

Return of Organization Exempt From Income Tax
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
 Do not enter Social Security numbers on this form as it may be made public.
 Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

Department of the Treasury
 Internal Revenue Service



A For the 2013 calendar year, or tax year beginning **10/01**, 2013, and ending **9/30**, 2014

B Check if applicable:
 Address change
 Name change
 Initial return
 Term listed
 Amended return
 Application pending

C HOULTON REGIONAL HOSPITAL
 20 HARTFORD ST
 HOULTON, ME 04730

D Employer identification number
 23-7134386

E Telephone number
 (207) 532-2900

G Gross receipts \$ **46,282,646.**

F Name and address of principal officer: **THOMAS MOAKLER**
 SAME AS C ABOVE

H(a) Is this a group return for subsidiaries? Yes No
H(b) Are all subsidiaries included? Yes No
 If "No," attach a list. (See instructions)

I Tax exempt status: 501(c)(3) | 501(c) () (insert no.) | 4947(a)(1) or | 527

J Website: **HOULTONREGIONAL.ORG**

K Form of organization: Corporation | Trust | Association | Other

L Year of formation: **1973** | **M** State of legal domicile: **ME**

Part I Summary

1 Briefly describe the organization's mission or most significant activities: HOULTON REGIONAL HOSPITAL'S PURPOSE IS TO PROVIDE SAFE, COMPASSIONATE, QUALITY, COST EFFECTIVE CARE TO THE COMMUNITIES WE SERVE. WE ARE DEDICATED TO IMPROVING THE HEALTH STATUS OF THOSE WE SUPPORT THROUGH EDUCATION, TREATMENT AND REHABILITATION.	
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
3 Number of voting members of the governing body (Part VI, line 1a)	3 11
4 Number of independent voting members of the governing body (Part VI, line 1b)	4 8
5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5 477
6 Total number of volunteers (estimate if necessary)	6 77
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a 9,689.
7b Not unrelated business taxable income from Form 990-T, line 34	7b -14,545.
8 Contributions and grants (Part VIII, line 1h)	Prior Year 58,420. Current Year 125,442.
9 Program service revenue (Part VIII, line 2g)	41,234,948. 44,569,787.
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	686,781. 387,231.
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	41,980,149. 45,082,460.
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	
14 Benefits paid to or for members (Part IX, column (A), line 4)	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	27,560,493. 27,963,522.
16a Professional fundraising fees (Part IX, column (A), line 11a)	
b Total fundraising expenses (Part IX, column (D), line 25)	
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24a)	17,665,191. 17,407,548.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	45,233,684. 45,371,070.
19 Revenue less expenses. Subtract line 18 from line 12	-3,253,535. -288,610.
20 Total assets (Part X, line 16)	Beginning of Current Year 26,099,568. End of Year 26,582,018.
21 Total liabilities (Part X, line 26)	21,825,940. 22,405,010.
22 Net assets or fund balances. Subtract line 21 from line 20	4,273,628. 4,177,008.

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: *Thomas Moakler* Date: **6/19/15**
THOMAS MOAKLER CEO
 Type or print name and title.

Paid Preparer Use Only
 Preparer's name: **Joseph R. Byrne, CPA** Preparer's signature: *Joseph R. Byrne* Date: **5/13/15** Check if self-employed | PTIN: **P01289281**
 Firm's name: **Berry Dunn McNeil & Parker, LLC**
 Firm's address: **P.O. Box 1100, Portland, ME 04104-1100** Firm's EIN: **01-0523282**
 Phone no.: **207-775-2387**

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

FOR PUBLIC INSPECTION

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

HOULTON REGIONAL HOSPITAL'S PURPOSE IS TO PROVIDE SAFE, COMPASSIONATE, QUALITY, COST EFFECTIVE CARE TO THE COMMUNITIES WE SERVE. WE ARE DEDICATED TO IMPROVING THE HEALTH STATUS OF THOSE WE SUPPORT THROUGH EDUCATION, TREATMENT AND REHABILITATION.

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 and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 35,285,326, including grants of \$) (Revenue \$ 44,569,787.)

