2,400,000 at September 27, 2014 and September 28, 2013, respectively. The note bears interest of 4.69%. The note requires annual principal payments of $800,000 through April 2016 and the balance of $600,000 due in April 2017.

In addition, DPRC holds a tax increment financing note with an outstanding balance of $638,000 and $708,000 at September 27, 2014 and September 28, 2013, respectively. The note bears interest at the prime rate for domestic banks, resulting in interest rates of 3.25% at both September 27, 2014 and September 28, 2013, respectively. The note requires semiannual payments of principal and interest with a final payment due in April 2016.

Several other System affiliates have mortgages, notes payable, and installment loans outstanding totaling $7,997,000 and $15, 855, 000 at September 27, 2014 and September 28, 2013, respectively. The notes bear interest at rates ranging between 1.90% and 7.21% per annum and are payable through 2033.

Lines-of-Credit

EMHS has a $35,000,000 revolving line-of-credit arrangement, which expires in March 2015. This line-of-credit was temporarily increased in September 2013 to $75,000,000, and in March 2014, it reverted back to $35,000,000. Outstanding borrowings under the line-of-credit were $16,020,000 and $0 at September 27, 2014 and September 28, 2013, respectively. Borrowings under the agreement bear interest at the rate of .91% as of September 27, 2014 and .75% above LIBOR as of September 28, 2013. Security to the lender includes a negative pledge on all unencumbered assets of EMHS.

Certain of the System's other affiliates have line-of-credit agreements with interest ranging from 1.10% to 3.25% at September 27, 2014 and September 28, 2013. Maximum available borrowings under the agreements aggregated $13,700,000 and $13,450,000 at September 27, 2014 and September 28, 2013, respectively. The lines expire at various dates in fiscal years 2014 and 2015 and are collateralized by accounts receivable and certain fixed assets. The outstanding balance was $6,287,000 and $58,000 at September 27, 2014 and September 28, 2013, respectively.

Principal Payments

Principal payments required on long-term debt, excluding capital lease obligations, for the next five years and thereafter at September 27, 2014, are as follows (dollars in thousands):

Years	Bonds	Other Debt	Total
2015	$ 8,740	$ 4,034	$ 12,774
2016	9,043	4,827	13,870
2017	9,370	3,573	12,943
2018	9,766	2,969	12,735
2019	10,148	3,040	13,188
Thereafter	257,949	37,098	295,047
Total	$ 305,016	$ 55,541	$ 360,557

Loan Covenants

Several of the loan agreements contain covenants, which impose restrictions on, among other things, additional indebtedness, transfers between affiliates, and dispositions of property and require that certain financial ratios be met.

Capital Leases

EMHS and System affiliates have capital lease obligations outstanding totaling $1,247,000 and $1,197,000 at September 27, 2014 and September 28, 2013, respectively. The obligations bear interest at rates ranging between 1.09% and 13.50% per annum and are payable through 2018.

The System's future obligations under capital leases at September 27, 2014, are as follows (dollars in thousands):

Years	Amount
2015	$ 464
2016	334
2017	217
2018	200
2019	100
Thereafter	208
Total minimum lease payments	1,523
Less amounts representing interest	(276)
Present value of minimum lease payments	$ 1,247

10. Temporarily and Permanently Restricted Net Assets

Temporarily Restricted Net Assets

At September 27, 2014 and September 28, 2013, temporarily restricted net assets are available for the following purposes (dollars in thousands):

	2014	2013
Cancer Care	$ 7,214	$ 8,096
Capital projects	11,956	7,401
Charity care	5,746	5,048
Education and research	1,385	422
Women's and children's care	2,960	2,226
Other health care services	15,335	13,337
Total	$ 44,596	$ 36,530

Permanently Restricted Net Assets

At September 27, 2014 and September 28, 2013, the investment returns on permanently restricted net assets are restricted to the following purposes (dollars in thousands):

	2014	2013
Cancer Care	$ 952	$ 932
Capital projects	4,336	4,270
Charity care	3,616	1,809
Education and research	536	464
Women's and children's care	558	545
Other health care services	18,388	15,898
Total	$ 28,386	$ 23,918

Endowment Funds

The System's endowment consists of approximately 289 funds established for a variety of purposes. For the purposes of this disclosure, endowment funds include both donor-restricted endowment funds and funds designated by the Board to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Net Asset Composition and Changes in Endowment Net Assets

A summary of the endowment net asset composition by type of fund at September 27, 2014 and September 28, 2013, and the changes therein for the years then ended is as follows (dollars in thousands):

	September 27, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 17,934	$ 28,386	$ 46,320
Board-designated endowment funds	2,588	-	-	2,588
Total funds	$ 2,588	$ 17,934	$ 28,386	$ 48,908

	September 28, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 17,401	$ 23,918	$ 41,319
Board-designated endowment funds	2,504	-	-	2,504
Total funds	$ 2,504	$ 17,401	$ 23,918	$ 43,823

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September 27, 2014 and September 28, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets – September 29, 2012	$ 2,382	$ 15,608	$ 23,026	$ 41,016
Investment return:				
Net appreciation	222	3,047	-	3,269
Change in beneficial interest in perpetual trusts	-	-	667	667
Total investment return	222	3,047	667	3,936
Contributions	-	-	164	164
Additions to Board-designated funds	15	-	-	15
Appropriations of endowment assets for expenditure	(105)	(1,127)	-	(1,232)
Other	(10)	(127)	61	(76)
Endowment net assets – September 28, 2013	2,504	17,401	23,918	43,823
Investment return:				
Net appreciation	**171**	**2,074**	**-**	**2,245**
Change in beneficial interest in perpetual trusts	**-**	**-**	**747**	**747**
Total investment return	**171**	**2,074**	**747**	**2,992**
Contribution received in the acquisition of Mercy	**-**	**-**	**1,846**	**1,846**
Contributions	**-**	**-**	**1,862**	**1,862**
Additions to Board-designated funds	**31**	**-**	**-**	**31**
Appropriations of endowment assets for expenditure	**(106)**	**(1,145)**	**-**	**(1,251)**
Other	**(12)**	**(396)**	**13**	**(395)**
Endowment net assets – September 27, 2014	**$ 2,588**	**$ 17,934**	**$ 28,386**	**$ 48,908**

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the System to retain as a fund in perpetuity. There were no deficiencies at September 27, 2014 or September 28, 2013.

11. Professional Liability, Self-Insurance, and Other Contingencies

Professional and General Liability

System organizations participate in self-insurance plans for professional and patient general liability, and nonpatient general liability coverage. 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 programs. For professional liability the coverage provides reimbursement for individual claims in excess of $5 million and for aggregate claims in excess of $12 million up to a total of $25 million. For general liability the coverage provides for reimbursement for individual claims in excess of $1 million and for aggregate claims in excess of $3 million. The investment assets and accrued self-insurance reserves of the professional and general liability trust were $54,515,000 and $30,484,000, respectively, as of September 27, 2014 and $45,030,000 and $32,768,000, respectively, as of September 28, 2013.

Workers' Compensation

The System maintains a common trust fund for a group workers' compensation program in accordance with the Maine Workers' Compensation Act. Because the common trust fund is regulated by the Maine Bureau of Insurance, neither the assets nor the liabilities of the trust are reflected in the accompanying consolidated financial statements. The assets of the trust were approximately $13,984,000 and $11,902,000 and the liabilities were approximately $12,865,000 and $11,528,000 at September 27, 2014 and September 28, 2013, respectively.

Employee Health Benefits

Employee health and dental benefits are provided through partially self-insured plans or commercially acquired programs. The self-insured medical plan had stop loss coverage that provides reimbursement for claims other than those paid to System organizations in excess of $825,000 per individual as of September 27, 2014 and $770,000 per individual as of September 28, 2013.

Other Contingencies

Affiliates of the System are parties in various legal proceedings and potential claims arising in the ordinary course of their business. In addition, the health care industry as a whole is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to government review and interpretation, as well as regulatory actions, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue, from patient services and exclusion from the Medicare and Medicaid programs. Such compliance in the health care industry has recently come under increased governmental scrutiny. Management does not believe that these matters will have a material adverse effect on the System's consolidated financial position or results of operations.

12. Pension and Postretirement Health Care Plans

Cash Balance Plan

Employees of certain System affiliates participate in a Defined Benefit, Cash Balance Plan (the Plan). At the close of every calendar year, participating employers credit the employee's core account with a contribution based on eligible pay, age, and years of credited service. The employee must be at least 21 years of age and have worked 1,000 hours in the current calendar year to receive the contribution for that year. The funding policy of the Plan is to make contributions at least equal to the minimum amount required under the law.

