** PUBLIC DISCLOSURE COPY **

Form 990 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

Department of the Treasury
Internal Revenue Service

OMB No. 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning JUL 1, 2013 and ending JUN 30, 2014

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

C Name of organization: Franklin Memorial Hospital

Doing Business As:

Number and street (or P.O. box if mail is not delivered to street address): 111 Franklin Health Commons

Room/suite:

City or town, state or province, country, and ZIP or foreign postal code: Farmington, ME 04938

D Employer identification number: 01-0211503

E Telephone number: 207-779-2500

G Gross receipts $: 74,752,917.

F Name and address of principal officer: Rebecca Arsenault
same as C above

H(a) Is this a group return for subordinates? ☐ Yes ☒ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ www.fchn.org

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 1926

M State of legal domicile: ME

Part I Summary

1 Briefly describe the organization's mission or most significant activities: Community Hospital

2 Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

Activities & Governance	3	Number of voting members of the governing body (Part VI, line 1a)	18
	4	Number of independent voting members of the governing body (Part VI, line 1b)	12
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	890
	6	Total number of volunteers (estimate if necessary)	149
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	0.
	7b	Net unrelated business taxable income from Form 990-T, line 34	0.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	1,794,711.	812,719.
	9	Program service revenue (Part VIII, line 2g)	76,263,965.	73,856,393.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-24,953.	0.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	28,298.	68,010.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	78,062,021.	74,737,122.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	10,000.	8,889,836.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	52,994,819.	48,638,178.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	31,169,437.	29,010,111.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	84,174,256.	86,538,125.
	19	Revenue less expenses. Subtract line 18 from line 12	-6,112,235.	-11,801,003.

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	68,577,137.	52,419,039.
	21	Total liabilities (Part X, line 26)	33,177,419.	28,550,005.
	22	Net assets or fund balances. Subtract line 21 from line 20	35,399,718.	23,869,034.

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 1/30/15

▶ Wayne Bennett, CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
Joseph R. Byrne, CPA	Joseph R. Byrne, CPA	01/30/15	☐	P01289281

Firm's name ▶ Berry Dunn McNeil & Parker, LLC — Firm's EIN ▶ 01-0523282

Firm's address ▶ P.O. Box 1100
Portland, ME 04104-1100

Phone no. (207) 775-2387

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

Part III Statement of Program Service Accomplishments X

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

1 Briefly describe the organization's mission:
To provide high-quality, cost-effective, patient-centered healthcare to our west central Maine community. We work with our community and other healthcare providers to integrate services and ensure the health of our community.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No
If "Yes," describe these changes on Schedule O.

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

4a (Code:) (Expenses $ 44,942,778. including grants of $ 8,889,836.) (Revenue $ 58,437,492.)
Routine Inpatient and Ancillary Outpatient Services

Franklin Memorial Hospital is a non-for-profit community hospital which provides high-quality, cost-effective, patient-centered inpatient and outpatient healthcare services to west central Maine communities. The 65-bed hospital is fully qualified and accredited to handle a broad range of medical, surgical, pediatric, women's care and diagnostic services. Franklin Memorial Hospital offers top quality specialty care including routine adult, pediatric and intensive care inpatient services as well as a variety of outpatient services including oncology, hematology, cardiology, otolaryngology, orthopaedics, behavioral services, occupational health, dermatology, pulmonology,

4b (Code:) (Expenses $ 21,092,587. including grants of $) (Revenue $ 8,646,417.)
Franklin Health Physician Practices

Franklin Memorial Hospital identified access to primary care as a central community need and is committed to providing high quality physician services of family practice, internal medicine, pediatrics and women's care. In addition, Franklin Memorial Hospital offers a variety of specialty care services including dermatology, surgery, orthopaedics, and behavioral health services. During the year Franklin Memorial Hospital provided 56,0000 primary care visits and 21,700 specialty care visits in the Franklin Health physician practices.

4c (Code:) (Expenses $ 5,475,374. including grants of $) (Revenue $ 6,772,484.)
Emergency Room

Franklin Memorial Hospital operates an emergency department which operates 24 hours a day seven days a week. The Emergency Department serves as the primary care physician for a number of low income and indigent residents of the west central Maine communities. Given Franklin Memorial Hospital's commitment to access to care regardless of ability to pay, the Emergency Department serves a vital role in the community's health care network. During FY14 Franklin Memorial Hospital had 15,800 emergency room visits.

4d Other program services (Describe in Schedule O.)
(Expenses $ including grants of $) (Revenue $)

4e Total program service expenses ▶ 71,510,739.

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*?	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*	11a	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*	11b	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*	11c		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*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	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*	11f		X
12a	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*	12b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	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*	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
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	X	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	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 organization 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	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No", go to line 25a*	24a	X	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		X
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		X
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	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, Part II, III, or IV, and Part V, line 1*	34	X	
35a	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		
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
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	143		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	X	
2a	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	2a	890		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		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*		3b		
4a	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)?		4a		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.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	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?		6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
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?		7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
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?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
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?		13a		
	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	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*		14b		

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
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	18		
	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.				
b	Enter the number of voting members included in line 1a, above, who are independent	1b	12		
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?	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?	6		X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?	8a		X	
b	Each committee with authority to act on behalf of the governing body?	8b		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
10a	Did the organization have local chapters, branches, or affiliates?	10a	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?	10b	X	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	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*	12c	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	15a	X	
b	Other officers or key employees of the organization	15b	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ ME

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

☐ Own website ☐ Another's website ☒ Upon request ☐ Other *(explain in Schedule O)*

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ▶

Wayne Bennett - 207-779-2613

111 Franklin Health Commons, Farmington, ME 04938

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Rebecca Arsenault	33.00									
President/CEO	7.00	X		X				368,907.	0.	32,145.
(2) Carol Timberlake	0.80									
Director	0.20	X						0.	0.	0.
(3) Doug Walrath	0.80									
Past Director	0.20	X						0.	0.	0.
(4) Jef Howell	1.80									
Past Treasurer	0.20	X		X				0.	0.	0.
(5) Joseph Bujold	2.80									
Chair	0.20	X		X				0.	0.	0.
(6) Gilly Hitchcock	0.80									
Vice Chair	0.20	X		X				0.	0.	0.
(7) Meredith Tipton	0.80									
Director	0.20	X						0.	0.	0.
(8) Tim Wallace	0.80									
Past Director	0.20	X						0.	0.	0.
(9) Waine Whittier	1.80									
Past Director	0.20	X						0.	0.	0.
(10) Peter Judkins	0.80									
Director	0.20	X						0.	0.	0.
(11) Sheena Bunnell	0.80									
Director	0.20	X						0.	0.	0.
(12) Ronald Aseltine	0.80									
Director	0.20	X						28,192.	0.	0.
(13) Dr. Connie Adler	39.80									
Secretary	0.20	X		X				211,872.	0.	12,518.
(14) Paul Soucie	0.80									
Director	0.20	X						0.	0.	0.
(15) Clint Boothby	0.80									
Director	0.20	X						0.	0.	0.
(16) Les Gatchell	0.80									
Director	0.20	X						0.	0.	0.
(17) Dr. David Dixon	0.80									
Director	0.20	X						0.	0.	0.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Dr. Michael Fraley	39.80									
Medical Staff President	0.20	X						360,594.	0.	23,451.
(19) Darryl Wood	0.80									
Director	0.20	X						0.	0.	0.
(20) Michael Cormier	0.80									
Director	0.20	X						0.	0.	0.
(21) Christine Tropeano	0.80									
Director	0.20	X						0.	0.	0.
(22) John Bogar	0.80									
Treasurer	0.20	X		X				0.	0.	0.
(23) Gerald Cayer	39.00									
Executive VP	1.00			X				217,603.	0.	21,366.
(24) Wayne Bennett	36.00									
CFO	4.00			X				222,975.	0.	21,973.
(25) Nancy Cummings	40.00									
Ortho Surgeon	0.00					X		458,808.	0.	24,117.
(26) Joshua D. Sparling	32.00									
Dermatologist	0.00					X		577,105.	0.	24,351.
1b Sub-total ▶								2,446,056.	0.	159,921.
c Total from continuation sheets to Part VII, Section A ▶								1,320,785.	0.	89,531.
d Total (add lines 1b and 1c) ▶								3,766,841.	0.	249,452.

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 ▶ 68

		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
Quest Diagnostics 415 Massachusetts Ave, Cambridge, MA 02139	Lab Diagnostics	522,027.
Synernet, Inc. 110 Free Street, Portland, ME 04101	Transcription, Credential Verificat	473,586.
Dahl-Chase Diagnostic Services, 417 State Street, Suite 441, Bangor, ME 04401	Lab Diagnostics	443,527.
MaineGeneral Medical Center 33 Stone Street, Augusta , ME 04330	Physician Contract Staffing	424,576.
Nason Mechanical Systems, Inc. 194 Merrow Road, Auburn, ME 04210	Mechanical Contracting	373,979.

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 ▶ 24

See Part VII, Section A Continuation sheets

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position: 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
(27) Heather DeCarolis Anesthesiologist	40.00 0.00					X		357,656.	0.	23,451.
(28) James C. Lancaster Anesthesiologist	40.00 0.00					X		356,194.	0.	23,451.
(29) Shane P. Lydon Surgeon	40.00 0.00					X		376,038.	0.	23,403.
(30) Dr. Armand Auger Former Officer	40.00 0.00						X	230,897.	0.	19,226.
Total to Part VII, Section A, line 1c								1,320,785.		89,531.

332201
05-01-13

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				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	812,719.			
	g Noncash contributions included in lines 1a-1f: $					
	h Total. Add lines 1a-1f		812,719.			
Program Service Revenue		Business Code				
	2a Patient Services	621990	159,246,277.	159,246,277.		
	b Meaningful Use Revenue	621990	1,335,748.	1,335,748.		
	c Other	621990	1,086,904.	970,025.		116,879.
	d Ambulance Subsidies	621910	912,015.	912,015.		
	e Contract/Char./Bad Dbt.	621990	-88,724,551.	-88,724,551.		
	f All other program service revenue					
	g Total. Add lines 2a-2f		73,856,393.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)					
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
		(i) Real	(ii) Personal			
	6a Gross rents	83,805.				
	b Less: rental expenses	15,795.				
	c Rental income or (loss)	68,010.				
	d Net rental income or (loss)			68,010.		68,010.
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory					
	b Less: cost or other basis and sales expenses					
	c Gain or (loss)					
	d Net gain or (loss)					
	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c). See Part IV, line 18	a				
	b Less: direct expenses	b				
	c Net income or (loss) from fundraising events					
	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					
	b					
	c					
	d All other revenue					
	e Total. Add lines 11a-11d					
	12 Total revenue. See instructions.		74,737,122.	73,739,514.	0.	184,889.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

	Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	8,889,836.	8,889,836.		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,771,719.	858,558.	913,161.	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	37,453,041.	32,217,826.	5,235,215.	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	576,560.	524,072.	52,488.	
9	Other employee benefits	6,156,878.	5,325,379.	831,499.	
10	Payroll taxes	2,679,980.	2,305,370.	374,610.	
11	Fees for services (non-employees):				
a	Management				
b	Legal	248,976.		248,976.	
c	Accounting	61,961.		61,961.	
d	Lobbying	11,582.		11,582.	
e	Professional fundraising services. See Part IV, line 17				
f	Investment management fees				
g	Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	5,728,506.	3,925,851.	1,802,655.	
12	Advertising and promotion	107,433.		107,433.	
13	Office expenses	1,084,094.	633,103.	450,991.	
14	Information technology	2,367,171.	804,700.	1,562,471.	
15	Royalties				
16	Occupancy	1,971,187.	1,693,445.	277,742.	
17	Travel	126,984.	121,821.	5,163.	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	235,886.	143,838.	92,048.	
20	Interest	983,664.	846,167.	137,497.	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	4,050,233.	3,484,088.	566,145.	
23	Insurance	1,333,839.	1,253,979.	79,860.	
24	Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a	Medical Supplies	8,088,933.	8,088,933.		
b	Hospital Tax and Match	1,961,500.		1,961,500.	
c	Other	648,162.	393,773.	254,389.	
d					
e	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24e	86,538,125.	71,510,739.	15,027,386.	0.
26	**Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing		3,635.	1	3,615.
	2	Savings and temporary cash investments		3,827,383.	2	3,846,314.
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		10,333,479.	4	8,137,314.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		1,212,571.	8	1,273,667.
	9	Prepaid expenses and deferred charges		932,802.	9	1,092,910.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 86,934,002.			
	b	Less: accumulated depreciation	10b 54,495,459.	35,249,392.	10c	32,438,543.
	11	Investments - publicly traded securities			11	
	12	Investments - other securities. See Part IV, line 11		2,771,509.	12	3,041,828.
	13	Investments - program-related. See Part IV, line 11			13	
	14	Intangible assets		292,145.	14	277,973.
	15	Other assets. See Part IV, line 11		13,954,221.	15	2,306,875.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		68,577,137.	16	52,419,039.
Liabilities	17	Accounts payable and accrued expenses		7,120,921.	17	6,466,991.
	18	Grants payable			18	
	19	Deferred revenue		56,111.	19	56,057.
	20	Tax-exempt bond liabilities		21,108,267.	20	20,446,020.
	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		3,657,629.	23	0.
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		1,234,491.	25	1,580,937.
	26	**Total liabilities.** Add lines 17 through 25		33,177,419.	26	28,550,005.
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		32,562,079.	27	20,886,955.
	28	Temporarily restricted net assets		1,387,990.	28	1,705,324.
	29	Permanently restricted net assets		1,449,649.	29	1,276,755.
		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		35,399,718.	33	23,869,034.
	34	Total liabilities and net assets/fund balances		68,577,137.	34	52,419,039.

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	74,737,122.
2	Total expenses (must equal Part IX, column (A), line 25)	2	86,538,125.
3	Revenue less expenses. Subtract line 2 from line 1	3	-11,801,003.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	35,399,718.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	270,319.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	23,869,034.

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 ☒ 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 ☒ 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: Franklin Memorial Hospital

Employer identification number: 01-0211503

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

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)

3 ☒ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

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

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

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

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

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

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

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

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

a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 **Total support.** Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) ..... 14 %

15 Public support percentage from 2012 Schedule A, Part II, line 14 ..... 15 %

16a **33 1/3% support test - 2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ..... ▶ ☐

b **33 1/3% support test - 2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ..... ▶ ☐

17a **10% -facts-and-circumstances test - 2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ..... ▶ ☐

b **10% -facts-and-circumstances test - 2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ..... ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ..... ▶ ☐

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 **Total support.** (Add lines 9, 10c, 11, and 12.)						

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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests - 2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

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

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

Part 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).

PUBLIC DISCLOSURE COPY

Schedule B (Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990 .

OMB No. 1545-0047

2013

Name of the organization	Employer identification number
Franklin Memorial Hospital	01-0211503

Organization type (check one):

Filers of:	Section:
Form 990 or 990-EZ	[X] 501(c)(3) (enter number) organization
	[ ] 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	[ ] 527 political organization
Form 990-PF	[ ] 501(c)(3) exempt private foundation
	[ ] 4947(a)(1) nonexempt charitable trust treated as a private foundation
	[ ] 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

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

Special Rules

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

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

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

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

Name of organization: Franklin Memorial Hospital

Employer identification number: 01-0211503

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

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		$ 77,019.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
2		$ 15,674.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
3		$ 8,931.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
4		$ 98,964.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
5		$ 12,500.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
6		$ 20,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)

Name of organization	Employer identification number
Franklin Memorial Hospital	01-0211503

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

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7		$ 567,533.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)

Name of organization: Franklin Memorial Hospital

Employer identification number: 01-0211503

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

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

Name of organization

Franklin Memorial Hospital

Employer identification number

01-0211503

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

Use duplicate copies of Part III if additional space is needed.

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

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

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

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

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

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

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

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

SCHEDULE C
(Form 990 or 990-EZ)

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
Franklin Memorial Hospital	01-0211503

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

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

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

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

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

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

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

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e.
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000.
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000.
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000.
Over $17,000,000	$1,000,000.

g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a. If zero or less, enter -0-		
i Subtract line 1f from line 1c. If zero or less, enter -0-		

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ 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 on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		11,582.
j Total. Add lines 1c through 1i			11,582.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV **Supplemental Information**

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

Part II-B, Line 1, Lobbying Activities:

Explanation: The Organization pays dues to various associations, a portion of which is attributable to lobbying expenses.

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

Employer identification number: 01-0211503

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.

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

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

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

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	2,604,155.	2,325,015.	2,341,310.	2,007,058.	1,903,822.
b Contributions	11,967.	126,671.	216,215.	12,117.	60,144.
c Net investment earnings, gains, and losses	316,743.	166,297.	-63,416.	335,279.	135,979.
d Grants or scholarships					
e Other expenditures for facilities and programs	58,391.	13,828.	169,094.	13,144.	93,491.
f Administrative expenses					
g End of year balance	2,874,474.	2,604,155.	2,325,015.	2,341,310.	2,007,058.

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

a Board designated or quasi-endowment ▶ .00 %
b Permanent endowment ▶ 44.00 %
c Temporarily restricted endowment ▶ 56.00 %

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

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

		Yes	No
(i) unrelated organizations	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.

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
1a Land		1,268,949.		1,268,949.
b Buildings		48,523,414.	23,805,085.	24,718,329.
c Leasehold improvements		10,517.	10,517.	0.
d Equipment		32,143,118.	27,718,519.	4,424,599.
e Other		4,988,004.	2,961,338.	2,026,666.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				32,438,543.

Schedule D (Form 990) 2013

332052
09-25-13

Part VII Investments - Other Securities.

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) Beneficial Interest in		
(B) Perpetual Trust	320,372.	End-of-Year Market Value
(C) Interest in FCHN Net		
(D) Assets	2,554,102.	End-of-Year Market Value
(E) WMPHO Investment	167,354.	End-of-Year Market Value
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶	3,041,828.	

Part VIII Investments - Program Related.

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

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (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)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶	

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.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Deferred Compensation	1,580,937.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	1,580,937.

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 ☐

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

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.

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:

Explanation: The Organization's endowment funds are held by the Franklin Community Health Network and are intended to support various programs offered by the Organization, such as the charity program, community outreach, education, medical library, Martha B. Webber Breast Care Center, and others.

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: Franklin Memorial Hospital

Employer identification number: 01-0211503

Part I Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
1b	b If "Yes," was it a written policy?	X	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its 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.		
3a	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 _____ %	X	
3b	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 _____ %	X	
	c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?		X
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
5b	b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		X
5c	c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a	6a Did the organization prepare a community benefit report during the tax year?	X	
6b	b If "Yes," did the organization make it available to the public?	X	

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

7 Financial Assistance and Certain Other Community Benefits at Cost

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)			2,608,000.	0.	2,608,000.	3.01%
b Medicaid (from Worksheet 3, column a)			14,176,568.	11,313,173.	2,863,395.	3.31%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			16,784,568.	11,313,173.	5,471,395.	6.32%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			511,766.	58,063.	453,703.	.52%
f Health professions education (from Worksheet 5)			235,973.	0.	235,973.	.27%
g Subsidized health services (from Worksheet 6)			11,621,456.	6,409,698.	5,211,758.	6.02%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			18,950.	0.	18,950.	.02%
j **Total.** Other Benefits			12,388,145.	6,467,761.	5,920,384.	6.83%
k **Total.** Add lines 7d and 7j			29,172,713.	17,780,934.	11,391,779.	13.15%

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			2,000.		2,000.	.00%
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			2,000.		2,000.	

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		1	X	
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2	2,343,919.		
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 the 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.				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	18,035,724.
6	Enter Medicare allowable costs of care relating to payments on line 5	6	22,488,725.
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-4,453,001.
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: ☐ Cost accounting system ☒ Cost to charge ratio ☐ Other		

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
	Physician Hospital			
1 Western Maine PHO	Organization	50.00%	.00%	.00%
2 Scorekeeper, LLC	Wellness Software	40.00%	.00%	.00%

Part V Facility Information

Section A. Hospital Facilities

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

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

Name, address, primary website address, and state license number	Licensed hospital	Gen. medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 Franklin Memorial Hospital 111 Franklin Health Commons Farmington, ME 04938	X	X					X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Franklin Memorial Hospital

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) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	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	[ ] Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	[ ] Other (describe in Section C)			
2	Indicate the tax year the hospital facility last conducted a CHNA: 20 12			
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	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	4		X
5	Did the hospital facility make its CHNA report widely available to the public?	5	X	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a	[X] Hospital facility's website (list url):			
b	[ ] Other website (list url):			
c	[X] Available upon request from the hospital facility			
d	[ ] Other (describe in Section C)			
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	[X] Execution of the implementation strategy			
c	[X] Participation in the development of a community-wide plan			
d	[X] Participation in the execution of a community-wide plan			
e	[X] Inclusion of a community benefit section in operational plans			
f	[X] 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	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)* Franklin Memorial Hospital

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	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: 150 %			
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: 250 %			
If "No," explain in Section C the criteria the hospital facility used.			
12 Explained the basis for calculating amounts charged to patients?	12	X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a ☐ 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 ☐ The policy was available on request			
g ☒ Other (describe in Section C)			

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 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)* Franklin Memorial Hospital

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

- a ☐ Notified individuals of the financial assistance policy on admission
- b ☐ Notified individuals of the financial assistance policy prior to discharge
- c ☐ Notified individuals of the financial assistance policy in communications with the 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 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)

21 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C.	21		X
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? If "Yes," explain in Section C.	22		X

Part V **Facility Information** *(continued)*

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.

Franklin Memorial Hospital:

Part V, Section B, Line 3: The working group for developing the community health needs assessment consisted of persons who are considered public health experts, such as Meredith Tipton, PhD MPH ,Associate Dean for Community Programs, University of New England, FCHN Board Member; Sarah Martin, PhD Epidemiology, Healthy Community Coalition, Husson College School of Pharmacy; and Michael Rowland, MD MPH, Vice President Medical Affairs, Franklin Memorial Hospital.

The working group took input from various community groups interested in promoting wellbeing of the population in our community, including:

-FCHN Board, representing communities in Franklin county
-Healthy Community Coalition Board, representing diverse groups involved with health improvement
-Franklin Health Collaborative, representing health-related organizations and initiatives county-wide (Long-term care, home health, public health nursing, mental health agencies, school districts, domestic violence victim advocacy, emergency response services, University of Maine at Farmington, Franklin County Children's Task Force, Western Mountains Alliance)
-FMH Primary Care service, representing primary care providers in Franklin county
-Western Maine Public Health District, coordinating regional health improvement work with Maine CDC

Part V Facility Information *(continued)*

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.

In addition to numerous face-to-face meetings with the community groups identified above, direct input from community members was obtained via community survey, conducted by Healthy Community Coalition in 2013, meetings with Franklin Health Patient Advisory group and Community Visioning public meetings conducted every 2 years.

Franklin Memorial Hospital:

Part V, Section B, Line 14g: Franklin Memorial Hospital takes a number of steps to publicize the availability of the financial assistance to patients:

1. Notices of the availability of financial assistance are posted in locations within the hospital at which members of the public generally transact business with the Hospital or present themselves to receive or request hospital services, including admitting areas, waiting rooms, business offices and outpatient reception areas.

2. With respect with inpatient admissions, individual written notice of the availability of financial assistance is presented to each patient upon admission or in the case of emergency admission before discharge. In addition, all inpatients are visited by a Patient Financial Advocate to discuss availability of financial assistance and government coverage options.

3. Availability of financial assistance is publicized on the patient invoices supplying patients with a contact number to obtain further

Part V **Facility Information** *(continued)*

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.

information about available options.