PROVISION OF HEALTH CARE SERVICES IN RURAL MAINE. DURING THE FISCAL YEAR ENDED 9/30/14, 1,355 PEOPLE HAD AN INPATIENT STAY (INCLUDING SWING BEDS), 89,392 OUTPATIENT SERVICES WERE RENDERED; 10,708 PEOPLE WERE SERVED IN THE EMERGENCY ROOM. OF THESE SERVICES, 1,688 ACCOUNTS (REPRESENTING 374 PEOPLE AND \$1,321,904) WERE WRITTEN OFF AS CHARITY CARE. HOULTON REGIONAL HOSPITAL (HRH) ALSO ASSISTS ELDERLY CITIZENS WITH THEIR WISH TO REMAIN INDEPENDENT AS LONG AS POSSIBLE. TO ACCOMPLISH THIS GOAL, HRH ASSISTS WITH THE RENTAL OF LIFELINE EMERGENCY RESPONSE UNITS. DURING FISCAL YEAR 9/30/14, A DAILY AVERAGE OF 44 LIFELINE UNITS WERE RENTED.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

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

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

4e Total program service expenses 35,285,326.

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	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If 'Yes,' complete Schedule C, Part II	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		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		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		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III		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		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	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	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		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		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		X
e Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X	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		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? If 'Yes,' complete Schedule D, Parts XI, and XII	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		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If 'Yes,' complete Schedule F, Parts I and IV		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		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		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If 'Yes,' complete Schedule G, Part I (see instructions)		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		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		X
20a Did the organization operate one or more hospital facilities? If 'Yes,' complete Schedule H	X	
b If 'Yes' to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organizations or government on Part IX, column (A), line 1? If 'Yes,' complete Schedule I, Parts I and II.		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.		X
23 Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If 'Yes,' complete Schedule J.	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25a.	X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
d Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?		X
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If 'Yes,' complete Schedule L, Part I.		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If 'Yes,' complete Schedule L, Part I.		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II.		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If 'Yes,' complete Schedule L, Part III.		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? If 'Yes,' complete Schedule L, Part IV.	X	
b A family member of a current or former officer, director, trustee, or key employee? If 'Yes,' complete Schedule L, Part IV.	X	
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If 'Yes,' complete Schedule L, Part IV.	X	
29 Did the organization receive more than \$25,000 in non-cash contributions? If 'Yes,' complete Schedule M.		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If 'Yes,' complete Schedule M.		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If 'Yes,' complete Schedule N, Part I.		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If 'Yes,' complete Schedule N, Part II.		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Schedule R, Part I.		X
34 Was the organization related to any tax-exempt or taxable entity? If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1.		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' complete Schedule R, Part V, line 2.		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If 'Yes,' complete Schedule R, Part V, line 2.		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If 'Yes,' complete Schedule R, Part VI.		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O.	X	

BAA

Form 990 (2013)

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1 a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. 1 a 47		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 1 b 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? 1 c	X	
2 a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return. 2 a 477		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <i>Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)</i>	X	
3 a	Did the organization have unrelated business gross income of \$1,000 or more during the year? 3 a	X	
b	If 'Yes' has it filed a Form 990-T for this year? If 'No' to line 3b, provide an explanation in Schedule O. 3 b	X	
4 a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? 4 a		X
b	If 'Yes,' enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5 a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? 5 a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? 5 b		X
c	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T? 5 c		
6 a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? 6 a		X
b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? 6 b		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payer? 7 a		X
b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided? 7 b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? 7 c		X
d	If 'Yes,' indicate the number of Forms 8282 filed during the year. 7 d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? 7 e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 7 f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? 7 g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? 7 h		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? 8		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966? 9 a		
b	Did the organization make a distribution to a donor, donor advisor, or related person? 9 b		
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12. 10 a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. 10 b		
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders. 11 a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) 11 b		
12 a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? 12 a		
b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year. 12 b		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? <i>Note. See the instructions for additional information the organization must report on Schedule O.</i>		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans. 13 b		
c	Enter the amount of reserves on hand. 13 c		
14 a	Did the organization receive any payments for indoor tanning services during the tax year? 14 a		X
b	If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O. 14 b		