The following table sets forth the Plan's funded status and amounts recognized in the consolidated balance sheets at September 27, 2014 and September 28, 2013 (dollars in thousands):

	2014	2013
Change in benefit obligation:		
Benefit obligation — beginning of year	**$ 246,532**	$ 244,353
Service cost	**12,694**	13,006
Interest cost	**10,972**	9,342
Benefits paid	**(12,867)**	(10,282)
Actuarial loss (gain)	**16,945**	(10,436)
Net growth in individual accounts	**504**	549
Benefit obligation — end of year	**$ 274,780**	$ 246,532
Change in Plan assets:		
Fair value of Plan assets — beginning of year	**$ 202,686**	$ 191,967
Actual return on Plan assets	**17,793**	10,052
Employer contribution	**13,320**	10,400
Benefits paid	**(12,867)**	(10,282)
Net growth in individual accounts	**504**	549
Fair value of Plan assets — end of year	**$ 221,436**	$ 202,686
Net amount recognized — accrued liability	**$ (53,344)**	$ (43,846)
Amounts recognized in other changes in unrestricted net assets:		
Prior-service costs	**$ 729**	$ 999
Actuarial loss	**78,166**	68,617
Total recognized in other changes in unrestricted net assets	**$ 78,895**	$ 69,616
Accumulated benefit obligation	**$ 254,137**	$ 228,240

The System's contribution to the Plan for 2014 and 2013 exceeded amounts required by the Employee Retirement Income Security Act of 1974 (ERISA). The Plan's Adjusted Funding Target Attainment Percentage under ERISA was 107% and 102% at September 27, 2014 and September 28, 2013, respectively. As a result, the Plan is not subject to ERISA benefit restrictions.

For the years ended September 27, 2014 and September 28, 2013, net pension cost for the Plan included the following components (dollars in thousands):

	2014	2013
Service cost for benefits earned during the year	**$ 12,694**	$ 13,006
Interest cost on projected benefit obligation	**10,972**	9,342
Expected return on Plan assets	**(14,972)**	(14,057)
Amortization of prior service cost	**270**	271
Amortization of net loss	**4,576**	5,736
Net periodic pension benefit cost	**$ 13,540**	$ 14,298

The prior service costs and net loss for the Plan that are expected to be amortized from other changes in unrestricted net assets into net periodic pension benefit cost over the next fiscal year are $230,589 and $5,736,975, respectively.

The following table sets forth the assumptions used in determining the benefit obligations at September 27, 2014 and September 28, 2013:

Weighted-average discount rate	**4.25 %**	4.65 %
Rate of increase in future compensation	**2.50**	2.50

The following sets forth the assumptions used to determine net periodic benefit cost for the years ended September 27, 2014 and September 28, 2013:

Weighted-average discount rate	**4.65 %**	4.00 %
Rate of increase in future compensation	**2.50**	2.50
Expected long-term rate of return on Plan assets	**7.50**	7.50

The discount rate represents an estimate of the rate at which the pension benefits could be "effectively" settled. The rate of compensation increase represents a best estimate of long-term pay increases and reflects an inflation expectation consistent with the discount rate. The long-term rate of return on Plan assets represents an estimate of the rate of return on current assets, taking into account the Plan's asset allocation, and also reflects an inflation expectation consistent with the discount rate.

The System expects to make $15,160,000 in contributions to the Plan during 2015. In addition, the following benefit payments, which reflect expected future services, as appropriate, are expected to be paid during the years ending (dollars in thousands):

2015	$	22,132
2016		14,720
2017		16,840
2018		18,561
2019		20,125
2020-2024		112,965

The System has adopted a moderately growth-oriented investment policy for the Plan. It is anticipated that as the Plan matures, the policy should move toward a more conservative posture. The System's overall strategy is to invest in high-grade securities and other assets with a minimum risk of market value fluctuation. In general, the System's goal is to maintain the following allocation ranges:

	Allocation %		
Asset Class	Minimum	Target	Maximum
Return Seeking (with 4% liquidity)	50 %	55 %	60 %
Liability Hedging	40	45	50

Defined Contribution Plans

Certain of the System's affiliates sponsor defined contribution plans, which cover substantially all of their employees, and certain hospital-based physicians meeting the plans' participation requirements. Expense for the years ended September 27, 2014 and September 28, 2013 was approximately $10,920,000 and $8,348,000, respectively. The affiliates fund the amount of the expense annually.

Deferred Compensation Plans

Several of the System's affiliates sponsor deferred compensation plans for eligible employees and supplemental executive retirement plans (SERP) for certain executives. Assets held by the System to provide for the payments of contractual liabilities are subject to the claims of the System's general creditors. The assets are invested in temporary cash investments, institutional mutual funds and common collective trusts. The investment assets and related liabilities of the deferred compensation and SERPs were $30,890,000 and $27,895,000, respectively, as of September 27, 2014 and $22,433,000 and $22,107,000, respectively, as of September 28, 2013.

Postretirement Medical Benefits

Various System organizations provide certain medical benefits for retired employees. Employees of these various participating organizations may become eligible for these benefits if they reach normal retirement age while working for such organizations. Early retirement benefits are available to retirees with at least 15 years of vested service. Employees at participating organizations hired after January 1, 2005 and the employees of a nonparticipating company are not eligible for retiree medical benefits. The postretirement medical plan is not funded.

For the years ended September 27, 2014 and September 28, 2013, net periodic postretirement medical benefit cost consists of the components listed below (dollars in thousands):

	2014	2013
Service cost for benefits attributed to service during the year	**$ 537**	$ 660
Interest cost on accumulated postretirement benefit obligation	**1,878**	1,724
Amortization of prior service credit	**(553)**	(553)
Amortization of net loss	**-**	261
Net periodic postretirement medical benefit cost	**$ 1,862**	$ 2,092
Amounts recognized in other changes in unrestricted net assets:		
Prior-service credit	**$ (1,725)**	$ (2,279)
Actuarial (gain) loss	**(6,239)**	2,501
Total recognized in other changes in unrestricted net assets	**$ (7,964)**	$ 222

Prior-service credits of $533,497 for the postretirement medical plan are expected to be amortized from unrestricted net assets into net periodic postretirement medical benefit cost in the next fiscal year.

The following table sets forth the components of the accumulated postretirement benefit obligation shown in the System's consolidated financial statements at September 27, 2014 and September 28, 2013 (dollars in thousands):

	2014	2013
Change in postretirement benefit obligation:		
Benefit obligation — beginning of year	**$ 39,862**	$ 43,755
Service cost	**537**	660
Interest cost	**1,878**	1,724
Benefits paid	**(1,888)**	(1,712)
Actuarial gain	**(8,740)**	(4,565)
Accrued postretirement medical benefit obligation	**$ 31,649**	$ 39,862

Approximately $1,276,000 and $1,440,000 of the accrued postretirement cost is included in current liabilities at September 27, 2014 and September 28, 2013, respectively.

In determining the accumulated postretirement medical benefit obligation, the System used discount rates of 4.35% in 2014 and 4.80% in 2013. The Plan assumed annual rates of inflation in the per capita cost of covered health care benefits. The rates are assumed to decrease gradually down from 7.25% to 4.50% on a graded scale, becoming fixed in 2020. A 1% increase in the healthcare cost trend would increase the accumulated postretirement medical benefit obligation by $4,276,000, whereas a 1% reduction would cause a $3,533,000 reduction in the benefit obligation

The System expects to contribute $1,304,000 to the postretirement benefit plan during 2015.

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid during the years ending (dollars in thousands):

Years Ending September	
2015	$ 1,304
2016	1,385
2017	1,472
2018	1,566
2019	1,668
2020-2023	9,204

Pension and Postretirement Plan-Related Adjustments

The components of pension and postretirement plan-related adjustments included in other changes in unrestricted net assets are as follows:

	Cash Balance Plan	Postretirement Medical Benefits	Total
For the year ended September 27, 2014			
Prior service costs	**$ 270**	**$ (553)**	**$ (283)**
Net actuarial (gain) loss	**(9,549)**	**8,740**	**(809)**
	$ (9,279)	**$ 8,187**	**$ (1,092)**
For the year ended September 28, 2013			
Prior service costs	$ 271	$ (553)	$ (282)
Net actuarial loss	12,166	4,827	16,993
	$ 12,437	$ 4,274	$ 16,711

13. Concentration of Credit Risk

Various System organizations grant credit without collateral to their patients, many of whom are insured under third-party payor agreements. At September 27, 2014 and September 28, 2013, the accounts receivable from patients and third-party payors, net of contractual allowances, were as follows:

	2014	2013
Medicare and MaineCare	**22 %**	31 %
Commercial and other insurance	**43**	38
Patients	**35**	31
	100 %	100 %

System entities routinely invest in short-term repurchase agreements. These repurchase agreements are collateralized by highly liquid U.S. government securities with a market value typically exceeding the amount of funds invested in the agreements. Investments in repurchase agreements are not insured or guaranteed by the U.S. government; however, management believes the credit risk related to these investments is minimal.