4. Financial assistance options are outlined on the hospitals' website and are readily available to the public.

5. Rack cards & Financial Assistance Applications are located throughout the Hospital & physician practices

6. Hospital booklets are available in all patient rooms with a section regarding Financial Assistance

7. Patient Financial Advocates work with all patients without health insurance coverage to notify them about available financial assistance resources and assist with MaineCare applications for eligible individuals.

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? 18

	Name and address	Type of Facility (describe)
1	Franklin Hlth Livermore Falls Fam Pra 21 Main Street Livermore Falls, ME 04254	Family Practice
2	Franklin Health Wilton Family Practic 75 Allen Street Wilton, ME 04294	Family Practice
3	Franklin Hlth Farmington Family Pract 111 Franklin Health Commons Farmington, ME 04938	Family Practice
4	Franklin Health Internal Medicine 131 Franklin Health Commons Farmington, ME 04938	Internal Medicine Practice
5	Franklin Health Pediatrics 111 Franklin Health Commons Farmington, ME 04938	Pediatrician Practice
6	Franklin Health Orthopaedics 111 Franklin Health Commons Farmington, ME 04938	Orthopaedic Practice
7	Franklin Health Surgery 111 Franklin Health Commons Farmington, ME 04938	General Surgery Practice
8	Rangeley Region Physical Rehabilitati 25 Dallas Hill Road Rangeley, ME 04970	Outpatient Physical Therapy
9	Outpatient Services at Livermore Fall 21 Main Street Livermore Falls, ME 04254	Outpatient Clinic
10	NorthStar 15 School Street Rangeley, ME 04970	Ambulance Base

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? _____

Name and address	Type of Facility (describe)
11 NorthStar 138C Park Street Phillips, ME 04966	Ambulance Base
12 NorthStar 119 Federal Road Livermore, ME 04254	Ambulance Base
13 NorthStar 1001 Carriage Road Carrabasset Valley, ME 04947	Ambulance Base
14 NorthStar 111 Franklin Health Commons Farmington, ME 04938	Ambulance Base
15 Franklin Health Women's Care 111 Franklin Health Commons Farmington, ME 04938	OB/GYN
16 Franklin Health Child Developmental P 131 Franklin Health Commons Farmington, ME 04938	Child Developmental Program
17 Franklin Health Behavioral Services 131 Franklin Health Commons Farmington, ME 04938	Behavioral Health Practice
18 Franklin Health Dermatology 111 Franklin Health Commons Farmington, ME 04938	Dermatology Practice

Part VI Supplemental Information

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 7:

Explanation: The costing methodology for the amounts reported in Part I, line 7 of the Schedule H is based on a ratio of patient care cost to charges. This cost to charge ratio was derived from Worksheet 2, Ratio of Patient Care Cost-to-Charges provided in the instructions for Schedule H. The cost to charge ratio was calculated using internal cost accounting data for the subsidized health services included in the community benefit.

Part I, Line 7g:

Explanation: The Organization has included costs associated with primary care (Family practice, Pediatrics, Internal Medicine and Women's Care), Behavioral Services, Child & Adolescent Developmental Pediatrics and physical therapy services provided in Rangeley, ME as subsidized health services.

Part II, Community Building Activities:

Explanation: See 990, Schedule H, Part VI, line 5.

Part VI | **Supplemental Information** *(Continuation)*

Part III, Line 4:

Explanation: Franklin Memorial Hospital used the RCC calculated from Worksheet 2 and multiplied it by the bad debts expense per the financials. Bad debts include 100% of the charges written off due to no payment. If a payment is made on a bad debt account, then that payment reduces the bad debt expense in the year received.

Bad debt expense represents healthcare services that Franklin Memorial Hospital has provided without compensation. As a tax-exempt hospital, Franklin Memorial Hospital provides necessary patient care regardless of the patient's ability to pay for the services. A portion of Franklin Memorial Hospital's bad debt expense is attributable to patients eligible for financial assistance that for a variety of reasons, do not complete the financial assistance application process. Franklin Memorial Hospital cannot determine the amount of bad debt expense that could be reasonably attributable to patients who likely would qualify for financial assistance under the Franklin Memorial Hospital's free care policy.

Part III, Line 8:

Explanation: The Medicare Principles of Reimbursement were used to determine the Medicare inpatient and outpatient costs based on the Organization's cost report.

Part III, Line 9b:

Explanation: Collection agencies work with patients who might be eligible for financial assistance and refer patients who inquire about financial assistance back to Franklin Memorial Hospital for follow up with a Patient Financial Advocate as needed. Balances that are owed to the Hospital after

applying any financial assistance are collected in the same manner as any other self pay balances.

Part VI, Line 2:

Explanation: The Franklin Memorial Hospital Network conducts a health visioning process every two years that is used to identify needs and perceived priorities in the community. A physician survey is conducted periodically to assist in gathering information about clinical care needs, referral patterns, specialist needs, etc. The Long-Range Planning Committee, board of directors, and senior leadership use this and other data in developing goals and priorities, making decisions, and setting long-term goals and strategies. The Organization seeks to meet the needs of the population whenever feasible through direct provision of services, contractual relationships, or through referral.

Part VI, Line 3:

Explanation: When patients are registered there are brochures available that describe Franklin Memorial Hospital's charity care programs. When a patient is admitted with no insurance, registration sends a Patient Financial Advocate up to the patient's room to meet the patient. Each bill provided to a patient has the phone number to call if the patient needs financial assistance. The Organization's billers also refer patients to the Organization's Patient Financial Advocate when a patient is identified as needing assistance.

Part VI, Line 4:

Explanation: Franklin Memorial Hosptial's service area covers 2,200 square miles which extends to the Canadian border. It is one of the most rural

Part VI Supplemental Information *(Continuation)*

and economically challenged regions in Maine, including several areas that have been federally designated as health professional shortage and medically underserved areas.

Part VI, Line 5:

Explanation: Community Building

Physical Improvements and Housing:

1. Development and maintenance of the rail trail which is on FMH property - available to the public to encourage health and wellness.

Economic Development:

1. Member of Greater Franklin Development Corporation - an organization committed to economic development

Community Support:

1. Perform disaster drills with the community 1-2 times a year

2. Community Dental (provide low cost rental space)

Coalition building:

1. Healthy Community Coalition of Greater Franklin County, founded in 1989, is one of the oldest health coalitions in the country. Its mission is to measurably improve the well-being of all people in Greater Franklin County and neighboring towns using a coordinated public health approach of education, promotion, and outreach. With its qualified staff of public health professionals, Healthy Community Coalition offers health screenings, health information, and programs and events to support healthy

lifestyles that prevent disease and improve quality of life. Its community outreach efforts appear in every town and corner of the region.

In the past year, more than 8,000 individuals benefited from the outreach activities of the Coalition with 2,500 seeking services of the Mobile Health Unit, where health risk appraisals (HRAs) are routinely offered. HRAs include a blood pressure and cholesterol check and individualized health education. Additional outreach events were held throughout the region such as: bone density screenings, flu immunizations, body composition analyzation, free clinical breast exams, education on tobacco, nutrition, physical activity and substance abuse, and education on the prevention of breast, cervical, colon, lung, prostate, and skin cancer.

2. AHEC Education Center - Established in 2004 the Franklin AHEC program was developed out of great interest from employees and community members requesting local opportunities to pursue careers in the health field and educational programs for retention and professional growth. The Franklin AHEC allows us to meet the needs of the rural population. It also brings to the Maine AHEC Network the resources of a large innovative rural health system that include a community hospital, Maine's oldest Healthy Community Coalition and the Ben Franklin Center which houses a state of the art education center, medical library facilities, and distance learning opportunities. The program has greatly expanded to include many aspects and activities for retention and recruitment for health careers in our vast rural catchment area. Becoming an AHEC center allows us to partner with youth programs, public schools, multiple colleges, adult education, a local career center and other health career programs to offer community members, displaced workers and current

Part VI Supplemental Information *(Continuation)*

healthcare employees the opportunity to continue or pursue careers.

3. HealthInfoNet: FMH, along with all other Maine hospitals and hundreds of physician practices in Maine now have access to a new consolidated electronic health record made possible by HealthInfoNet that contains critical information drawn from records that have traditionally been separately maintained in physician practices, hospitals and other settings. Armed with more complete and timely information about a patient, clinicians can provide better quality care and improve the coordination of care, particularly for those patients who see several providers and receive care in more than one community or setting.

4. Health Works! Worksite Wellness Award Program is a new and free aware program offered by Healthy Community Coalition of Greater Franklin County. The award program provides businesses and organizations with the opportunity to be recognized as a community leader in health promotion. The purpose of the Healthy Maine Works (HMW) is to guide and support Maine employers in developing worksite wellness programs that support the health of employees. HWM is a project of Maine's Center for Disease Control, Office of Substance Abuse, and Department of Education and is delivered in collaboration with local Healthy Maine Partnerships across the state.

Part VI, Line 6:

Explanation: Franklin Communith Health Network: Supporting Organization

Franklin Memorial Hospital: Community hospital

Healthy Community Coalition: A subsidiary of FCHN - HCC's mission is to

Part VI | Supplemental Information *(Continuation)*

measurably improve the health and well-being of all people in Greater Franklin County using a coordinated approach of education, health promotion, and outreach. HCC offers health screenings, health information, and programs and events to support healthy lifestyles that prevent disease and improve quality of life.

Evergreen Behavioral Services: Operates 24/7 emergency mental health response services for the Greater Franklin County area as well as bordering towns of Androscoggin & Oxford counties.

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990.**

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

OMB No. 1545-0047

2013

Open to Public Inspection

Name of the organization
Franklin Memorial Hospital

Employer identification number
01-0211503

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

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

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Safe Voices P.O. Box 713 Auburn, ME 04212	01-0352658	501(c)(3)	5,000.	0.			Organizational Support
Franklin Community Health Network 111 Franklin Health Commons Farmington, ME 04938	22-3209406	501(c)(3)	8,884,836.	0.			Organizational Support

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

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

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

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

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Part I, Line 2:

Explanation: All assistance is given to either 501(c)(3) public charities or governmental units and their affiliates. Therefore, additional monitoring is not deemed necessary.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" 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

Franklin Memorial Hospital

Employer identification number

01-0211503

Part I Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ 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 1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a? 2		
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. ☒ 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? 4a		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan? 4b		X
c	Participate in, or receive payment from, an equity-based compensation arrangement? 4c		X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.		
	Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
a	The organization? 5a		X
b	Any related organization? 5b		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? 6a		X
b	Any related organization? 6b		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		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Rebecca Arsenault	(i)	368,907.	0.	0.	24,181.	7,964.	401,052.	0.
President/CEO	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) Dr. Connie Adler	(i)	203,810.	8,062.	0.	4,215.	8,303.	224,390.	0.
Secretary	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) Dr. Michael Fraley	(i)	360,594.	0.	0.	6,864.	16,587.	384,045.	0.
Medical Staff President	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) Gerald Cayer	(i)	217,603.	0.	0.	5,587.	15,779.	238,969.	0.
Executive VP	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) Wayne Bennett	(i)	205,475.	0.	17,500.	5,573.	16,400.	244,948.	0.
CFO	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) Nancy Cummings	(i)	453,908.	4,900.	0.	7,383.	16,734.	482,925.	0.
Ortho Surgeon	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) Joshua D. Sparling	(i)	416,607.	143,078.	17,420.	7,650.	16,701.	601,456.	0.
Dermatologist	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) Heather DeCarolis	(i)	357,656.	0.	0.	6,864.	16,587.	381,107.	0.
Anesthesiologist	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) James C. Lancaster	(i)	356,194.	0.	0.	6,864.	16,587.	379,645.	0.
Anesthesiologist	(ii)	0.	0.	0.	0.	0.	0.	0.
(10) Shane P. Lydon	(i)	344,798.	31,240.	0.	6,923.	16,480.	399,441.	0.
Surgeon	(ii)	0.	0.	0.	0.	0.	0.	0.
(11) Dr. Armand Auger	(i)	207,676.	23,221.	0.	5,360.	13,866.	250,123.	0.
Former Officer	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(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, and for Part II. Also complete this part for any additional information.