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

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

Section A. Governing Body and Management

	1 a	1 b	Yes	No
1 a Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.	11			
b Enter the number of voting members included in line 1a, above, who are independent		8		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee?	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
7 a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7 a			X
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or other persons other than the governing body?	7 b			X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a The governing body?	8 a		X	
b Each committee with authority to act on behalf of the governing body?	8 b		X	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O.	9			X

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

	Yes	No
10 a Did the organization have local chapters, branches, or affiliates?		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?		
11 a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
b Describe in Schedule O the process, if any, used by the organization to review this Form 990. SEE SCHEDULE O		
12 a Did the organization have a written conflict of interest policy? If 'No,' go to line 13.	X	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If 'Yes,' describe in Schedule O how this was done. SEE SCHEDULE O	X	
13 Did the organization have a written whistleblower policy?	X	
14 Did the organization have a written document retention and destruction policy?	X	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official. SEE SCHEDULE O.	X	
b Other officers or key employees of the organization. SEE SCHEDULE O.	X	
If 'Yes' to line 15a or 15b, describe the process in Schedule O. (See instructions.)		
16 a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b If 'Yes,' did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		
16 b		

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed > NONE
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make those available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public during the tax year. SEE SCHEDULE O
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization:
 > CYNTHIA M THOMPSON 20 HARTFORD ST HOULTON ME 04730 (207) 532-2900

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. X

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below column)	(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			
SEE SCHEDULE O										
(1) KARL WOODS DMD DIRECTOR	1 0	X					0.	0.	0.	
(2) JOHN CLARK PAST DIRECTOR	1 0	X					0.	0.	0.	
(3) LYNETTE MCLAUGHLIN PRESIDENT	1 0	X		X			0.	0.	0.	
(4) REV. JESSIE DRYSDALE DIRECTOR	1 0	X					0.	0.	0.	
(5) STEPHEN NELSON TREASURER	1 0	X		X			0.	0.	0.	
(6) DOUG HAZLETT DIRECTOR	1 0	X					0.	0.	0.	
(7) GARY BOSSIE DIRECTOR	1 0	X					0.	0.	0.	
(8) HASSAN E ABOULEISH, MD VICE PRESIDENT	40 0	X		X			29,382.	0.	0.	
(9) ROBERT ELLIS DIRECTOR	1 0	X					0.	0.	0.	
(10) MAX LYNDS DIRECTOR	1 0	X					0.	0.	0.	
(11) NANCY KETCH SECRETARY	1 0	X		X			0.	0.	0.	
(12) PHILIP MCFARLANE, MD DIRECTOR	40 0	X					269,496.	0.	12,776.	
(13) THOMAS MOAKLER CEO	40 0			X			242,453.	0.	7,998.	
(14) CYNTHIA THOMPSON CFO	40 0			X			107,709.	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 (if any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) SANTIAGO DUY GEN SURGEON	40 0					X	321,196.	0.	17,064.	
(16) BRIAN GRIFFIN ED PHYSICIAN	40 0					X	266,072.	0.	17,064.	
(17) ROBERT MOSENFELDER OB/GYN PHYSICIAN	40 0					X	250,979.	0.	12,776.	
(18) DONALD BRUSHETT MD FAMILY MEDICINE	40 0					X	247,253.	0.	10,858.	
(19) PAUL M ALEXANDER CRNA	40 0					X	238,709.	0.	0.	
(20) -----										
(21) -----										
(22) -----										
(23) -----										
(24) -----										
(25) -----										
1 b Sub-total							1,973,249.	0.	78,536.	
1 c Total from continuation sheets to Part VII, Section A							0.	0.	0.	
1 d Total (add lines 1b and 1c)							1,973,249.	0.	78,536.	

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 **28**

	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
HOULTON INTERNAL MEDICINE, PA 22 HARTFORD ST HOULTON, ME 04730	INTERNAL MEDICINE	1,233,734.
IMBESAT DAUDI 181 ACADEMY STREET, SUITE 3 PRESQUE ISLE, ME 04769	UROLOGIST	391,543.
ARUNDEL INTERNAL MEDICINE 61 COURT STREET HOULTON, ME 04730	HOSPITALIST SVCS	381,258.
HEATHERBY LOCUMS INC PO BOX 972633 DALLAS, TX 75397-2633	LOCUM SVCS	369,091.
ARCOSTOOK RADIOLOGY SERVICES 20 HARTFORD STREET HOULTON, ME 04730	RADIOLOGIST	262,500.