14. Fair Value Measurements

Generally accepted accounting principles establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

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

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

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

The following tables present the carrying amounts and estimated fair value for the System's financial assets and liabilities as of September 27, 2014 and September 28, 2013 (dollars in thousands):

	Fair Value Measurements at September 27, 2014			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Temporary cash investments	$ 119,360	$ -	$ -	$ 119,360
Pledges and other receivables	-	8,715	-	8,715
Marketable equity securities	9,208	-	-	9,208
Guarantee investment contracts	-	29,969	-	29,969
Foreign issues	-	4,093	-	4,093
Other equity investments	-	-	566	566
Mutual funds				
Participant driven (deferred compensation)	18,772	-	-	18,772
Balanced portfolio	11,635	-	-	11,635
Common/collective trusts				
Large cap U.S. equities	-	6,367	-	6,367
Short-term bonds	-	35,357	-	35,357
Institutional funds				
Fixed income funds	-	77,037	-	77,037
Multi-asset funds	-	102,170	-	102,170
Fixed-income securities — U.S. government Treasury and agency obligations	122,920	756	-	123,676
Fixed-income securities — Corporate obligations	-	60,870	-	60,870
Beneficial interest in perpetual trusts	-	-	12,288	12,288
Total	$ 281,895	$ 325,334	$ 12,854	$ 620,083
Liabilities:				
Deferred compensation	$ -	$ 27,895	$ -	$ 27,895
Interest rate swaps	-	1,881	-	1,881
Total	$ -	$ 29,776	$ -	$ 29,776
Cash Balance Pension Plan Assets (Note 12):				
Institutional mutual funds				
Participant driven (deferred compensation)	$ 5,636	$ -	$ -	$ 5,636
Common/collective trusts				
Long-term bonds	-	43,916	-	43,916
Liability-driven investments	-	55,003	-	55,003
Institutional limited funds				
Equity securities	-	109,873	-	109,873
Hedge fund	-	-	7,008	7,008
Total	$ 5,636	$ 208,792	$ 7,008	$ 221,436

	Fair Value Measurements at September 28, 2013			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Temporary cash investments	$ 115,335	$ -	$ -	$ 115,335
Pledges and other receivables	-	5,773	-	5,773
Marketable equity securities	7,946	-	-	7,946
Guarantee investment contracts	-	66,633	-	66,633
Foreign issues	-	4,237	-	4,237
Other equity investments	-	-	555	555
Mutual funds				
Participant driven (deferred compensation)	14,596	-	-	14,596
Balanced portfolio	10,395	-	-	10,395
Common/collective trusts				
Large cap U.S. equities	-	5,866	-	5,866
Short-term bonds	-	41,091	-	41,091
Institutional funds				
Fixed income funds	-	69,624	-	69,624
Multi-asset funds	-	91,440	-	91,440
Fixed-income securities — U.S. government Treasury and agency obligations	134,872	535	-	135,407
Fixed-income securities — Corporate obligations	-	55,839	-	55,839
Beneficial interest in perpetual trusts	-	-	10,852	10,852
Total	$ 283,144	$ 341,038	$ 11,407	$ 635,589
Liabilities:				
Deferred compensation	$ -	$ 22,107	$ -	$ 22,107
Interest rate swaps	-	2,412	-	2,412
Total	$ -	$ 24,519	$ -	$ 24,519
Cash Balance Pension Plan Assets (Note 12):				
Institutional mutual funds				
Participant driven (deferred compensation)	$ 5,406	$ -	$ -	$ 5,406
Common/collective trusts				
Long-term bonds	-	47,656	-	47,656
Liability-driven investments	-	41,736	-	41,736
Institutional limited funds				
Equity securities	-	101,296	-	101,296
Hedge fund	-	-	6,592	6,592
Total	$ 5,406	$ 190,688	$ 6,592	$ 202,686

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

	Interest in Perpetual Trusts	Other Equity Investments	Total	Hedge Fund
Balance at September 29, 2012	$ 10,217	$ 498	$ 10,715	$ 6,337
Unrealized gains	635	57	692	255
Balance at September 28, 2013	10,852	555	11,407	6,592
Contributions	**715**	-	715	-
Unrealized gains	**721**	**11**	**732**	**416**
Balance at September 27, 2014	**$ 12,288**	**$ 566**	**$ 12,854**	**$ 7,008**

Unrealized gains or losses on beneficial interest in perpetual trusts in Level 3 are included in the change in net unrealized gains or losses on investments in permanently restricted net assets. Unrealized gains or losses on other equity investments in Level 3 are included in change in net unrealized gains or losses on investments in unrestricted net assets.

Fair values of investments are provided by investment custodians, trustees, managers or advisors. The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Cash Investments — The carrying value of cash investments approximates fair value as maturities are less than three months and/or include money market funds that are based on quoted prices and actively traded.

Pledges Receivable — The present value of cash expected to be collected in future years, discounted using a risk-free rate applicable to the year in which the pledge is received. Discount rates ranged from .58% to 1.77% at September 27, 2014.

Marketable Equity Securities — The fair values of marketable securities are based on quoted market prices.

Guarantee Investment Contracts (GICs) — The estimated fair values of GICs approximate historical costs, as ratio of return approximate current market rates.

Fixed-Income Securities — The estimated fair values of debt securities are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices.

Other Equity Investments — The fair values of other equity investments are based on the investment manager's estimate of the net realized value or the value of underlying assets which include significant Level 3 assets.

Mutual Funds — The fair values of mutual funds and institutional funds are based on quoted market prices.

Common/Collective Trusts and Institutional Funds — The fair values of the common/collective trusts are based on the net asset value (NAV) of the fund provided by the fund manager, representing the fair value of the underlying investments which are generally securities which are traded on an active market.

Hedge Fund – The fair values of the hedge fund are based on the NAV of the fund that is based on the investment manager estimate of the net realized value or the value of underlying assets.

Beneficial Interest in Perpetual Trusts — The fair values of the beneficial interest in perpetual trusts are based on the underlying assets of the trusts reported by the trustee, which all have readily determinable fair values based on quoted market prices of identical or comparable securities. The underlying investments are not readily available to the System and therefore this is considered to be a Level 3 investment.

Deferred Compensation Liability — The fair values of the deferred compensation liabilities are based on the related assets.

Interest Rate Swaps — The System uses inputs other than quoted prices that are observable to value the interest rate swaps. The System considers these inputs to be Level 2 inputs in the context of the fair value hierarchy. These values represent the estimated amounts the System would receive or pay to terminate agreements, taking into consideration current interest rates and the current creditworthiness of the counterparty.

The following methods and assumptions were used by the System in estimating the fair value of the System's financial instruments that are not measured at fair value on a recurring basis for disclosures in the consolidated financial statements:

Cash and Cash Equivalents — The carrying value of the System's cash and cash equivalents approximates fair value, as maturities are very short-term.

Long-Term Debt and Lines-of-Credit Borrowings — The estimated fair values of the System's long-term debt and lines-of-credit borrowings are based on current traded values or a discounted cash flows analysis based on the System's current incremental borrowing rates for similar types of borrowing arrangements.

Fair value disclosures pursuant to FASB Accounting Standards Codification Topic 825, *Financial Instruments*, are presented in the following table:

			Fair Value Measurements at September 27, 2014		
	Carrying Amount	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets:					
Cash and cash equivalents	**$ 91,043**	**$ 91,043**	**$ 91,043**	**$ -**	**$ -**
Short-term investments	**14,783**	**14,783**	**398**	**14,385**	**-**
Assets whose use is limited or restricted	**62,028**	**62,028**	**61,172**	**856**	**-**
Noncurrent assets whose use is limited or restricted	**543,272**	**543,272**	**220,325**	**310,093**	**12,854**
Liabilities:					
Line-of-credit borrowings	**22,307**	**22,307**	**-**	**22,307**	**-**
Long-term debt	**375,057**	**377,641**	**-**	**377,641**	**-**
Deferred compensation	**27,895**	**27,895**	**-**	**27,895**	**-**
Interest rate swaps	**1,881**	**1,881**	**-**	**1,881**	**-**

			Fair Value Measurements at September 28, 2013		
	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:					
Cash and cash equivalents	$ 57,903	$ 57,903	$ 57,903	$ -	$ -
Short-term investments	14,599	14,599	393	14,206	-
Assets whose use is limited or restricted	46,781	46,781	45,976	805	-
Noncurrent assets whose use is limited or restricted	574,209	574,209	236,775	326,027	11,407
Liabilities:					
Line-of-credit borrowings	58	58	-	58	-
Long-term debt	323,554	312,562	-	312,562	-
Deferred compensation	22,107	22,107	-	22,107	-
Interest rate swaps	2,412	2,412	-	2,412	-

Investment at Net Asset Values

In accordance with ASU No. 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share*, the System expanded its disclosures for assets whose fair value is estimated using the NAV per share as of September 27, 2014 and September 28, 2013. The following tables set forth a summary of the System's investments with a reported NAV as of September 27, 2014 and September 28, 2013 (dollars in thousands):

	Fair Value Estimated Using Net Asset Value per Share September 27, 2014				
	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Investments					
Large Cap U.S. Equity	$ 6,367	None	Daily	None	1 business day
Core Bond Funds	77,037	None	Daily	None	1 business day
Multi-Asset Funds	102,172	None	Daily	None	1 business day
Short-Term Bonds	35,357	None	Monthly	Redemption on first day of the month	5 business days
Total	$ 220,933				
Pension Plan Investments					
Long-Term Bonds	$ 43,916	None	Daily	None	1 business day
Liability-Driven Investments	55,003	None	Daily	None	1 business day
Multi-Asset Funds	109,873	None	Daily	None	1 business day
Hedge Fund	7,008	None	Quarterly	Full redemption pays 95% with remaining 5% after completion of the fund's annual audit. Redemption fee for redemption with 12 months of subscription date. Redemptions limited to 20% of NAV on dealing day.	65 days with a 30 day settlement period
Total	$ 215,800				

	Fair Value Estimated Using Net Asset Value per Share September 28, 2013				
	Fair Value	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Investments					
Large Cap U.S. Equity	$ 5,866	None	Daily	None	1 business day
Core Bond Funds	69,624	None	Daily	None	1 business day
Multi-Asset Funds	91,440	None	Daily	None	1 business day
Short-Term Bonds	41,091	None	Monthly	Redemption on 1st day of the month	5 business days
Total	$ 208,021				
Pension Plan Investments					
Long-Term Bonds	$ 47,656	None	Daily	None	1 business day
Liability-Driven Investments	41,736	None	Daily	None	1 business day
Multi-Asset Funds	101,296	None	Daily	None	1 business day
Hedge Fund	6,592	None	Quarterly	Full redemption pays 95% with remaining 5% after completion of the fund's annual audit. Redemption fee for redemption with 12 months of subscription date. Redemptions limited to 20% of NAV on dealing day.	65 days with a 30 day settlement period
Total	$ 197,280				

Large cap U.S. equities — Seeks to provide long-term growth of capital by investing primarily in large cap equity securities and to achieve above average results over a market cycle. Large cap (large capitalization) investments involve stocks of companies generally having a market capitalization between $10 billion and $200 billion.