Part I, Line 7:

Explanation: Physicians and mid level providers participate in a productivity based incentive bonus program. Bonuses are determined based on certain benchmarks established by the Organization. Amounts fluctuate based on productivity volumes.

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

Supplemental Information on Tax-Exempt Bonds

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

OMB No. 1545-0047
2013
Open to Public Inspection

Name of the organization
Franklin Memorial Hospital

Employer identification number
01-0211503

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pooled financing Yes	(i) Pooled financing No
A	Maine Health & Higher Ed Facilities Authority	01-0314384	560425G20	09/07/06	15,270,692.	MRI, Medical Office Building		X		X	X	
B	Maine Health & Higher Ed Facilities Authority	01-0314384	560427NM4	11/30/11	10,452,958.	Refunding of Series 2001A		X		X	X	
C												
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	2,619,819.	2,657,811.		
2	Amount of bonds legally defeased				
3	Total proceeds of issue	15,270,692.	10,452,958.		
4	Gross proceeds in reserve funds	634,664.	496,500.		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	221,065.	117,007.		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	13,274,282.			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2008	2002		

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

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

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, or 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: Franklin Memorial Hospital

Employer identification number: 01-0211503

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

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, Part 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
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

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	(e) Sharing of organization's revenues? No
Rebecca Wood	Family Member of Da	105,983.	Employment		X
Michael Rowland	Family Member of Dr	249,350.	Employment		X
Kyes Insurance	An entity of which	1,090,647.	The Hospita		X

Part V Supplemental Information

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

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

(a) Name of Person: Rebecca Wood

(b) Relationship Between Interested Person and Organization:

Family Member of Darryl Wood, Board Director

(c) Amount of Transaction $ 105,983.

(d) Description of Transaction: Employment

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Michael Rowland

(b) Relationship Between Interested Person and Organization:

Family Member of Dr. Connie Adler, Board Secretary

(c) Amount of Transaction $ 249,350.

(d) Description of Transaction: Employment

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Kyes Insurance

(b) Relationship Between Interested Person and Organization:

An entity of which John Bogar, Board Treasurer, is an officer

(c) Amount of Transaction $ 1,090,647.

(d) Description of Transaction: The Hospital purchases several incurance

Part V Supplemental Information

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

policies through Kyes Insurance agency.

(e) Sharing of Organization Revenues? = No

SCHEDULE O
(Form 990 or 990-EZ)
Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ 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: Franklin Memorial Hospital
Employer identification number: 01-0211503

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

pain management, pediatric endocrinology, physical rehabilitation, sports medicine and wound care. During the fiscal year 2014 there were 2,400 inpatient discharges, 2,000 outpatient surgeries, 256,000 outpatient lab tests and 37,900 outpatient imaging procedures.

Form 990, Part VI, Section A, line 6:

Explanation: The Organization consists of one Member, Franklin Community Health Network. Action of the Member shall be evidenced by written consents that are executed on its behalf by any officer of the Member who is authorized so to act by the board of directors of the Member. The written consent evidencing the annual meeting of the Member shall be adopted and effective as of a date immediately following the annual meeting of the board of directors of the Member or such later date as may be set forth in such written consent. The effective date set forth in such written consent shall be the date of the annual meeting of the year in question.

Form 990, Part VI, Section A, line 7a:

Explanation: The Member has rights and powers to establish the size of the board of directors of the Organization within the limits prescribed by the Articles of Incorporation and to elect and remove certain directors of the Organization in accordance with the Articles of Incorporation and Bylaws.

Form 990, Part VI, Section B, line 11:

Explanation: A complete copy of the form 990 was distributed to each member

Name of the organization: Franklin Memorial Hospital

Employer identification number: 01-0211503

of the board prior to filing with IRS. In addition, the 990 was reviewed with the board of directors prior to filing the tax return in a form of a presentation and a Q&A session to address any questions or concerns.

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

Explanation: On an annual basis board members and officers are required to submit a conflict of interest statement which is then reviewed by the compliance committee. The compliance committee is responsible for regularly and consistently monitoring and enforcing compliance with the conflict of interest policy.

Form 990, Part VI, Section B, Line 15:

Explanation: Executive compensation is determined by the compensation committee which consists of the Board Chair and several board members. The compensation committee uses an independent executive search firm that assists with executive salary determination by providing compensation survey results, along with review of executive compensation reported by other health care organizations on their Form 990. The compensation committee approves the executive compensation package prior to contract execution.

Form 990, Part VI, Section C, Line 19:

Explanation: The Organization's governing documents, conflict of interest policy, and financial statements are available to the public upon request.

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

Change in Net Assets of Affiliate	243,213.
Net Change in Perpetual Trust	27,106.

Name of the organization: Franklin Memorial Hospital

Employer identification number: 01-0211503

Total to Form 990, Part XI, Line 9 270,319.

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

Franklin Memorial Hospital

Employer identification number

01-0211503

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

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) Section 512(b)(13) controlled entity? Yes	(g) Section 512(b)(13) controlled entity? No
Franklin Community Health Network - 22-3209406, 111 Franklin Health Commons, Farmington, ME 04938	Supporting Organization	Maine	501(c)(3)	Line 11b, II	N/A		X
Healthy Community Coalition - 22-3305743 105 Mt. Blue Circle, Suite #1 Farmington, ME 04938	Community Outreach	Maine	501(c)(3)	Line 7	Franklin Community Health Network		X
Pine Tree Medical Associates - 01-0469478 131 Franklin Health Commons Farmington, ME 04938	Community Health Agency	Maine	501(c)(3)	Line 9	Franklin Community Health Network		X
Evergreen Behavioral Services - 01-0492747 131 Franklin Health Commons Farmington, ME 04938	Mental Health Agency	Maine	501(c)(3)	Line 9	Franklin Community Health Network		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

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) Section 512(b)(13) controlled entity? Yes	(i) No
William A. Howell Trust Fund, c/o Bank of America, N.A. - 01-6032170, P.O. Box 830269, Dallas, TX 75283	Perpetual Trust	ME	N/A	TRUST		320,372.	100.00%		X

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

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

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

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

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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 sec. 501(c)(3) orgs.? Yes	(e) No	(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

Part VII Supplemental Information

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

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 extension on a previously filed Form 8868.

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

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

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

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

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions.	Enter filer's identifying number Employer identification number (EIN) or
	Franklin Memorial Hospital	01-0211503
	Number, street, and room or suite no. If a P.O. box, see instructions. 111 Franklin Health Commons	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Farmington, ME 04938	

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 (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ Wayne Bennett 111 Franklin Health Commons - Farmington, ME 04938
  Telephone No. ▶ 207-779-2613 Fax No. ▶
- If the organization does not have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ▶ [ ]. If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until February 15, 2015, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ [ ] calendar year _____ or
▶ [X] tax year beginning JUL 1, 2013, and ending JUN 30, 2014.

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.

BerryDunn

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

June 30, 2014 and 2013

With Independent Auditor's Report and Schedules of Expenditures of Department Agreements as Required by Maine Uniform Accounting and Auditing Practices for Community Agencies

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Years Ended June 30, 2014 and 2013

Table of Contents

	Page(s)
Independent Auditor's Report	1 - 2
Audited Consolidated Financial Statements:	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 21
Supplementary Information:	
Consolidating Balance Sheets - June 30, 2014	22 - 23
Consolidating Statements of Operations - June 30, 2014	24
Consolidating Statements of Changes in Net Assets - June 30, 2014	25
Consolidating Balance Sheets - June 30, 2013	26 - 27
Consolidating Statements of Operations - June 30, 2013	28
Consolidating Statements of Changes in Net Assets - June 30, 2013	29
Schedules of Expenditures of Department Agreements	30 - 34

BerryDunn

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Franklin Community Health Network and Subsidiaries

We have audited the accompanying consolidated financial statements of Franklin Community Health Network and Subsidiaries, which comprise the consolidated balance sheets as of June 30, 2014 and 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 consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Franklin Community Health Network and Subsidiaries as of June 30, 2014 and 2013, and the consolidated results of their operations, changes in their net assets, and their consolidated cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matter

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purpose of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedules of expenditures of Department agreements (Schedules) as of June 30, 2014 and 2013 are presented for purposes of additional analysis as required by *Maine Uniform Accounting and Auditing Practices for Community Agencies*, and are not a required part of the basic consolidated financial statements. Management is responsible for the preparation and fair presentation of the consolidating information and 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 the consolidating information and schedules that are free from material misstatement, whether due to fraud or error. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
September 5, 2014

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2014 and 2013

ASSETS

	2014	2013
Current assets		
Cash and cash equivalents	$ 3,301,339	$ 3,195,958
Assets limited as to use by bond indenture	1,131,164	1,132,652
Patient accounts receivable, net of allowances for doubtful accounts and contractual allowances of $11,188,000 in 2014 and $12,867,000 in 2013	8,137,314	10,333,479
Estimated third-party payor settlements, net	612,810	12,608,331
Inventories	1,273,667	1,212,571
Prepaid expenses and other current assets	1,195,325	1,047,756
Total current assets	15,651,619	29,530,747
Assets limited as to use		
Board designated	24,206,269	12,537,819
Donor restricted	2,673,485	2,407,957
Beneficial interest in perpetual trust	320,372	293,266
Total assets limited as to use	27,200,126	15,239,042
Bond issuance costs, less amortization	277,973	292,145
Other assets, net	1,748,291	1,401,845
Property and equipment		
Land and land improvements	6,226,153	6,212,398
Buildings and improvements	48,533,931	48,056,131
Equipment	32,208,276	31,563,449
Construction in progress	95,800	86,063
	87,064,160	85,918,041
Less accumulated depreciation	(54,537,764)	(50,571,617)
Property and equipment, net	32,526,396	35,346,424
Total assets	$ 77,404,405	$ 81,810,203

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

LIABILITIES AND NET ASSETS

	2014	2013
Current liabilities		
Accounts payable and accrued expenses	$ 2,828,871	$ 3,095,131
Accrued payroll, payroll taxes and amounts withheld	3,235,302	4,066,935
Deferred revenue	162,155	99,339
Current portion of long-term debt	670,000	762,668
Total current liabilities	6,896,328	8,024,073
Long-term debt, excluding current portion	19,776,020	24,003,228
Other long-term liabilities	2,030,937	1,234,491
Total liabilities	28,703,285	33,261,792
Commitments and contingencies (Note 9)		
Net assets		
Unrestricted	45,707,263	45,699,688
Temporarily restricted	1,717,102	1,399,074
Permanently restricted	1,276,755	1,449,649
Total net assets	48,701,120	48,548,411
Total liabilities and net assets	$ 77,404,405	$ 81,810,203

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidated Statements of Operations

Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted revenues, gains, and other support		
Patient service revenue (net of contractual allowances and discounts)	$ 74,338,421	$ 79,817,965
Provision for doubtful accounts	3,476,491	5,336,437
Net patient service revenue	70,861,930	74,481,528
Other revenue	2,372,262	2,189,868
Meaningful use revenues	1,335,748	42,500
Grant revenue	928,858	711,788
Net assets released from restrictions used for operations	58,391	13,828
Total unrestricted revenues, gains, and other support	75,557,189	77,439,512
Expenses		
Salaries and wages	39,810,601	43,002,938
Employee benefits	9,816,776	10,733,284
Supplies	9,107,263	7,957,598
Purchased services	9,019,831	10,779,120
Other operating	6,152,219	6,848,447
Depreciation and amortization	4,059,412	4,520,672
Interest	983,664	1,180,951
Total expenses	78,949,766	85,023,010
Operating loss	(3,392,577)	(7,583,498)
Nonoperating gains (losses)		
Investment income	1,471,387	346,260
Unrestricted contributions, net	653,109	68,242
Other nonoperating losses	(143,179)	(187,058)
Total nonoperating gains, net	1,981,317	227,444
Deficiency of revenues, gains, and other support over expenses	(1,411,260)	(7,356,054)
Change in net unrealized gains on investments	1,271,335	717,331
Net assets released from restrictions used for purchase of property and equipment	147,500	-
Increase (decrease) in unrestricted net assets	$ 7,575	$ (6,638,723)