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 **17**

Part VIII Statement of Revenue

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

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS	1 a Federated campaigns				
	b Membership dues				
	c Fundraising events				
	d Related organizations				
	e Government grants (contributions)				
	f All other contributions, gifts, grants, and similar amounts not included above	11 125,442.			
	g Noncash contributions included in lines 1a-1f: \$				
	h Total. Add lines 1a-1f	125,442.			
PROGRAM SERVICE REVENUE	2 a PATIENT FEES	58,314,625.	58,314,625.		
	b MEDICARE & MEDICAID PYMTS	21,475,866.	21,475,866.		
	c VENDING, CAFETERIA, MISC.	258,979.			258,979.
	d CONFERENCE ROOM RENTAL	722320 9,689.		9,689.	
	e CHARITY CARE	-1,321,904.	-1,321,904.		
	f All other program service revenue	WKS -34167468.	-34167468.		
	g Total. Add lines 2a-2f	44,569,787.			
3 Investment income (including dividends, interest and other similar amounts)	187,824.			187,824.	
4 Income from investment of tax-exempt bond proceeds					
5 Royalties					
OTHER REVENUE	6 a Gross rents				
	b Less: rental expenses				
	c Rental income or (loss)				
	d Net rental income or (loss)				
	7 a Gross amount from sales of assets other than inventory	(a) Securities 1,391,393. (b) Other 8,200.			
	b Less: cost or other basis and sales expenses	1,198,526. 1,660.			
	c Gain or (loss)	192,867. 6,540.			
	d Net gain or (loss)	199,407.			199,407.
	8 a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a			
	b Less: direct expenses	b			
c Net income or (loss) from fundraising events					
9 a Gross income from gaming activities. See Part IV, line 19	a				
b Less: direct expenses	b				
c Net income or (loss) from gaming activities					
10 a Gross sales of inventory, less returns and allowances	a				
b Less: cost of goods sold	b				
c Net income or (loss) from sales of inventory					
Miscellaneous Revenue					
11 a	Business Code				
b					
c					
d All other revenue					
e Total. Add lines 11a-11d					
12 Total revenue. See instructions		45,082,460.	44,301,119.	9,689.	646,210.

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
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	669,814.	311,654.	358,160.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.	0.	0.	0.
7 Other salaries and wages	20,152,500.	18,098,841.	2,053,659.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	10,250.		10,250.	
9 Other employee benefits	5,747,889.		5,747,889.	
10 Payroll taxes	1,383,069.	1,277,679.	105,390.	
11 Fees for services (non-employees):				
a Management				
b Legal	76,010.		76,010.	
c Accounting	40,000.		40,000.	
d Lobbying	6,979.		6,979.	
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	16,731.		16,731.	
g Other. (If line 11g amt exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)SCH	5,530,632.	5,386,429.	144,203.	
12 Advertising and promotion	11,805.		11,805.	
13 Office expenses	129,168.	29,853.	99,315.	
14 Information technology	198,945.		198,945.	
15 Royalties				
16 Occupancy	329,842.	329,842.		
17 Travel	120,970.	100,532.	20,438.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	653,766.	511,637.	142,129.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,585,600.	1,240,898.	344,710.	
23 Insurance	395,776.	167,927.	227,849.	
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 SUPPLIES	4,996,812.	4,982,060.	14,752.	
b UTILITIES	872,425.	872,425.		
c MEDICAID TAX - STATE OF MAINE	844,430.	844,430.		
d MAINTENANCE/SERVICE CONTRACTS	624,557.	624,557.		
e All other expenses	973,084.	506,554.	466,530.	
25 Total functional expenses. Add lines 1 through 24e	45,371,070.	35,285,326.	10,085,744.	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 <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X Balance Sheet