Core bond funds — Seeks to provide excess return over the benchmark through a variety of diversified strategies including sector rotation, modest interest rate timing, security selection and tactical use of high yield and emerging market bonds.

Multi-asset funds — Seeks favorable returns and offers a convenient way to diversify a portfolio by combining funds and separate accounts investing in U.S. and non-U.S. stocks, bonds, global commodities, listed real estate and infrastructure into one fund.

Short-term bonds — Employs a disciplined value-oriented approach, fully invested at all times in the most attractive sectors to produce high risk-adjusted returns.

Long-term bonds — Seeks favorable returns comparable to its index by combining diversified advisor styles and strategies over a full market cycle. The fund seeks to outperform the Barclays U.S. Long Government/Credit Bond Index.

Liability-driven investments — Seeks favorable returns comparable to its index by combining diversified advisor styles and strategies over a full market cycle.

Hedge fund – Seeks to achieve long-term capital appreciation with low to moderate volatility and low correlation to global equity markets.

15. Functional Expenses

The System is a community-based health system dedicated to improving the health of the residents of its region. In 2014 and 2013, approximately 87% and 88%, respectively, of total expenses were related to direct health care program services, with the balance of expenses for management and general support services.

16. Operating Leases and Other Commitments

Operating Leases

The System leases certain equipment, warehouse and office space subject to various agreements. Lease expense charged to operations amounted to approximately $12,680,000 in 2014 and $8,504,000 in 2013.

The following is a schedule by year of future minimum lease payments under operating leases at September 27, 2014 (dollars in thousands):

Years Ending September	
2015	$ 8,807
2016	7,350
2017	6,270
2018	5,619
2019	4,823
Thereafter	18,101
	$ 50,970

The System leases warehouse and office space from Penobscot Logistics Solutions, LLC, a related party. The lease requires annual payments of $435,000 through 2023.

Other Commitments

In 2006, EMMC entered into a long-term agreement with its clinical systems vendor for remote hosting services. This agreement was revised and extended in 2009 for ten years. The agreement required payments of $4,386,000 in 2014 through 2018 and a partial year payment of $2,193,000 in 2019.

The amount of the payment is subject to performance standards and could be decreased in certain circumstances. In addition, EMMC has a perpetual license agreement with its clinical systems vendors. The agreement requires annual payments of $2,657,000 through 2019. The payments provide for the maintenance and support for the existing licensed software.

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING BALANCE SHEET INFORMATION — SEPTEMBER 27, 2014
AND CONSOLIDATED BALANCE SHEET INFORMATION — SEPTEMBER 28, 2013

ASSETS	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine Healthcare Systems (Consolidated)	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	EMHS Foundation	Inland Hospital (Consolidated)	Maine Network for Health	Mercy Hospital (Consolidated)	Rosscare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2014 EMHS Consolidated	2013 EMHS Consolidated
CURRENT ASSETS:																	
Cash and cash equivalents	$ 4,678,753	$ 5,763,915	$ 3,687,814	$ 168,912	$ 4,133,070	$ 519,774	$ 34,616,811	$ 1,014,129	$ 967,682	$ 377,021	$ 23,938,983	$ 2,510,026	$ 5,933,934	$ 2,731,769	$ -	$ 91,042,593	$ 57,902,627
Short-term investments	14,384,785	-	-	-	-	-	-	-	-	-	-	-	398,309	-	-	14,783,094	14,598,861
Assets whose use is limited or restricted	377,377	2,511,587	48,704	-	44,357,000	-	13,897,156	221,065	187,459	-	21,728	-	421	405,813	-	62,028,310	46,780,643
Patient and trade accounts receivable	5,925,721	5,966,508	5,608,744	3,461,480	232,705	1,633,891	107,583,696	-	11,894,645	-	52,015,567	7,580	4,776,415	19,129,082	(166,366)	218,069,668	147,403,518
Less allowance for uncollectible accounts	(2,752,032)	(1,443,973)	(1,826,020)	(624,248)	-	(170,738)	(37,825,159)	-	(2,921,240)	-	(14,993,432)	(5,294)	(1,691,641)	(4,706,908)	-	(68,960,685)	(43,295,429)
Net patient and trade accounts receivable	3,173,689	4,522,535	3,782,724	2,837,232	232,705	1,463,153	69,758,537	-	8,973,405	-	37,022,135	2,286	3,084,774	14,422,174	(166,366)	149,108,983	104,108,089
Estimated third-party payor settlements	2,168,844	-	433,000	628,000	-	-	2,204,938	-	1,336,060	-	88,867	-	318,338	1,942,031	-	9,120,078	10,896,424
Interentity receivables	219,634	1,397,847	50,831	6,311	20,030,788	34,148	1,249,484	144,914	23,336	27,892	2,242	1,810	2,778	94,265	(23,286,280)	-	-
Other receivables	102,726	2,553,084	618,218	518,343	13,486,272	308,963	5,125,026	6,482	987,101	15,407	2,210,000	39,288	117,516	2,106,219	(12,895,604)	15,299,041	12,046,856
Inventory	154,746	4,028,912	137,222	271,104	133,996	-	2,672,803	1,200	641,009	-	4,416,925	-	260,168	1,930,222	-	14,648,307	11,289,051
Prepaid expenses and other current assets	182,067	1,084,022	339,040	194,756	2,233,784	94,279	12,707,238	70,464	1,211,959	16,175	3,096,611	295,241	355,569	1,479,860	(8,762,000)	14,599,065	17,636,576
Total current assets	25,442,621	21,861,902	9,097,553	4,624,658	84,607,615	2,420,317	142,231,993	1,458,254	14,328,011	436,495	70,797,491	2,848,651	10,471,807	25,112,353	(45,110,250)	370,629,471	275,259,127
PROPERTY AND EQUIPMENT	34,532,503	19,009,289	28,616,654	10,589,948	95,215,120	3,447,957	562,995,836	320,315	56,600,223	53,345	132,977,297	22,470,330	42,202,636	86,262,438	-	1,095,293,891	879,430,421
Less accumulated depreciation and amortization	(23,544,594)	(9,148,711)	(20,080,176)	(6,840,278)	(54,720,640)	(2,969,686)	(308,806,127)	(190,749)	(31,050,390)	(36,296)	(9,801,302)	(7,608,169)	(20,095,277)	(55,292,252)	-	(550,184,647)	(504,578,303)
Property and equipment - net	10,987,909	9,860,578	8,536,478	3,749,670	40,494,480	478,271	254,189,709	129,566	25,549,833	17,049	123,175,995	14,862,161	22,107,359	30,970,186	-	545,109,244	374,852,118
NONCURRENT ASSETS WHOSE USE IS LIMITED OR RESTRICTED:																	
Internally designated by the Board of Directors:																	
Funded depreciation	12,135,364	83,861	8,267,285	493,890	22,542,061	209,386	138,085,645	-	6,921,642	-	-	-	1,031,703	2,063,796	-	191,834,633	201,706,243
Other designated funds	23,278	-	9,534,598	558,391	20,812	2,891,355	73,059,383	6,372,028	3,521,133	-	300,000	-	7,150,986	7,500	(3,983,600)	99,455,864	105,518,624
Self-insurance and other funds held by trustees	26,220	18,690	63,884	4,151	59,856,700	7,788	106,988,456	-	2,533,897	-	3,112,870	920,723	6,211	5,459,595	-	178,999,185	206,536,460
Temporarily donor-restricted	318,766	-	484,177	389,055	51,238	260,134	27,514,261	38,637,572	1,094,235	-	2,068,150	24,575	688,598	4,892,146	(31,826,637)	44,596,270	36,530,467
Permanently donor-restricted	113,002	-	609,880	360,203	22,800	147,407	9,705,151	12,170,353	204,609	-	1,131,087	5,350	108,495	2,719,173	(11,199,638)	16,097,872	13,065,916
Beneficial interest in perpetual trusts	-	-	1,164,199	-	-	-	2,210,326	-	551,818	-	768,712	7,327,628	265,203	-	-	12,287,886	10,852,028
Total noncurrent assets whose use is limited or restricted	12,616,630	102,551	20,124,023	1,805,690	82,493,611	3,516,070	357,563,222	57,179,953	14,827,334	-	7,380,819	8,278,276	9,251,196	15,142,210	(47,009,875)	543,271,710	574,209,738
OTHER ASSETS:																	
Investments in subsidiaries	-	-	-	-	6,276,663	-	-	-	-	-	-	-	-	-	(6,276,663)	-	-
Note receivable from affiliate	-	637,868	-	-	4,418,649	-	-	-	-	-	-	-	-	-	(5,056,517)	-	-
Estimated settlements receivable from the state of Maine	590,070	-	132,795	-	-	-	11,255,292	-	4,561,833	-	560,965	-	777,674	3,427,230	-	21,305,859	21,603,795
Deferred financing costs	74,117	-	29,809	-	-	-	2,142,034	-	109,795	-	569,943	-	91,916	91,267	-	3,108,881	2,755,125
Intangibles and other assets	705,197	6,713,955	1,411,277	277,611	3,073,005	249,551	20,315,282	-	2,258,361	190,650	6,281,499	5,238,310	1,645,184	3,982,713	(29,585,401)	22,757,194	20,921,792
Total other assets	1,369,384	7,351,823	1,573,881	277,611	13,768,317	249,551	33,712,608	-	6,929,989	190,650	7,412,407	5,238,310	2,514,774	7,501,210	(40,918,581)	47,171,934	45,280,712
TOTAL ASSETS	$ 50,416,544	$ 39,176,854	$ 39,331,935	$10,457,629	$ 221,364,023	$ 6,664,209	$ 787,697,532	$ 58,767,773	$ 61,635,167	$ 644,194	$208,766,712	$ 31,227,398	$ 44,345,136	$ 78,725,959	$ (133,038,706)	$ 1,506,182,359	$1,269,601,695