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

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted net assets		
Deficiency of revenues, gains, and other support over expenses	$ (1,411,260)	$ (7,356,054)
Change in net unrealized gains on investments	1,271,335	717,331
Net assets released from restrictions used for purchase of property and equipment	147,500	-
Increase (decrease) in unrestricted net assets	7,575	(6,638,723)
Temporarily restricted net assets		
Net assets released from restrictions used for operations	(58,391)	(13,828)
Net assets released from restrictions used for purpose of property and equipment	(147,500)	-
Restricted contributions, net	34,282	113,816
Restricted investment income	16,079	21,672
Change in net unrealized gains on investments	273,558	127,075
Redirection of donor intent	200,000	-
Increase in temporarily restricted net assets	318,028	248,735
Permanently restricted net assets		
Net change in perpetual trust	27,106	17,550
Redirection of donor intent	(200,000)	-
(Decrease) increase in permanently restricted net assets	(172,894)	17,550
Increase (decrease) in net assets	152,709	(6,372,438)
Net assets, beginning of year	48,548,411	54,920,849
Net assets, end of year	$ 48,701,120	$ 48,548,411

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

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	$ 152,709	$ (6,372,438)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and amortization	4,059,412	4,520,672
Loss on sale of equipment	-	24,953
Net realized and unrealized gains on investments	(2,876,069)	(1,043,673)
Restricted contributions and investment income	(50,361)	(135,488)
Net change in perpetual trust	(27,106)	(17,550)
(Increase) decrease in		
Patient accounts receivable	2,196,165	141,170
Inventories	(61,096)	6,623
Estimated third-party payor settlements	11,995,521	(566,805)
Prepaid expenses and other current assets	(147,569)	1,441,548
Other assets	(346,446)	(370,741)
Increase (decrease) in		
Accounts payable and accrued expenses	(266,260)	887,463
Accrued payroll, payroll taxes and amounts withheld	(831,633)	(103,392)
Deferred revenue	62,816	22,391
Other liabilities	796,446	376,019
Net cash provided (used) by operating activities	14,656,529	(1,189,248)
Cash flows from investing activities		
Purchases of investments	(12,525,638)	(1,561,107)
Proceeds from the sale of investments	3,467,729	2,963,867
Purchases of property and equipment	(1,237,459)	(1,176,613)
Proceeds from sale of equipment	-	5,025
Decrease in assets limited as to use by bond indenture	1,488	193,728
Net cash (used) provided by investing activities	(10,293,880)	424,900
Cash flows from financing activities		
Principal payments on long-term debt, net	(4,307,629)	(891,238)
Proceeds from restricted contributions and investment income	50,361	135,488
Net cash used by financing activities	(4,257,268)	(755,750)
Net increase (decrease) in cash	105,381	(1,520,098)
Cash, beginning of year	3,195,958	4,716,056
Cash, end of year	$ 3,301,339	$ 3,195,958
Supplemental disclosure for cash flow information:		
Cash paid during the year for interest	$ 1,019,174	$ 1,223,521

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

Nature of Business

Franklin Community Health Network (FCHN) and Subsidiaries (the Company) is a not-for-profit entity established to provide a full range of health care services. Its subsidiaries include Franklin Memorial Hospital (the Hospital), Healthy Community Coalition of Greater Franklin County (HCC), and Evergreen Behavioral Services (EBS).

The Company, located in Farmington, Maine, is a private, not-for-profit, public benefit corporation. The Hospital is an acute care and specialty care hospital. The Hospital provides inpatient, outpatient, and emergency services for residents of Franklin County and surrounding areas. In addition, the Hospital provides primary care and specialty physician services through physician-employees working in a multi-specialty group practice. Only those activities directly associated with the furtherance of this purpose are considered to be operating activities. The Company is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Franklin Community Health Network and its wholly-owned subsidiaries, Franklin Memorial Hospital, Evergreen Behavioral Services, and Healthy Community Coalition of Greater Franklin County. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers unrestricted, highly liquid investments with a maturity of three months or less as cash and cash equivalents. The Company routinely invests its surplus operating funds in a repurchase agreement (repo). The repo generally consists of highly liquid U.S. government and agency obligations.

Patient Accounts Receivable

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

In evaluating the collectability of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purposes of estimating the appropriate amounts for the allowance for doubtful accounts and the provision for bad debts. Data in each major payor source are regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. Specifically, for receivables relating to services provided to patients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad debts are established at varying levels based on the age of the receivables and payor source.

For receivables relating to self-pay patients, a provision for 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. Effective July 1, 2013, the Hospital established a discount policy for uninsured patients. Prior to billing, a portion of the charge is applied as a discount for qualifying patients. Actual write-offs, after discounts are applied, are charged against the allowance for doubtful accounts.

Inventories

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

Assets Limited as to Use

Assets limited as to use consist of investments, other assets held by trustees, restricted by donors and designated by the Board of Trustees for specific uses, as well as, beneficial interest in a perpetual trust. Also, in accordance with FASB ASC 958, the Hospital has recognized an interest in the net assets of FCHN for those investments held by FCHN with the Hospital designated as beneficiary. This interest has been eliminated in the consolidation.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the deficiency of revenues, gains and other support over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from this measure and are reported as an increase or decrease in net assets.

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets and statements of operations. Investments are periodically reviewed for impairments to determine if such declines are other than temporary. Investments were evaluated for impairment in 2014 and 2013, and all impairments were considered temporary. At June 30, 2014 and 2013, historical cost exceeded market value by $32,598 and $115,148, respectively, for securities purchased within the past 12 months and by $142,698 and $317,824, respectively, for securities held longer than 12 months.

Donor-Restricted Gifts

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

Bond Issuance Costs and Bond Discounts and Premiums

Bond issuance costs represent the costs incurred in connection with the issuance of the Maine Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds. These costs are being amortized over the respective term of the bonds on a straight-line basis. The original issue discounts and premiums on the Hospital's MHHEFA Revenue Bonds are being amortized over the terms of the related bonds on a straight-line basis.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if contributed, at fair market value determined at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Assets which have been purchased but not yet placed in service are included in construction in progress and no depreciation expense is recorded on such assets.

Temporarily and Permanently Restricted Net Assets

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

Deficiency of Revenues, Gains, and Other Support Over Expenses

The consolidated statements of operations include deficiency of revenues, gains, and other support over expenses. Changes in unrestricted net assets which are excluded from this measure, consistent with industry practice, include transfers of net assets to and from affiliates for other than goods and services, and unrealized gains and losses on investments.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as additional information becomes available and may be materially different from original estimates.

Charity Care

The Hospital accepts all patients regardless of their ability to pay and provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Defined Contribution Pension Plan

The Company maintains a defined contribution tax-sheltered annuity pension plan for all employees who have completed one year of service and work a minimum of twenty hours per week.

Effective August 1, 2012, the defined contribution tax-sheltered annuity pension plan was modified to match 100% of employees' first 3% of salary deferral with no provision for additional discretionary contributions. Prior to the modification, contributions ranged from 2% to 6% of compensation based on a combination of years of service and employee deferrals. In July 2013, the contribution was reduced to a 2% match of eligible employee contributions.

Total expense for the Company under the plan was $641,734 and $930,310 for the years ended June 30, 2014 and 2013, respectively.

Reclassifications

Certain 2013 amounts have been reclassified to permit comparison with the 2014 consolidated financial statement presentation.

2. Net Patient Service Revenue and Accounts Receivable

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

- Medicare - Due to its geographic location, the Hospital is deemed to be a sole community hospital. Under this designation, they are reimbursed at a prospectively determined rate per discharge based upon their historic costs from a base period. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

  Starting July 1, 2011, the Hospital elected to participate in a Rural Community Hospital Demonstration Project. Under this program, the Hospital was paid based on cost for in-patient services for the year ended June 30, 2012, and subsequently based on those costs plus inflation. The Demonstration Project is for a period of five years. Effective July 1, 2013, the Hospital elected to opt out of the program as allowed under the program guidelines.

  Outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to an ambulatory payment classification system that is based on clinical, diagnostic, and other factors.

- MaineCare - Inpatient and outpatient services rendered to MaineCare program beneficiaries have historically been reimbursed under a cost reimbursement methodology, and the Hospital was paid at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the MaineCare fiscal intermediary. Beginning July 1, 2011, inpatient services are paid concurrently based on prospectively determined rates per discharge which vary according to a patient classification system that is based on clinical, diagnostic and other factors. Effective July 1, 2012, the majority of outpatient services are also being paid at prospectively determined rates.

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

Revenues from the Medicare and MaineCare programs accounted for approximately 64% and 63% of the Hospital's gross patient service revenues for the years ended June 30, 2014 and 2013, respectively. Laws and regulations governing the Medicare and MaineCare programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. In 2014 and 2013, net patient service revenue for the Hospital increased by approximately $1,527,000 and $1,674,000, respectively, due to prior year settlements and changes in prior year estimates.

Net patient service revenue and contractual and other allowances consist of the following for the years ended June 30:

	2014	2013
Patient services		
Inpatient	$ 45,097,753	$ 51,578,109
Outpatient	114,610,233	115,675,784
Gross patient service revenue	159,707,986	167,253,893
Less Medicare and Medicaid allowances	55,461,402	58,082,507
Less other contractual allowances	22,824,225	22,730,501
Less uninsured patient discount	1,818,227	-
Less charity care charges and discounts	5,265,711	6,622,920
	85,369,565	87,435,928
Patient service revenue (net of contractual allowances and discounts)	74,338,421	79,817,965
Less provision for doubtful accounts	3,476,491	5,336,437
Net patient service revenue	$ 70,861,930	$ 74,481,528

The allowance for doubtful accounts was $1,783,000 and $2,795,000 at June 30, 2014 and 2013, respectively, and relates almost entirely to self-pay accounts. Self-pay accounts receivable were $1,966,000 and $3,881,000 at June 30, 2014 and 2013, respectively. The June 30, 2014 self-pay balance is recorded net of the uninsured patient discount. Self-pay write-offs were $4,489,000 and $5,606,000 during 2014 and 2013, respectively. At June 30, 2014, the Hospital has approximately $4 million of self-pay accounts receivable in payment plans and has recorded these accounts at the net amount expected to be collected of $670,000. Payment plans were not separately identified in 2013.

Revenue related to self-pay patients was $9,011,000 and $10,576,000 for the years ended June 30, 2014 and 2013, respectively.

3. Charity Care

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

	2014	2013
Gross charges forgone, based on established rates	$ 5,266,000	$ 6,623,000
Estimated costs and expenses incurred to provide charity care	$ 2,608,000	3,369,000
Equivalent percentage of charity care charges to all patient charges	3.30 %	3.96 %

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

4. 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 2015. As subsequent phases are completed and the Hospital meets the required objectives, additional financial incentives are anticipated. The meaningful use attestation is subject to audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by the Hospital.

The Medicaid program will provide incentive payments to hospitals and eligible professionals as they adopt, implement, upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to five remaining participation years.

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

During 2014, the Hospital has received meaningful use funds of $1,061,457 from the Medicare EHR program.

During 2014 and 2013, the Hospital received payments of $119,000 and $42,500, respectively, related to Medicaid EHR program revenues for its eligible physicians. The Hospital also received meaningful use funds of $155,291 from the Medicaid EHR program in 2014.