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING BALANCE SHEET INFORMATION — SEPTEMBER 27, 2014
AND CONSOLIDATED BALANCE SHEET INFORMATION — SEPTEMBER 28, 2013

LIABILITIES AND NET ASSETS	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine Healthcare Systems (Consolidated)	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	EMHS Foundation	Inland Hospital (Consolidated)	Maine Network for Health	Mercy Hospital (Consolidated)	Rosscare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2014 EMHS Consolidated	2013 EMHS Consolidated
CURRENT LIABILITIES:																	
Accounts payable	$ 1,340,816	$ 7,837,001	$ 982,721	$ 388,953	$ 9,420,133	$ 334,176	$ 31,057,385	$ 150,963	$ 2,991,073	$ 61,243	$ 12,699,194	$ 128,964	$ 548,927	$ 5,871,609	$ -	$ 73,813,158	$ 51,690,475
Interentity payables	420,793	538,492	355,202	135,804	222,339	433,146	6,627,178	91,997	1,627,305	893	10,410,987	36,942	275,734	2,275,834	(23,452,646)	-	-
Accrued expenses and other current liabilities	2,978,944	3,077,596	2,464,343	1,045,505	25,090,485	1,411,575	39,176,469	126,843	4,304,690	47,518	19,053,477	376,258	2,884,021	7,990,904	(8,812,000)	101,216,628	76,041,191
Estimated third-party payor settlements	7,851,974	-	4,503,307	2,081,697	-	190,280	9,814,562	-	1,037,993	-	3,992,554	-	2,913,057	3,447,827	-	35,833,251	30,157,822
Line-of-credit borrowings	-	42,394	-	-	16,020,104	500,000	-	-	6,244,583	-	-	7,898,104	-	4,400,000	(12,798,104)	22,307,081	57,909
Current portion of long-term debt	1,125,000	1,558,371	110,000	40,663	1,994,163	-	2,791,922	-	696,956	6,479	2,677,835	314,253	687,128	1,320,000	(168,097)	13,154,673	12,246,074
Current portion of accrual for self-insurance	-	-	-	-	9,514,892	-	1,322,451	-	-	-	-	-	-	-	-	10,837,343	10,442,142
Total current liabilities	13,717,527	13,053,854	8,415,573	3,692,622	62,262,116	2,869,177	90,789,967	369,803	16,902,600	116,133	48,834,047	8,754,521	7,308,867	25,306,174	(45,230,847)	257,162,134	180,635,613
NONCURRENT LIABILITIES:																	
Long-term debt - net of current portion	6,610,323	11,373,429	1,795,453	244,970	24,380,767	-	211,083,391	-	10,938,486	4,483	66,291,060	18,655,053	9,065,156	6,595,678	(5,135,920)	361,902,329	311,307,829
Accrual for self-insurance and postretirement benefits	9,271,106	7,416,438	2,317,838	1,686,532	43,550,377	259,176	90,719,583	-	4,229,331	-	8,164,055	18,528	1,654,001	8,983,839	(29,585,401)	148,685,403	137,949,325
Estimated third-party payor settlements	4,569,580	-	806,351	768,803	-	-	9,313,516	-	2,827,305	-	351,000	-	1,881,342	1,304,609	-	21,822,506	38,947,396
Other liabilities	-	885,481	-	-	995,275	-	2,820,826	62,215	216,725	-	8,642,266	-	-	141,402	-	13,764,190	4,557,169
Total noncurrent liabilities	20,451,009	19,675,348	4,919,642	2,700,305	68,926,419	259,176	313,937,316	62,215	18,211,847	4,483	83,448,381	18,673,581	12,600,499	17,025,528	(34,721,321)	546,174,428	492,761,719
Total liabilities	34,168,536	32,729,202	13,335,215	6,392,927	131,188,535	3,128,353	404,727,283	432,018	35,114,447	120,616	132,282,428	27,428,102	19,909,366	42,331,702	(79,952,168)	803,336,562	673,397,332
NET ASSETS (DEFICIT):																	
Common stock	-	100,000	-	-	-	-	-	-	-	951,856	-	-	-	-	(1,051,856)	-	-
Additional paid-in capital	-	10,572,562	-	-	-	-	-	-	-	776,668	-	-	-	-	(11,349,230)	-	-
Accumulated deficit	-	(4,395,899)	-	-	-	-	-	-	-	(1,393,434)	-	-	-	-	5,789,333	-	-
Unrestricted	15,816,240	-	23,738,464	3,315,444	90,101,450	3,128,315	343,540,511	7,527,830	24,670,058	-	72,516,335	(3,558,257)	23,373,474	28,782,938	(3,448,510)	629,504,292	535,276,529
Temporarily restricted	318,766	-	484,177	389,055	51,238	260,134	27,514,261	38,637,572	1,094,235	-	2,068,150	24,575	688,598	4,892,146	(31,826,637)	44,596,270	36,530,467
Permanently restricted	113,002	-	1,774,079	360,203	22,800	147,407	11,915,477	12,170,353	756,427	-	1,899,799	7,332,978	373,698	2,719,173	(11,199,638)	28,385,758	23,917,944
Total controlled net assets	16,248,008	6,276,663	25,996,720	4,064,702	90,175,488	3,535,856	382,970,249	58,335,755	26,520,720	335,090	76,484,284	3,799,296	24,435,770	36,394,257	(53,086,538)	702,486,320	595,724,940
Retained earnings-noncontrolling interest	-	170,989	-	-	-	-	-	-	-	188,488	-	-	-	-	(359,477)	-	-
Unrestricted-noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	359,477	359,477	479,423
Total net assets	16,248,008	6,447,652	25,996,720	4,064,702	90,175,488	3,535,856	382,970,249	58,335,755	26,520,720	523,578	76,484,284	3,799,296	24,435,770	36,394,257	(53,086,538)	702,845,797	596,204,363
TOTAL LIABILITIES AND NET ASSETS	$ 50,416,544	$ 39,176,854	$ 39,331,935	$ 10,457,629	$ 221,364,023	$ 6,664,209	$ 787,697,532	$ 58,767,773	$ 61,635,167	$ 644,194	$ 208,766,712	$ 31,227,398	$ 44,345,136	$ 78,725,959	$ (133,038,706)	$ 1,506,182,359	$ 1,269,601,695

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION — YEAR ENDED SEPTEMBER 27, 2014
AND CONSOLIDATED STATEMENT OF OPERATIONS INFORMATION — YEAR ENDED SEPTEMBER 28, 2013