5. Assets Limited as to Use

The composition of assets limited as to use at June 30, 2014 and 2013 is set forth in the following table.

	2014	2013
Held by trustee under bond indenture agreements		
Cash and cash equivalents	$ 1,131,164	$ 1,132,652

The Hospital is the sole beneficiary under a charitable perpetual trust. The Hospital has recorded, as an asset, the fair value of the investments held in the trust as of June 30, 2014 and 2013.

Long-term assets limited as to use, stated at fair value, consist of the following:

	2014	2013
Cash and cash equivalents	$ 4,546,295	$ 959,974
Marketable equity securities - domestic	7,103,541	2,859,399
Marketable equity securities - international	7,058,505	2,187,386
Mutual funds	-	1,367,649
Corporate bonds	1,209,936	1,410,685
Other funds	6,961,477	6,160,683
	26,879,754	14,945,776
Less: Donor restricted	(2,673,485)	(2,407,957)
Board-designated	$ 24,206,269	$ 12,537,819

Investment income and gains on investments are comprised of the following:

	2014	2013
Income		
Interest and dividend income	$ 279,367	$ 224,473
Realized gains on sales of securities	1,331,176	199,267
Investment management fees	(139,156)	(77,480)
	$ 1,471,387	$ 346,260
Change in net unrealized gains on investments		
Unrestricted	$ 1,271,335	$ 717,331
Temporarily restricted	273,558	127,075
	$ 1,544,893	$ 844,406

Changes in donor restricted funds are comprised of the following by net asset type:

	Donor Restricted		
	Temporarily Restricted	Permanently Restricted	Total
Balances, July 1, 2012	$ 892,916	$ 1,432,099	$ 2,325,015
Investment income	21,672	-	21,672
Net appreciation/change in perpetual trust	127,075	17,550	144,625
Total investment return	148,747	17,550	166,297
Deposits	126,671	-	126,671
Expenditures	(13,828)	-	(13,828)
Net change	261,590	17,550	279,140
Balances, June 30, 2013	1,154,506	1,449,649	2,604,155
Investment income	**16,079**	**-**	**16,079**
Net appreciation/change in perpetual trust	**273,558**	**27,106**	**300,664**
Total investment return	**289,637**	**27,106**	**316,743**
Deposits	**11,967**	**-**	**11,967**
Expenditures	**(58,391)**	**-**	**(58,391)**
Transfers	**200,000**	**(200,000)**	**-**
Net change	**443,213**	**(172,894)**	**270,319**
Balances, June 30, 2014	**$ 1,597,719**	**$ 1,276,755**	**$ 2,874,474**

The long-term investment objective is to preserve and enhance the real value of the investment assets over time, in order to provide a sufficient rate of return for fulfilling the mission purposes of the Company.

To accomplish this objective, funds are to be invested for growth of principal and income for protection against inflation. The goal is to achieve a minimum real (adjusted for inflation) total return, net of investment management and administrative fees, of 5% over a rolling three- to five-year period. It is recognized that this goal may be easily achieved in some periods, but much harder to achieve in other periods. Investments should be diversified to minimize the risk of falling short of this goal over a multi-year period. Annually, the Board of Directors will approve an amount to be spent, which will not exceed 5% of the value of the endowment.

To achieve its investment objective and to control risk, the Company's portfolio will be diversified across multiple asset classes as follows:

Asset Class	Range
Domestic Equities	20% - 60%
International Equities	0% - 30%
Alternative Investments	0% - 35%
Domestic Fixed Income (including TIPS)	15% - 45%

6. Fair Value Measurements

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

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

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

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

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

	Fair Value Measurements at June 30, 2014			
	Quoted Prices in in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Assets limited as to use:				
Cash and cash equivalents	$ 4,546,295	$ -	$ -	$ 4,546,295
Equities - domestic	7,103,541	-	-	7,103,541
Equities - international	7,058,505	-	-	7,058,505
Corporate bonds	27,501	1,182,435	-	1,209,936
Other investments				
Aristotle fund	-	3,042,769	-	3,042,769
Hatteras Multi-Strategy TEI fund	-	-	1,102,375	1,102,375
Commodities-Gold	1,319,196	-	-	1,319,196
Real Estate Investment Trusts	1,497,137	-	-	1,497,137
Beneficial interest in perpetual trust	-	-	320,372	320,372
Total assets limited as to use	21,552,175	4,225,204	1,422,747	27,200,126
Investments to fund deferred compensation	1,580,937	-	-	1,580,937
Total assets	$ 23,133,112	$ 4,225,204	$ 1,422,747	$ 28,781,063

	Fair Value Measurements at June 30, 2013			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Assets limited as to use:				
Cash and cash equivalents	$ 959,974	$ -	$ -	$ 959,974
Equities - domestic	2,859,399	-	-	2,859,399
Equities - international	2,187,386	-	-	2,187,386
Mutual funds	1,367,649	-	-	1,367,649
Corporate bonds	-	1,410,685	-	1,410,685
Other investments				
Aristotle fund	-	2,335,059	-	2,335,059
Hatteras Multi-Strategy TEI fund	-	-	2,389,102	2,389,102
Commodities-Gold	780,766	-	-	780,766
Real Estate Investment Trusts	655,756	-	-	655,756
Beneficial interest in perpetual trust	-	-	293,266	293,266
Total assets limited as to use	8,810,930	3,745,744	2,682,368	15,239,042
Investments to fund deferred compensation	1,234,491	-	-	1,234,491
Total assets	$ 10,045,421	$ 3,745,744	$ 2,682,368	$ 16,473,533

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

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

FCHN is required to give a 90-day prior notification to withdraw all or a portion of its investment in the Hatteras Fund (the Fund). In the event that FCHN withdraws all of its investment balance in the Fund, there is a 5% withhold until the Fund completes its annual audit, at which time the remaining 5% is distributed to FCHN. The Hatteras Fund balance is included in Other Investments and is classified as Level 3 in the table above as the majority of its underlying investments are based on significant unobservable inputs.

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

	2014	2013
Balance at beginning of year	$ 2,682,368	$ 4,058,813
Net change in unrealized appreciation	133,214	61,166
Change in value of trust	27,106	17,550
Withdrawals	(1,419,941)	(1,455,161)
Balance at end of year	$ 1,422,747	$ 2,682,368

7. Long-Term Debt

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

	2014	2013
Maine Health and Higher Educational Facilities Authority Revenue Bonds, Series 2006F.	$ 12,650,873	$ 12,991,818
Maine Health and Higher Educational Facilities Authority Revenue Bonds, Series 2011C.	7,795,147	8,116,449
5.75% note payable to a bank, due in monthly installments of $26,680 including interest through February 2032. Note is collateralized by a commercial mortgage on real estate. Paid in full during fiscal year 2014.	-	3,657,629
	20,446,020	24,765,896
Less current portion	670,000	762,668
Long-term debt, excluding current portion	$ 19,776,020	$ 24,003,228

In September 2006, Series 2006F Revenue Bonds in the amount of $14,275,775 were issued at a premium of $475,692 through MHHEFA for the purpose of constructing additional facilities and equipment at the Hospital. Accumulated amortization of the bond premium was $124,902 at June 30, 2014. The bonds are collateralized by substantially all of the property and equipment of the Hospital and a security interest in all of its gross receipts. The bonds bear interest at rates ranging from 4.0% to 5.0% and mature in amounts ranging from $335,000 in 2015 to $930,000 in 2036.

In November 2011, Series 2011C Revenue Bonds in the amount of $8,585,594 were issued at a net discount of $72,419 through MHHEFA for the purpose of refunding its Series 2001A Revenue Bonds. Accumulated accretion of the bond discount was $9,553 at June 30, 2014. The bonds are collateralized by substantially all of the property and equipment of the Hospital and a security interest in all of its gross receipts. The bonds bear interest at rates ranging from 2.0% to 5.0% and mature in amounts ranging from $335,000 in 2015 to $665,000 in 2032.

In connection with the MHHEFA Revenue Bonds, the Hospital is required to make deposits of interest and principal of sufficient amounts to make the semi-annual interest payments and to retire bonds when due. At June 30, 2014, the Hospital was in compliance with all restrictive covenants under the revenue bonds.

The principal maturities of long-term debt in each of the next five years are as follows:

2015	$ 670,000
2016	695,000
2017	725,000
2018	755,000
2019	800,000
Thereafter	16,801,020
	$ 20,446,020

8. Temporarily and Permanently Restricted Net Assets

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

	2014	2013
Operations	**$ 1,195,113**	$ 849,013
Indigent care	**135,385**	121,699
Education	**18,382**	15,824
Purchase of property and equipment	**368,222**	412,538
	$ 1,717,102	$ 1,399,074

Income and gains earned from the investment of the following permanently restricted net asset balances at June 30, 2014 and 2013 are to be used as follows:

	2014	2013
Health care services	$ 320,372	$ 293,266
Unrestricted	421,957	616,956
Indigent care	225,443	225,443
Education	2,000	2,000
Purchase of equipment	306,983	311,984
	$ 1,276,755	$ 1,449,649

9. Insurance Programs

The Company is involved in litigation arising in the normal course of business. After consultation with legal counsel, management estimates these matters will be resolved without material adverse effect on the Company's future financial position or results of operations.

The Company insures its medical malpractice risks on a claims made basis. The Company is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business. GAAP requires the Company to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Company has evaluated its exposure to losses arising from potential claims and determined no such accrual was necessary for the years ended June 30, 2014 and 2013. The Company intends to continue coverage on a claims made basis and anticipates such coverage will be available.

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

In January 2013, the Company became partially self-insured with respect to health care benefits subject to a $125,000 per claim maximum, increased to $155,000 on January 1, 2014. This coverage is used to provide medical benefits to its eligible employees and their eligible dependents. A reserve for unprocessed claims totaling $889,506 and $865,277 is recorded in current liabilities at June 30, 2014 and 2013, respectively.

10. Concentrations of Credit Risk

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

	2014	2013
Medicare	41 %	36 %
MaineCare	13	14
Anthem and other major commercial payors	22	18
Other third-party payors	12	13
Patients	12	19
	100 %	100 %

11. Functional Expenses

For the years ended June 30, 2014 and 2013, approximately 82% of expenses were related to direct health care program services with the balance of expenses for management and general support services and less than 1% for fundraising.

12. Subsequent Events

For purposes of the preparation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles, management has considered transactions or events through September 5, 2014, the date the June 30, 2014 consolidated financial statements were available for issuance, and has disclosed the following.

During 2014, the Company entered into a membership agreement with MaineHealth and submitted a certificate of need (CON) to the Maine Department of Human Services (DHHS). On August 28, 2014, the CON was approved by DHHS and the effective membership date is anticipated to be October 1, 2014.

The Company will be changing its fiscal year-end from June 30 to September 30, effective October 1, 2014.

SUPPLEMENTARY INFORMATION

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidating Balance Sheets

June 30, 2014

Assets

	Franklin Community Health Network	Franklin Memorial Hospital	Evergreen Behavioral Services	Healthy Community Coalition of Greater Franklin County	Subtotal	Adjustments and Eliminations	Consolidated
Current assets							
Cash and cash equivalents	$ 145,256	$ 2,718,765	$ 225,344	$ 211,974	$ 3,301,339	$ -	$ 3,301,339
Assets limited as to use by bond indenture	-	1,131,164	-	-	1,131,164	-	1,131,164
Patient accounts receivable, net	-	8,137,314	-	-	8,137,314	-	8,137,314
Estimated third-party payor settlements, net	-	612,810	-	-	612,810	-	612,810
Inventories	-	1,273,667	-	-	1,273,667	-	1,273,667
Due from affiliates	253	113,128	-	-	113,381	(113,381)	-
Prepaid expenses and other current assets	(500)	1,092,910	29,132	73,783	1,195,325	-	1,195,325
Total current assets	145,009	15,079,758	254,476	285,757	15,765,000	(113,381)	15,651,619
Assets limited as to use							
Board-designated	24,206,269	-	-	-	24,206,269	-	24,206,269
Donor restricted	2,673,485	-	-	-	2,673,485	-	2,673,485
Beneficial interest in perpetual trust	-	320,372	-	-	320,372	-	320,372
Interest in net assets of FCHN	-	2,554,102	-	-	2,554,102	(2,554,102)	-
Total assets limited as to use	26,879,754	2,874,474	-	-	29,754,228	(2,554,102)	27,200,126
Bond issuance costs, less amortization	-	277,973	-	-	277,973	-	277,973
Other assets, net	-	1,748,291	-	-	1,748,291	-	1,748,291
Property and equipment							
Land and land improvements	65,000	6,161,153	-	-	6,226,153	-	6,226,153
Buildings and improvements	-	48,533,931	-	-	48,533,931	-	48,533,931
Equipment	-	32,143,118	10,833	54,325	32,208,276	-	32,208,276
Construction in progress	-	95,800	-	-	95,800	-	95,800
	65,000	86,934,002	10,833	54,325	87,064,160	-	87,064,160
Less accumulated depreciation	-	(54,495,459)	(9,087)	(33,218)	(54,537,764)	-	(54,537,764)
Property and equipment, net	65,000	32,438,543	1,746	21,107	32,526,396	-	32,526,396
Total assets	$ 27,089,763	$ 52,419,039	$ 256,222	$ 306,864	$ 80,071,888	$ (2,667,483)	$ 77,404,405

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidating Balance Sheets (Concluded)

June 30, 2014

Liabilities and Net Assets

	Franklin Community Health Network	Franklin Memorial Hospital	Evergreen Behavioral Services	Healthy Community Coalition of Greater Franklin County	Subtotal	Adjustments and Eliminations	Consolidated
Current liabilities							
Accounts payable and accrued expenses	$ 494	$ 2,781,689	$ 39,396	$ 7,292	$ 2,828,871	$ -	$ 2,828,871
Accrued payroll, payroll taxes and amounts withheld	-	3,235,302	-	-	3,235,302	-	3,235,302
Due to affiliates	-	-	54,473	58,908	113,381	(113,381)	-
Deferred revenue	-	56,057	-	106,098	162,155	-	162,155
Current portion of long-term debt	-	670,000	-	-	670,000	-	670,000
Total current liabilities	494	6,743,048	93,869	172,298	7,009,709	(113,381)	6,896,328
Long-term debt, excluding current portion	-	19,776,020	-	-	19,776,020	-	19,776,020
Other long-term liabilities	-	2,030,937	-	-	2,030,937	-	2,030,937
Total liabilities	494	28,550,005	93,869	172,298	28,816,666	(113,381)	28,703,285
Net assets							
Unrestricted	24,523,389	20,886,955	162,353	134,566	45,707,263	-	45,707,263
Temporarily restricted	1,609,497	1,705,324	-	-	3,314,821	(1,597,719)	1,717,102
Permanently restricted	956,383	1,276,755	-	-	2,233,138	(956,383)	1,276,755
Total net assets	27,089,269	23,869,034	162,353	134,566	51,255,222	(2,554,102)	48,701,120
Total liabilities and net assets	$ 27,089,763	$ 52,419,039	$ 256,222	$ 306,864	$ 80,071,888	$ (2,667,483)	$ 77,404,405

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidating Statements of Operations

Year Ended June 30, 2014

	Franklin Community Health Network	Franklin Memorial Hospital	Evergreen Behavioral Services	Healthy Community Coalition of Greater Franklin County	Subtotal	Adjustments and Eliminations	Consolidated
Unrestricted revenues, gains, and other support							
Patient service revenue (net of contractual allowances and discounts)	$ -	$ 73,949,135	$ 389,286	$ -	$ 74,338,421	$ -	$ 74,338,421
Provision for doubtful accounts	-	3,427,409	49,082	-	3,476,491	-	3,476,491
Net patient service revenue	-	70,521,726	340,204	-	70,861,930	-	70,861,930
Other revenue	114,872	2,274,381	23,672	14,636	2,427,561	(55,299)	2,372,262
Meaningful use revenues	-	1,335,748	-	-	1,335,748	-	1,335,748
Grant revenue	-	-	301,932	626,926	928,858	-	928,858
Net assets released from restrictions used for operations	58,391	-	-	-	58,391	-	58,391
Net assets released from restrictions used for purchase of property and equipment	-	-	-	-	-	-	-
Total unrestricted revenues, gains, and other support	173,263	74,131,855	665,808	641,562	75,612,488	(55,299)	75,557,189
Expenses							
Salaries and wages	33,126	38,914,041	426,646	436,788	39,810,601	-	39,810,601
Employee benefits	7,950	9,544,097	122,390	142,339	9,816,776	-	9,816,776
Supplies	490	9,087,686	2,730	16,357	9,107,263	-	9,107,263
Purchased services	9,755	8,909,044	83,491	72,840	9,075,130	(55,299)	9,019,831
Other operating	154,248	6,012,062	13,619	78,813	6,258,742	(106,523)	6,152,219
Depreciation and amortization	-	4,050,233	805	8,374	4,059,412	-	4,059,412
Interest	-	983,664	-	-	983,664	-	983,664
Total expenses	205,569	77,500,827	649,681	755,511	79,111,588	(161,822)	78,949,766
Operating income (loss)	(32,306)	(3,368,972)	16,127	(113,949)	(3,499,100)	106,523	(3,392,577)
Nonoperating gains (losses)							
Investment income (loss)	1,487,330	(16,148)	109	96	1,471,387	-	1,471,387
Unrestricted contributions, net	59,123	676,128	-	24,381	759,632	(106,523)	653,109
Other nonoperating gains	-	(143,179)	-	-	(143,179)	-	(143,179)
Total nonoperating gains (losses), net	1,546,453	516,801	109	24,477	2,087,840	(106,523)	1,981,317
Excess (deficiency) of revenues, gains, and other support over expenses	1,514,147	(2,852,171)	16,236	(89,472)	(1,411,260)	-	(1,411,260)
Change in net unrealized gains on investments	1,271,335	-	-	-	1,271,335	-	1,271,335
Net assets released from restrictions used for purchase of property and equipment	-	147,500	-	-	147,500	-	147,500
Transfers from (to) affiliates, net	8,880,453	(8,970,453)	-	90,000	-	-	-
Increase (decrease) in unrestricted net assets	$11,665,935	$ (11,675,124)	$ 16,236	$ 528	$ 7,575	$ -	$ 7,575

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidating Statements of Changes in Net Assets

Year Ended June 30, 2014

	Franklin Community Health Network	Franklin Memorial Hospital	Evergreen Behavioral Services	Healthy Community Coalition of Greater Franklin County	Subtotal	Adjustments and Eliminations	Consolidated
Unrestricted net assets							
Excess (deficiency) of revenues, gains, and other support over expenses	$ 1,514,147	$ (2,852,171)	$ 16,236	$ (89,472)	$ (1,411,260)	$ -	$ (1,411,260)
Change in net unrealized gains on investments	1,271,335	-	-	-	1,271,335	-	1,271,335
Net assets released from restrictions used for purchase of property and equipment	-	147,500	-	-	147,500	-	147,500
Transfers from (to) affiliates, net	8,880,453	(8,970,453)	-	90,000	-	-	-
Increase (decrease) in unrestricted net assets	11,665,935	(11,675,124)	16,236	528	7,575	-	7,575
Temporarily restricted net assets							
Net assets released from restrictions used for operations	(58,391)	-	-	-	(58,391)	-	(58,391)
Net assets released from restrictions used for purchase of property and equipment	-	(147,500)	-	-	(147,500)	-	(147,500)
Restricted contributions, net	12,661	21,621	-	-	34,282	-	34,282
Restricted investment income	16,079	-	-	-	16,079	-	16,079
Change in net unrealized gains on investments	273,558	-	-	-	273,558	-	273,558
Redirection of donor intent	200,000	-	-	-	200,000	-	200,000
Change in interest in net assets of FCHN	-	443,213	-	-	443,213	(443,213)	-
Increase in temporarily restricted net assets	443,907	317,334	-	-	761,241	(443,213)	318,028
Permanently restricted net assets							
Net change in perpetual trust	-	27,106	-	-	27,106	-	27,106
Redirection of donor intent	(200,000)	-	-	-	(200,000)	-	(200,000)
Change in interest in net assets of FCHN	-	(200,000)	-	-	(200,000)	200,000	-
Decrease in permanently restricted net assets	(200,000)	(172,894)	-	-	(372,894)	200,000	(172,894)
Increase (decrease) in net assets	11,909,842	(11,530,684)	16,236	528	395,922	(243,213)	152,709
Net assets, beginning of year	15,179,427	35,399,718	146,117	134,038	50,859,300	(2,310,889)	48,548,411
Net assets, end of year	$ 27,089,269	$ 23,869,034	$ 162,353	$ 134,566	$ 51,255,222	$ (2,554,102)	$ 48,701,120

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidating Balance Sheets

June 30, 2013

Assets

	Franklin Community Health Network	Franklin Memorial Hospital	Evergreen Behavioral Services	Healthy Community Coalition of Greater Franklin County	Subtotal	Adjustments and Eliminations	Consolidated
Current assets							
Cash and cash equivalents	$ 182,757	$ 2,698,366	$ 187,230	$ 127,605	$ 3,195,958	$ -	$ 3,195,958
Assets limited as to use by bond indenture	-	1,132,652	-	-	1,132,652	-	1,132,652
Patient accounts receivable, net	-	10,333,479	-	-	10,333,479	-	10,333,479
Estimated third-party payor settlements, net	-	12,608,331	-	-	12,608,331	-	12,608,331
Inventories	-	1,212,571	-	-	1,212,571	-	1,212,571
Due from affiliates	-	111,399	-	-	111,399	(111,399)	-
Prepaid expenses and other current assets	-	932,802	32,117	82,837	1,047,756	-	1,047,756
Total current assets	182,757	29,029,600	219,347	210,442	29,642,146	(111,399)	29,530,747
Assets limited as to use							
Board-designated	12,537,819	-	-	-	12,537,819	-	12,537,819
Donor restricted	2,407,957	-	-	-	2,407,957	-	2,407,957
Beneficial interest in perpetual trust	-	293,266	-	-	293,266	-	293,266
Interest in net assets of FCHN	-	2,310,889	-	-	2,310,889	(2,310,889)	-
Total assets limited as to use	14,945,776	2,604,155	-	-	17,549,931	(2,310,889)	15,239,042
Bond issuance costs, less amortization	-	292,145	-	-	292,145	-	292,145
Other assets, net	-	1,401,845	-	-	1,401,845	-	1,401,845
Property and equipment							
Land and land improvements	65,000	6,147,398	-	-	6,212,398	-	6,212,398
Buildings and improvements	-	48,056,131	-	-	48,056,131	-	48,056,131
Equipment	-	31,498,291	10,833	54,325	31,563,449	-	31,563,449
Construction in progress	-	86,063	-	-	86,063	-	86,063
	65,000	85,787,883	10,833	54,325	85,918,041	-	85,918,041
Less accumulated depreciation	-	(50,538,491)	(8,282)	(24,844)	(50,571,617)	-	(50,571,617)
Property and equipment, net	65,000	35,249,392	2,551	29,481	35,346,424	-	35,346,424
Total assets	$ 15,193,533	$ 68,577,137	$ 221,898	$ 239,923	$ 84,232,491	$ (2,422,288)	$ 81,810,203

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidating Balance Sheets (Concluded)