	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine Healthcare Systems (Consolidated)	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	EMHS Foundation	Inland Hospital (Consolidated)	Maine Institute for Human Genetics and Health	Maine Network for Health	Mercy Hospital (Consolidated)	Rosscare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2014 EMHS Consolidated	2013 EMHS Consolidated
REVENUE:																		
Patient service revenue (net of contractual allowances and discounts)	$ 51,088,310	$ 46,217,512	$ 35,895,485	$ 15,724,023	$ -	$ 11,787,291	$ 680,453,329	$ -	$ 80,200,759	$ -	$ -	$ 247,045,343	$ 6,555	$ 37,998,031	$ 106,189,531	$ (101,355)	$ 1,312,504,814	$ 1,006,661,934
Less provision for bad debts	2,616,764	1,144,300	980,830	680,908	-	89,328	40,689,621	-	5,431,239	-	-	13,958,321	-	2,913,829	5,316,317	-	73,821,457	46,029,108
Net patient service revenue	48,471,546	45,073,212	34,914,655	15,043,115	-	11,697,963	639,763,708	-	74,769,520	-	-	233,087,022	6,555	35,084,202	100,873,214	(101,355)	1,238,683,357	960,632,826
Sales and contract revenue	1,919,001	65,905,557	14,412	61,775	73,231,755	13,927	6,417,261	3,590,614	167,967	-	824,119	44,646	5,753,671	-	190,957	(134,857,503)	23,278,159	25,023,046
Other revenue	743,003	1,621,392	2,039,629	655,836	88,880,010	61,573	21,019,340	4,994	1,943,133	19,204	5,609	5,328,209	410,575	1,201,082	4,723,302	(91,558,197)	37,098,694	38,757,494
Net assets released from restrictions - operations	51,355	-	128,218	14,340	14,781	288,807	1,578,679	170,087	39,784	-	-	443,165	12,799	41,441	41,240	-	2,824,696	2,104,173
Total revenue	51,184,905	112,600,161	37,096,914	15,775,066	162,126,546	12,062,270	668,778,988	3,765,695	76,920,404	19,204	829,728	238,903,042	6,183,600	36,326,725	105,828,713	(226,517,055)	1,301,884,906	1,026,517,539
EXPENSES:																		
Compensation and employee benefits	34,381,632	33,336,207	20,749,946	10,525,330	62,797,863	9,258,145	346,353,455	-	41,177,724	1,425	472,906	136,597,913	2,586,094	20,534,011	69,210,141	(2,919,010)	785,063,782	609,504,623
Supplies and other	14,515,946	76,464,166	13,082,073	4,917,003	107,799,200	3,279,462	279,839,080	3,475,523	33,435,414	39,943	314,740	87,542,982	2,581,882	11,310,430	36,022,254	(223,152,868)	451,467,230	329,213,597
Depreciation and amortization	1,043,617	1,282,307	1,219,843	572,789	4,228,206	331,679	23,206,621	18,184	3,184,896	48,198	9,541	9,844,718	671,550	1,818,727	3,647,331	-	51,128,207	42,499,958
Interest	351,771	621,279	88,569	11,283	1,306,517	5,986	3,246,120	-	662,613	-	695	1,476,232	737,467	311,353	253,397	(445,177)	8,628,105	7,026,730
Total expenses	50,292,966	111,703,959	35,140,431	16,026,405	176,131,786	12,875,272	652,645,276	3,493,707	78,460,647	89,566	797,882	235,461,845	6,576,993	33,974,521	109,133,123	(226,517,055)	1,296,287,324	988,244,908
INCOME (LOSS) FROM OPERATIONS BEFORE GAINS AND LOSSES	891,939	896,202	1,956,483	(251,339)	(14,005,240)	(813,002)	16,133,712	271,988	(1,540,243)	(70,362)	31,846	3,441,197	(393,393)	2,352,204	(3,304,410)	-	5,597,582	38,272,631
OTHER GAINS (LOSSES):																		
Income tax expense	-	(537,353)	-	-	-	-	-	-	-	-	(9,503)	-	-	-	-	-	(546,856)	414,048
Joint venture income (loss)	-	312,798	-	-	(152,390)	-	-	-	-	-	-	-	618,443	-	(77,994)	-	700,857	37,780
Investment income and other - net	480,980	2,059,167	326,080	27,046	3,398,450	1,030	1,534,288	50,040	261,243	(2,815)	-	(1,335,859)	3,477	621,032	33,467	(2,561,688)	4,895,938	9,615,467
Contribution received in the acquisition of Mercy, net	-	-	-	-	-	-	-	-	-	-	-	73,076,220	-	-	-	-	73,076,220	-
Total other gains (losses) - net	480,980	1,834,612	326,080	27,046	3,246,060	1,030	1,534,288	50,040	261,243	(2,815)	(9,503)	71,740,361	621,920	621,032	(44,527)	(2,561,688)	78,126,159	10,067,295
EXCESS (DEFICIENCY) OF REVENUE AND GAINS OVER EXPENSES AND LOSSES BEFORE DISCONTINUED OPERATIONS	1,372,919	2,730,814	2,282,563	(224,293)	(10,759,180)	(811,972)	17,668,000	322,028	(1,279,000)	(73,177)	22,343	75,181,558	228,527	2,973,236	(3,348,937)	(2,561,688)	83,723,741	48,339,926
DISCONTINUED OPERATIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,263,811
EXCESS (DEFICIENCY) OF REVENUE AND GAINS OVER EXPENSES AND LOSSES	1,372,919	2,730,814	2,282,563	(224,293)	(10,759,180)	(811,972)	17,668,000	322,028	(1,279,000)	(73,177)	22,343	75,181,558	228,527	2,973,236	(3,348,937)	(2,561,688)	83,723,741	63,603,737
NONCONTROLLING INTEREST	-	(169,126)	-	-	454,630	-	-	-	-	-	(8,043)	-	-	-	-	-	277,461	(22,730)
EXCESS (DEFICIENCY) OF REVENUE AND GAINS OVER EXPENSES AND LOSSES - CONTROLLING INTEREST	1,372,919	2,561,688	2,282,563	(224,293)	(10,304,550)	(811,972)	17,668,000	322,028	(1,279,000)	(73,177)	14,300	75,181,558	228,527	2,973,236	(3,348,937)	(2,561,688)	84,001,202	63,581,007
NET ASSETS RELEASED FROM RESTRICTIONS - capital acquisitions	30,502	-	10,000	-	-	-	1,055,599	-	274,664	-	-	26,731	-	344,165	42,004	-	1,783,665	4,394,114
CHANGE IN NET UNREALIZED GAINS AND LOSSES ON INVESTMENTS	(176,264)	175,263	220,524	7,437	2,739,001	-	6,014,014	349,493	149,019	-	-	-	-	195,466	-	(175,263)	9,498,690	(5,479,942)
CONTRIBUTION OF LONG-LIVED ASSETS	-	-	-	-	-	-	-	-	36,000	-	-	-	-	-	-	-	36,000	-
PAID-IN CAPITAL	-	3,079,880	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,079,880)	-	-
NET CHANGE IN FUNDS HELD AT AFFILIATES	6,589	-	191	1,219	1,250	135,350	52,039	-	5,375	(3,042)	-	-	-	140	(2,500)	(196,611)	-	-
INTERENTITY EQUITY TRANSFERS	(722,101)	-	(1,022,456)	(367,919)	25,894,664	18,654	(15,051,196)	(33,124)	(2,256,791)	(334,697)	-	(2,691,954)	(14,306)	(643,998)	(2,774,776)		-	-
PENSION AND POSTRETIREMENT PLAN RELATED ADJUSTMENTS	2,606	917,029	(257,997)	(157,966)	(375,389)	-	(360,456)	-	-	-	-	-	57,408	-	-	(917,029)	(1,091,794)	16,711,133
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 514,251	$ 6,733,860	$ 1,232,825	$ (741,522)	$ 17,954,976	$ (657,968)	$ 9,378,000	$ 638,397	$ (3,070,733)	$ (410,916)	$ 14,300	$ 72,516,335	$ 271,629	$ 2,869,009	$ (6,084,209)	$ (6,930,471)	$ 94,227,763	$ 79,206,312

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING STATEMENT OF CHANGES IN CONTROLLED NET ASSETS INFORMATION - YEAR ENDED SEPTEMBER 27, 2014
AND CONSOLIDATED STATEMENT OF CHANGES IN CONTROLLED NET ASSETS INFORMATION - YEAR ENDED SEPTEMBER 28, 2013

	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine Healthcare Systems (Consolidated)	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	EMHS Foundation	Inland Hospital (Consolidated)	Maine Institute for Human Genetics and Health	Maine Network for Health	Mercy Hospital (Consolidated)	Rosscare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2014 EMHS Consolidated	2013 EMHS Consolidated
UNRESTRICTED CONTROLLED NET ASSETS:																		
BEGINNING BALANCES	$ 15,301,989	$ (457,197)	$ 22,505,639	$ 4,056,966	$ 72,146,474	$ 3,786,283	$ 334,162,511	$ 6,889,433	$ 27,740,791	$ 410,916	$ 320,790	$ -	$ (3,829,886)	$ 20,504,465	$ 34,867,147	$ (3,129,792)	$ 535,276,529	$ 456,070,217
Excess (deficiency) of revenue and gains over expenses and losses	1,372,919	2,730,814	2,282,563	(224,293)	(10,759,180)	(811,972)	17,668,000	322,028	(1,279,000)	(73,177)	22,343	75,181,558	228,527	2,973,236	(3,348,937)	(2,561,688)	83,723,741	63,603,737
Noncontrolling interest	-	(169,126)	-	-	454,630	-	-	-	-	-	(8,043)	-	-	-	-	-	277,461	(22,730)
Net assets released from restrictions-																		
Capital acquisition	30,502	-	10,000	-	-	-	1,055,599	-	274,664	-	-	26,731	-	344,165	42,004	-	1,783,665	4,394,114
Change in net unrealized gains and losses on investments	(176,264)	175,263	220,524	7,437	2,739,001	-	6,014,014	349,493	149,019	-	-	-	-	195,466	-	(175,263)	9,498,690	(5,479,942)
Contribution of long-lived assets, net	-	-	-	-	-	-	-	-	36,000	-	-	-	-	-	-	-	36,000	-
Changes in the funded status of postretirement benefit plans	2,606	917,029	(257,997)	(157,966)	(375,389)	-	(360,456)	-	-	-	-	-	57,408	-	-	(917,029)	(1,091,794)	16,711,133
Paid-in capital	-	3,079,880	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,079,880)	-	-
Net change in funds held at affiliates	6,589	-	191	1,219	1,250	135,350	52,039	-	5,375	(3,042)	-	-	-	140	(2,500)	(196,611)	-	-
Interentity equity transfers	(722,101)	-	(1,022,456)	(367,919)	25,894,664	18,654	(15,051,196)	(33,124)	(2,256,791)	(334,697)	-	(2,691,954)	(14,306)	(643,998)	(2,774,776)	-	-	-
ENDING BALANCES	$ 15,816,240	$ 6,276,663	$ 23,738,464	$ 3,315,444	$ 90,101,450	$ 3,128,315	$ 343,540,511	$ 7,527,830	$ 24,670,058	$ -	$ 335,090	$ 72,516,335	$ (3,558,257)	$ 23,373,474	$ 28,782,938	$ (10,060,263)	$ 629,504,292	$ 535,276,529
TEMPORARILY RESTRICTED NET ASSETS:																		
BEGINNING BALANCES	$ 345,507	$ -	$ 426,683	$ 346,652	$ 67,866	$ 310,379	$ 23,564,958	$ 31,915,716	$ 1,247,124	$ 101,398	$ -	$ -	$ 24,492	$ 851,187	$ 3,358,295	$ (26,029,790)	$ 36,530,467	$ 32,598,814
Contribution received in the acquisition of Mercy	-	-	-	-	-	-	-	-	-	-	-	1,696,358	-	-	-	-	1,696,358	-
Restricted contributions	38,808	-	11,069	57,458	-	-	247,855	7,807,945	8,488	-	-	263,272	7,189	258,562	27,139	-	8,727,785	6,756,343
Net assets released from restrictions-																		
Capital acquisitions	(30,502)	-	(10,000)	-	-	-	(1,055,599)	-	(274,664)	-	-	(26,731)	-	(344,165)	(42,004)	-	(1,783,665)	(4,394,114)
Operations	(51,355)	-	(128,218)	(14,340)	(14,781)	(288,807)	(1,578,679)	(170,087)	(39,784)	-	-	(443,165)	(12,799)	(41,441)	(41,240)	-	(2,824,696)	(2,104,173)
Restricted investment income and realized net gains (losses)	-	-	-	2	-	-	-	(207,281)	-	-	-	-	-	-	388,206	-	180,927	5,622,925
Change in net unrealized gains and losses on investments	-	-	6,521	(2,337)	-	-	-	2,024,630	11,987	-	-	19,054	-	(35,896)	58,054	-	2,082,013	(1,888,139)
Other	-	-	-	-	-	-	-	(12,155)	-	-	-	-	-	-	(764)	-	(12,919)	(61,189)
Net change in funds held at affiliates	(26,741)	-	49,904	580	(16,628)	(50,245)	3,949,303	-	(159,505)	(101,398)	-	1,063,047	83	91	1,088,356	(5,796,847)	-	-
Interentity equity transfers	43,049	-	128,218	1,040	14,781	288,807	2,386,423	(2,721,196)	300,589	-	-	(503,685)	5,610	260	56,104	-	-	-
ENDING BALANCES	$ 318,766	$ -	$ 484,177	$ 389,055	$ 51,238	$ 260,134	$ 27,514,261	$ 38,637,572	$ 1,094,235	$ -	$ -	$ 2,068,150	$ 24,575	$ 688,598	$ 4,892,146	$ (31,826,637)	$ 44,596,270	$ 36,530,467
PERMANENTLY RESTRICTED NET ASSETS:																		
BEGINNING BALANCES	$ 91,332	$ -	$ 1,548,672	$ 359,853	$ 17,500	$ 142,955	$ 10,995,601	$ 10,296,677	$ 723,495	$ 535,850	$ -	$ -	$ 6,988,462	$ 369,858	$ 1,714,409	$ (9,866,720)	$ 23,917,944	$ 23,025,621
Contribution received in the acquisition of Mercy	-	-	-	-	-	-	-	-	-	-	-	1,845,964	-	-	-	-	1,845,964	-
Restricted contributions	-	-	-	-	-	-	-	1,861,521	-	-	-	-	-	-	-	-	1,861,521	164,407
Change in net unrealized gains and losses on investments	-	-	223,057	-	-	-	91,730	-	30,432	-	-	53,835	344,516	3,840	-	-	747,410	666,727
Other	-	-	-	-	-	-	-	12,155	-	-	-	-	-	-	764	-	12,919	61,189
Net change in funds held at affiliates	21,670	-	2,350	350	5,300	4,452	828,146	-	2,500	(535,850)	-	-	-	-	1,004,000	(1,332,918)	-	-
ENDING BALANCES	$ 113,002	$ -	$ 1,774,079	$ 360,203	$ 22,800	$ 147,407	$ 11,915,477	$ 12,170,353	$ 756,427	$ -	$ -	$ 1,899,799	$ 7,332,978	$ 373,698	$ 2,719,173	$ (11,199,638)	$ 28,385,758	$ 23,917,944

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING STATEMENT OF CASH FLOWS INFORMATION — YEAR ENDED SEPTEMBER 27, 2014
AND CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION — YEAR ENDED SEPTEMBER 28, 2013