June 30, 2013

Liabilities and Net Assets

	Franklin Community Health Network	Franklin Memorial Hospital	Evergreen Behavioral Services	Healthy Community Coalition of Greater Franklin County	Subtotal	Adjustments and Eliminations	Consolidated
Current liabilities							
Accounts payable and accrued expenses	$ 646	$ 3,048,227	$ 36,684	$ 9,574	$ 3,095,131	$ -	$ 3,095,131
Accrued payroll, payroll taxes and amounts withheld	-	4,072,694	(5,885)	126	4,066,935	-	4,066,935
Due to affiliates	13,460	-	44,154	53,785	111,399	(111,399)	-
Deferred revenue	-	56,111	828	42,400	99,339	-	99,339
Current portion of long-term debt	-	762,668	-	-	762,668	-	762,668
Total current liabilities	14,106	7,939,700	75,781	105,885	8,135,472	(111,399)	8,024,073
Long-term debt, excluding current portion	-	24,003,228	-	-	24,003,228	-	24,003,228
Other long-term liabilities	-	1,234,491	-	-	1,234,491	-	1,234,491
Total liabilities	14,106	33,177,419	75,781	105,885	33,373,191	(111,399)	33,261,792
Net assets							
Unrestricted	12,857,454	32,562,079	146,117	134,038	45,699,688	-	45,699,688
Temporarily restricted	1,165,590	1,387,990	-	-	2,553,580	(1,154,506)	1,399,074
Permanently restricted	1,156,383	1,449,649	-	-	2,606,032	(1,156,383)	1,449,649
Total net assets	15,179,427	35,399,718	146,117	134,038	50,859,300	(2,310,889)	48,548,411
Total liabilities and net assets	$ 15,193,533	$ 68,577,137	$ 221,898	$ 239,923	$ 84,232,491	$ (2,422,288)	$ 81,810,203

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidating Statements of Operations

Year Ended June 30, 2013

	Franklin Community Health Network	Franklin Memorial Hospital	Evergreen Behavioral Services	Healthy Community Coalition of Greater Franklin County	Subtotal	Adjustments and Eliminations	Consolidated
Unrestricted revenues, gains, and other support							
Patient service revenue (net of contractual allowances and discounts)	$ -	$ 79,554,875	$ 263,090	$ -	$ 79,817,965	$ -	$ 79,817,965
Provision for doubtful accounts	-	5,311,053	25,384	-	5,336,437	-	5,336,437
Net patient service revenue	-	74,243,822	237,706	-	74,481,528	-	74,481,528
Other revenue	157,650	2,137,262	21,568	33,850	2,350,330	(160,462)	2,189,868
Meaningful use revenues	-	42,500	-	-	42,500	-	42,500
Grant revenue	-	-	284,496	427,292	711,788	-	711,788
Net assets released from restrictions used for operations	13,828	-	-	-	13,828	-	13,828
Total unrestricted revenues, gains, and other support	171,478	76,423,584	543,770	461,142	77,599,974	(160,462)	77,439,512
Expenses							
Salaries and wages	64,672	42,269,411	358,325	310,530	43,002,938	-	43,002,938
Employee benefits	15,413	10,538,646	87,768	91,457	10,733,284	-	10,733,284
Supplies	1,110	7,936,861	3,705	15,922	7,957,598	-	7,957,598
Purchased services	-	10,827,936	69,376	42,270	10,939,582	(160,462)	10,779,120
Other operating	144,819	6,687,744	17,001	77,239	6,926,803	(78,356)	6,848,447
Depreciation and amortization	-	4,512,293	805	7,574	4,520,672	-	4,520,672
Interest	-	1,180,951	-	-	1,180,951	-	1,180,951
Total expenses	226,014	83,953,842	536,980	544,992	85,261,828	(238,818)	85,023,010
Operating (loss) income	(54,536)	(7,530,258)	6,790	(83,850)	(7,661,854)	78,356	(7,583,498)
Nonoperating gains (losses)							
Investment income (loss)	355,899	(10,106)	173	294	346,260	-	346,260
Unrestricted contributions, net	78,741	40,335	-	27,522	146,598	(78,356)	68,242
Other nonoperating losses	-	(187,058)	-	-	(187,058)	-	(187,058)
Total nonoperating gains, net	434,640	(156,829)	173	27,816	305,800	(78,356)	227,444
Excess (deficiency) of revenues, gains, and other support over expenses	380,104	(7,687,087)	6,963	(56,034)	(7,356,054)	-	(7,356,054)
Change in net unrealized gains on investments	717,331	-	-	-	717,331	-	717,331
Transfers (to) from affiliates, net	(1,468,251)	1,526,011	-	(57,760)	-	-	-
(Decrease) increase in unrestricted net assets	$ (370,816)	$ (6,161,076)	$ 6,963	$ (113,794)	$ (6,638,723)	$ -	$ (6,638,723)

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Consolidating Statements of Changes in Net Assets

Year Ended June 30, 2013

	Franklin Community Health Network	Franklin Memorial Hospital	Evergreen Behavioral Services	Healthy Community Coalition of Greater Franklin County	Subtotal	Adjustments and Eliminations	Consolidated
Unrestricted net assets							
Excess (deficiency) of revenues, gains, and other support over expenses	$ 380,104	$ (7,687,087)	$ 6,963	$ (56,034)	$ (7,356,054)	$ -	$ (7,356,054)
Change in net unrealized gains on investments	717,331	-	-	-	717,331	-	717,331
Transfers (to) from affiliates, net	(1,468,251)	1,526,011	-	(57,760)	-	-	-
(Decrease) increase in unrestricted net assets	(370,816)	(6,161,076)	6,963	(113,794)	(6,638,723)	-	(6,638,723)
Temporarily restricted net assets							
Net assets released from restrictions used for operations	(13,828)	-	-	-	(13,828)	-	(13,828)
Restricted contributions, net	64,975	48,841	-	-	113,816	-	113,816
Restricted investment income	21,672	-	-	-	21,672	-	21,672
Change in net unrealized gains on investments	127,075	-	-	-	127,075	-	127,075
Change in interest in net assets of FCHN	-	261,589	-	-	261,589	(261,589)	-
Increase in temporarily restricted net assets	199,894	310,430	-	-	510,324	(261,589)	248,735
Permanently restricted net assets							
Net change in perpetual trust	-	17,550	-	-	17,550	-	17,550
Increase in permanently restricted net assets	-	17,550	-	-	17,550	-	17,550
(Decrease) increase in net assets	(170,922)	(5,833,096)	6,963	(113,794)	(6,110,849)	(261,589)	(6,372,438)
Net assets, beginning of year	15,350,349	41,232,814	139,154	247,832	56,970,149	(2,049,300)	54,920,849
Net assets, end of year	$ 15,179,427	$ 35,399,718	$ 146,117	$ 134,038	$ 50,859,300	$ (2,310,889)	$ 48,548,411

Franklin Community Health Network

Healthy Community Coalition

Schedule of Expenditures of Department Agreements

Fiscal Year Ended June 30, 2014

Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenditures	State Expenditures	Department Expenses
DHHS:								
DHHS	OSA-14-161	$ 15,000	07/01/13-6/30/14	Substance Abuse	Final	$ 15,000	$ -	$ 15,000
Maine CDC	CDC-14-590	$ 2,000	07/01/13-6/30/14	Lead Poisoning	Final		$ 2,000	$ 2,000
Maine CDC	CDC-14-1628	$ 16,250	4/1/14-8/31/15	Well water testing	Interim	$ 3,521	$ -	$ 3,521
DHHS Indirect:								
River Valley HCC	CDC-14-373	$ 20,000	07/01/13-6/30/14	Substance Abuse	Final	$ 20,000	$ -	$ 20,000
River Valley HCC	CDC-14-373	$ 24,000	07/01/13-6/30/14	Comprehensive Community Health Coalitions	Final	$ -	$ 24,000	$ 24,000
River Valley HCC	CDC-14-373	$ 120,000	07/01/13-6/30/14	Fund for Healthy Maine	Final	$ -	$ 120,000	$ 120,000
River Valley HCC	OSA-13-418	$ 19,796	12/1/2012-9/30/2013	Subtance Abuse	Final	$ -	$ 11,102	$ 11,102
River Valley HCC	OSA-13-418	$ 19,796	10/1/2013-9/30/2014	Subtance Abuse	Interim	$ -	$ 10,853	$ 10,853
River Valley HCC	CDC-14-684	$ 3,000	07/01/2013-6/30/14	Lead Poisoning	Final	$ -	$ 3,000	$ 3,000
TOTAL						$ 38,521	$ 170,955	$ 209,476

Franklin Community Health Network

Evergreen Behavorial Services

Schedule of Expenditures of Department Agreements

Fiscal Year Ended June 30, 2014

Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenditures	State Expenditures	Department Expenses
DHHS:								
DHHS	MH2-14-521	$ 308,311	07/01/13-6/30/14	Crisis Stabilization, Mobile	Final	$ -	$ 272,351	$ 272,351
DHHS	MH2-14-431	$ 35,000	11/15/13-6/30/14	Community Integration	Final	$ -	$ 3,409	$ 3,409
DHHS Indirect:								
N/A								
TOTAL						$ -	$ 275,760	$ 275,760

Franklin Community Health Network

Healthy Community Coalition

Schedule of Expenditures of Department Agreements

Fiscal Year Ended June 30, 2013

Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenditures	State Expenditures	Department Expenses
DHHS:								
DHHS	OSA-13-160	15,000.00	07/01/12-6/30/13	Substance Abuse	Final	$ 15,000	$ -	$ 15,000
Maine CDC	CDC-13-590	2,000.00	07/01/12-6/30/13	Lead Poisoning	Final		$ 2,000	$ 2,000
DHHS Indirect:								
River Valley HCC	CDC-13-373	20,000.00	07/01/12-6/30/13	Substance Abuse	Final	$ 20,000	$ -	$ 20,000
River Valley HCC	CDC-13-373	33,000.00	07/01/12-6/30/13	Comprehensive Community Health Coalitions	Final	$ -	$ 33,000	$ 33,000
River Valley HCC	CDC-13-373	120,000.00	07/01/12-6/30/13	Fund for Healthy Maine	Final	$ -	$ 120,000	$ 120,000
River Valley HCC	OSA-13-418	19,796.25	12/1/2012-9/30/2013	Subtance Abuse	Interim	$ -	$ 8,694	$ 8,694
River Valley HCC	CDC-13-684	3,000.00	7/1/2012-6/30/2013	Lead Poisoning	Final	$ -	$ 3,000	$ 3,000
TOTAL						**$ 35,000**	**$ 166,694**	**$ 201,694**

Franklin Community Health Network
Evergreen Behavorial Services
Schedule of Expenditures of Department Agreements
Fiscal Year Ended June 30, 2013

Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenditures	State Expenditures	Department Expenses
DHHS:								
DHHS	MH2-13-521	$293,102	07/01/12-6/30/13	Crisis Stabilization, Mobile	Final	$ -	$ 256,024	$ 256,024
DHHS Indirect:								
N/A								
TOTAL						$ -	$ 256,024	$ 256,024

FRANKLIN COMMUNITY HEALTH NETWORK AND SUBSIDIARIES

Notes to Schedules of Expenditures of Department Agreements

Years Ended June 30, 2014 and 2013

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedules of expenditures of Department agreements include the Department agreement activity of Franklin Community Health Network (FCHN) and Subsidiaries (Company) under programs of the Department for the years ended June 30, 2014 and 2013. The information in the schedules is presented in accordance with requirements of the Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP). Because the Schedules present only a selected portion of the operations of the Company, they are not intended to and do not present the financial position, changes in net assets or cash flows of the Company.

Basis of Settlement

Grants which are cost settled include an estimated settlement of state funds based upon the available grant revenue and other revenue based upon allowable costs.

2. Summary of Significant Accounting Policies for Statement Agreement Expenditures

Expenditures reported on the Schedules consist of direct and indirect costs which are recognized as incurred using the accrual method of accounting. Such expenditures are recognized following the cost principles contained in Office of Management and Budget Circular A-122, Cost of Principles for Non-Profit Organization, and MAAP. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

3. Other Disclosures

Is your Agency required to have a federal A-133 audit? _____ yes ___X___ no

[redacted]

[redacted]