	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine Healthcare Systems (Consolidated)	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	EMHS Foundation	Inland Hospital (Consolidated)	Maine Institute for Human Genetics and Health	Maine Network for Health	Mercy Hospital (Consolidated)	Rosscare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2014 EMHS Consolidated	2013 EMHS Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:																		
Increase (decrease) in net assets	$ 509,180	$ 6,801,493	$ 1,515,726	$ (698,769)	$ 17,748,026	$ (703,761)	$ 14,247,179	$ 9,233,929	$ (3,190,690)	$ (1,048,164)	$ 22,343	$ 76,484,284	$ 616,228	$ 2,710,260	$ (3,545,594)	$ (14,060,236)	$ 106,641,434	$ 84,375,508
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:																		
Depreciation and amortization	1,043,617	1,282,307	1,219,843	572,789	4,228,206	331,679	23,206,621	18,184	3,184,896	48,198	9,541	9,844,718	671,550	1,818,727	3,647,331	-	51,128,207	42,499,958
Provision for bad debts	2,636,764	778,173	980,830	681,123	-	89,328	40,689,621	-	5,432,513	-	-	13,958,321	(43,337)	2,913,829	5,316,317	-	73,433,482	44,943,357
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,123
(Gain) loss on sale of property and equipment	-	(54,936)	-	3,330	-	-	(35,287)	-	300	5,000	-	(118)	531	560	(17,519)	-	(98,139)	1,178,687
Loss on sale of joint venture	-	241,620	-	-	-	-	-	-	-	-	-	-	-	-	-	-	241,620	-
Net realized and unrealized losses (gains) on investments	164,976	(175,263)	(435,553)	(14,476)	(3,241,822)	-	(6,224,747)	(2,176,577)	(271,453)	-	-	(73,007)	(344,104)	(572,788)	(446,260)	175,263	(13,635,811)	(10,870,780)
Loss in subsidiaries	-	-	-	-	(2,561,688)	-	-	-	-	-	-	-	-	-	-	2,561,688	-	-
Dividends to parent	-	-	-	-	(3,079,880)	-	-	-	-	-	-	-	-	-	-	3,079,880	-	-
Equity in (earnings) losses of joint ventures	-	(312,798)	-	-	152,389	-	-	-	-	-	-	-	(618,443)	-	77,994	-	(700,858)	(37,780)
Adjustment to fair value of equity in net assets of acquired affiliates	-	-	-	-	-	-	-	-	-	-	-	(76,618,542)	-	-	-	-	(76,618,542)	114,340
Net change in funds held at affiliates	(1,518)	-	(52,445)	(2,149)	10,078	(89,557)	(4,829,488)	-	151,630	640,290	-	(1,063,047)	(83)	(231)	(2,089,856)	7,326,376	-	-
Interentity equity transfer	679,052	(1,750,000)	894,238	366,879	(25,909,445)	(307,461)	12,664,773	2,754,320	1,956,202	334,697	-	3,195,639	8,696	643,738	2,718,672	1,750,000	-	-
Contribution of long-lived assets	-	-	-	-	-	-	-	-	(36,000)	-	-	-	-	-	-	-	(36,000)	-
Pension and postretirement plan-related adjustments	(2,606)	(917,029)	257,997	157,966	375,389	-	360,456	-	-	-	-	-	(57,408)	-	-	917,029	1,091,794	(16,711,133)
Restricted contributions	(38,808)	-	(11,069)	(57,458)	-	-	(247,855)	(9,669,466)	(8,488)	-	-	(263,272)	(7,189)	(258,562)	(27,139)	-	(10,589,306)	(6,920,750)
Changes in operating assets and liabilities:																		
Patient and trade accounts receivable	(3,352,714)	(27,233)	(1,931,409)	(803,428)	131,402	97,766	(44,458,421)	-	(5,611,899)	-	-	(20,701,626)	476,867	(3,760,184)	(8,259,928)	45,261	(88,155,546)	(61,952,313)
Other current assets	334,111	1,093,526	(139,808)	(60,338)	(15,184,619)	(176,208)	7,518,370	(110,793)	890,582	22,365	(17,989)	510,463	22,825	108,598	534,669	11,318,557	6,664,311	(997,426)
Other assets	55,587	860,882	42,755	-	(4,075,524)	-	(33,356)	-	(60,123)	-	11,393	(272)	-	-	-	3,885,322	686,664	(1,865,317)
Estimated third-party payor settlements	3,580,693	-	78,144	(839,362)	-	(17,209)	(8,735,392)	-	(2,706,661)	-	-	1,972,904	-	(221,892)	(4,207,222)	-	(11,095,997)	74,753,313
Accounts payable, accrued expenses, and other liabilities	299,846	(4,556,320)	(789,165)	213,928	6,535,350	516,933	778,678	18,969	1,161,139	(48,060)	(6,864)	11,625,512	(90,553)	646,452	3,890,202	(8,763,817)	11,432,230	11,389,455
Accrual for self-insurance and postretirement benefits	(49,483)	49,727	71,375	(13,662)	705,294	6,483	2,544,496	-	262,408	(14,070)	-	(3,192,235)	(11,629)	(6,030)	486,790	-	839,464	8,727,496
Net cash provided (used) by operating activities	5,858,697	3,314,149	1,701,459	(493,627)	(24,166,844)	(252,007)	37,445,648	68,566	1,154,356	(59,744)	18,424	15,679,722	623,951	4,022,477	(1,921,543)	8,235,323	51,229,007	168,674,738
CASH FLOWS FROM INVESTING ACTIVITIES:																		
Purchases of property and equipment	(1,367,763)	(638,535)	(1,097,953)	(600,592)	(2,891,869)	(64,346)	(63,637,497)	(35,684)	(2,645,441)	-	-	(15,010,494)	(75,589)	(2,509,769)	(6,537,580)	-	(97,113,112)	(81,165,697)
Proceeds from sales of property and equipment	-	106,860	-	2,909	-	-	131,782	-	-	-	-	36,076	500	4,478	55,490	-	338,095	2,293,639
Proceeds from distributions of equity in joint ventures	-	150,000	-	-	-	-	-	-	-	-	-		1,651,000	-	20,000	-	1,821,000	534,783
Proceeds from contribution in the acquisition of Mercy												9,313,841					9,313,841	
Proceeds from sale of joint venture	-	65,563	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65,563	-
Investment in joint ventures	-	(120,000)	-	-	-	-	-	-	-	-	-	-	(351,000)	-	-	-	(471,000)	(1,005,000)
Purchases of investments	(5,212,322)	(24,300)	(2,692,267)	(78,257)	(27,665,261)	-	(51,703,596)	(2,800,611)	(207,822)	-	-	-	-	(3,824,100)	(1,423,252)	-	(95,631,788)	(213,915,150)
Proceeds from sales of investments	5,216,618	22,000	2,426,611	160,662	21,429,482	-	46,387,964	3,505,727	242,537	-	-	118	(412)	3,646,515	980,299	-	84,018,121	125,610,027
Net changes in money market investments	(392,069)	(2,519,911)	(586,358)	1,015,791	(8,309,655)	(6,521)	56,682,657	(3,977,457)	(1,663,762)	79,524	-	22,771,164	(63,649)	1,360,447	7,764,328	-	72,154,529	(170,992,645)
Net cash (used) provided by investing activities	(1,755,536)	(2,958,323)	(1,949,967)	500,513	(17,437,303)	(70,867)	(12,138,690)	(3,308,025)	(4,274,488)	79,524	-	17,110,705	1,160,850	(1,322,429)	859,285	-	(25,504,751)	(338,640,043)
CASH FLOWS FROM FINANCING ACTIVITIES:																		
Proceeds from long-term debt	-	4,505,934	-	-	-	-	-	-	-	-	-	69,505,000	-	-	-	(4,053,025)	69,957,909	163,270,649
Repayment of long-term debt	(1,155,645)	(3,082,617)	(111,003)	(61,338)	(1,923,812)	-	(2,698,661)	-	(818,965)	-	(6,176)	(74,838,420)	(571,046)	(588,028)	(1,378,600)	217,702	(87,016,609)	(11,907,593)
Proceeds from lines-of-credit	-	121	-	-	96,410,782	-	-	-	1,185,860	-	-	-	-	-	4,400,000	(4,400,000)	97,596,763	11,101,272
Repayment of lines-of-credit	-	(15,636)	-	-	(80,390,678)	-	-	-	-	-	-	-	-	-	-	-	(80,406,314)	(17,609,930)
Payment of bond issuance costs	-	-	-	-	-	-	122,960	-	-	-	-	(585,657)	-	-	-	-	(462,697)	(1,813,591)
Interentity equity transfer	(679,052)	-	(894,238)	(366,879)	25,712,780	307,461	(12,664,773)	(2,754,320)	(1,956,202)	(138,032)	-	(3,195,639)	(8,696)	(643,738)	(2,718,672)	-	-	-
Restricted contributions and investment income	38,808	-	11,069	57,460	-	-	247,855	9,462,185	8,488	-	-	263,272	7,189	258,562	415,345	-	10,770,233	12,543,675
Decrease (increase) in pledges receivable restricted for long-term purposes	-	-	-	47,405	-	-	-	(3,194,014)	-	-	-	-	-	123,034	-	-	(3,023,575)	(701,756)
Net cash (used) provided by financing activities	(1,795,889)	1,407,802	(994,172)	(323,352)	39,809,072	307,461	(14,992,619)	3,513,851	(1,580,819)	(138,032)	(6,176)	(8,851,444)	(572,553)	(850,170)	718,073	(8,235,323)	7,415,710	154,882,726
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,307,272	1,763,628	(1,242,680)	(316,466)	(1,795,075)	(15,413)	10,314,339	274,392	(4,700,951)	(118,252)	12,248	23,938,983	1,212,248	1,849,878	(344,185)	-	33,139,966	(15,082,579)
CASH AND CASH EQUIVALENTS — BEGINNING OF YEAR	2,371,481	4,000,287	4,930,494	485,378	5,928,145	535,187	24,302,472	739,737	5,668,633	118,252	364,773	-	1,297,778	4,084,056	3,075,954	-	57,902,627	72,985,206
CASH AND CASH EQUIVALENTS — END OF YEAR	$ 4,678,753	$ 5,763,915	$ 3,687,814	$ 168,912	$ 4,133,070	$ 519,774	$ 34,616,811	$ 1,014,129	$ 967,682	$ -	$ 377,021	$ 23,938,983	$ 2,510,026	$ 5,933,934	$ 2,731,769	$ -	$ 91,042,593	$ 57,902,627

EASTERN MAINE HEALTHCARE SYSTEMS

SUPPLEMENTARY CONSOLIDATING INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING SCHEDULE OF NET PATIENT SERVICE REVENUE — YEAR ENDED SEPTEMBER 27, 2014
AND CONSOLIDATED SCHEDULE OF NET PATIENT SERVICE REVENUE — YEAR ENDED SEPTEMBER 28, 2013

	Acadia Hospital (Consolidated)	Affiliated Healthcare Systems (Consolidated)	Blue Hill Memorial Hospital, Inc.	Charles A. Dean Memorial Hospital	Eastern Maine HomeCare	Eastern Maine Medical Center (Consolidated)	Inland Hospital (Consolidated)	Mercy Hospital (Consolidated)	Rosscare (Consolidated)	Sebasticook Valley Health (Consolidated)	The Aroostook Medical Center (Consolidated)	Eliminations and Reclassifications	2014 EMHS Consolidated	2013 EMHS Consolidated
FULL CHARGES FOR SERVICES TO PATIENTS:														
Daily patient services	$ 38,961,188	$ -	$ 2,887,360	$ 2,260,984	$ -	$ 199,705,392	$ 16,460,727	$ 41,827,641	$ -	$ 2,908,802	$ 24,993,567	$ -	$ 330,005,661	$ 271,619,966
Ancillary services	15,752,972	-	7,024,320	1,947,808	-	532,149,236	18,735,887	108,033,231	-	7,142,888	44,991,501	-	735,777,843	589,470,045
Outpatient services	29,455,471	64,516,051	42,108,556	14,636,310	12,537,755	640,089,829	97,414,116	363,739,711	13,891	48,724,242	162,177,726	(101,355)	1,475,312,303	988,029,566
Gross patient service revenue	84,169,631	64,516,051	52,020,236	18,845,102	12,537,755	1,371,944,457	132,610,730	513,600,583	13,891	58,775,932	232,162,794	(101,355)	2,541,095,807	1,849,119,577
Deductions from revenue:														
Contractual adjustments	(23,936,136)	(18,229,779)	(14,569,102)	(2,568,582)	(750,464)	(663,944,397)	(49,436,526)	(249,734,971)	(7,336)	(18,912,577)	(119,981,502)	-	(1,162,071,372)	(787,116,383)
Charity care	(9,145,185)	(68,760)	(1,555,649)	(552,497)	-	(27,546,731)	(2,973,445)	(16,820,269)	-	(1,865,324)	(5,991,761)	-	(66,519,621)	(55,341,260)
Provision for bad debts	(2,616,764)	(1,144,300)	(980,830)	(680,908)	(89,328)	(40,689,621)	(5,431,239)	(13,958,321)	-	(2,913,829)	(5,316,317)	-	(73,821,457)	(46,029,108)
Total deductions	(35,698,085)	(19,442,839)	(17,105,581)	(3,801,987)	(839,792)	(732,180,749)	(57,841,210)	(280,513,561)	(7,336)	(23,691,730)	(131,289,580)	-	(1,302,412,450)	(888,486,751)
Net patient service revenue	$ 48,471,546	$ 45,073,212	$ 34,914,655	$ 15,043,115	$ 11,697,963	$ 639,763,708	$ 74,769,520	$ 233,087,022	$ 6,555	$ 35,084,202	$ 100,873,214	$ (101,355)	$ 1,238,683,357	$ 960,632,826

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