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

		(A) Beginning of year		(B) End of year
ASSETS	1	Cash -- non-interest-bearing	23,902.	1 19,484.
	2	Savings and temporary cash investments	97,178.	2 290,426.
	3	Pledges and grants receivable, net	40,483.	3 75,332.
	4	Accounts receivable, net	6,576,482.	4 7,600,541.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6
	7	Notes and loans receivable, net		7
	8	Inventories for sale or use	768,382.	8 772,018.
	9	Prepaid expenses and deferred charges	695,225.	9 548,696.
	10a	Land, buildings, and equipment; cost or other basis. Complete Part VI of Schedule D	10a 41,160,778.	
	b	Less: accumulated depreciation	10b 29,239,149.	
			13,016,510.	10c 11,921,629.
	11	Investments -- publicly traded securities	3,618,425.	11 4,206,478.
	12	Investments -- other securities. See Part IV, line 11		12
	13	Investments -- program-related. See Part IV, line 11		13
	14	Intangible assets	365,047.	14 325,310.
15	Other assets. See Part IV, line 11	897,934.	15 822,104.	
16	Total assets. Add lines 1 through 15 (must equal line 34).	26,099,568.	16 26,582,018.	
LIABILITIES	17	Accounts payable and accrued expenses	5,501,231.	17 6,146,372.
	18	Grants payable		18
	19	Deferred revenue		19
	20	Tax-exempt bond liabilities	10,338,213.	20 9,649,818.
	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	722,425.	23 613,668.
	24	Unsecured notes and loans payable to unrelated third parties		24
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	5,264,071.	25 5,995,152.
	26	Total liabilities. Add lines 17 through 25.	21,825,940.	26 22,405,010.
RESTRICTIONS OR FUND BALANCES	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27	Unrestricted net assets	4,207,331.	27 4,040,977.
	28	Temporarily restricted net assets	14,633.	28 84,367.
	29	Permanently restricted net assets	51,664.	29 51,664.
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30
	31	Paid-in or capital surplus, or land, building, or equipment fund		31
	32	Retained earnings, endowment, accumulated income, or other funds		32
33	Total net assets or fund balances	4,273,628.	33 4,177,008.	
34	Total liabilities and net assets/fund balances	26,099,568.	34 26,582,018.	

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Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	45,082,460.
2	Total expenses (must equal Part IX, column (A), line 25)	2	45,371,070.
3	Revenue less expenses. Subtract line 2 from line 1	3	-288,610.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	4,273,628.
5	Net unrealized gains (losses) on investments	5	191,990.
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	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	4,177,008.

Part XII Financial Statements and Reporting

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

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

BAA

Form 990 (2013)

CLIENT HRH

HOULTON REGIONAL HOSPITAL

23-7134386

5/11/15

04:32PM

FORM 990, PART III, LINE 4E
PROGRAM SERVICES TOTALS

	PROGRAM SERVICES TOTAL	FORM 990	SOURCE
TOTAL EXPENSES	35,285,326.	35,285,326.	PART IX, LINE 25, COL. B
GRANTS	0.	0.	PART IX, LINES 1-3, COL. B
REVENUE	44,569,787.	44,569,787.	PART VIII, LINE 2, COL. A

FORM 990, PART VIII, LINE 2F
OTHER PROGRAM SERVICE REVENUE

DESCRIPTION	BUS. CODE	TOTAL REVENUE	RELATED OR EXEMPT FUNCTION REVENUE	UNRELATED BUSINESS REVENUE	REVENUE EXCLUDED FROM TAX
BAD DEBT EXPENSE		\$ -2755000.	\$ -2755000.		
CONTRACTUAL ADJUSTMENTS		-31412468.	-31412468.		
TOTALS		<u>\$ -34167468.</u>	<u>\$ -34167468.</u>	\$ 0.	\$ 0.

FORM 990, PART IX, LINE 24E
OTHER EXPENSES

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
COLLECTION FEES	76,634.		76,634.	
DUES & SUBSCRIPTIONS	398,178.	158,078.	240,100.	
EQUIPMENT RENT	208,039.	195,255.	12,784.	
MISCELLANEOUS	92,670.	77,246.	15,424.	
RECRUITMENT/ADVERTISING	41,600.	8,914.	32,686.	
TELEPHONE	89,243.	341.	88,902.	
TRASH & WASTE REMOVAL	66,720.	66,720.		
TOTAL	<u>\$ 973,084.</u>	<u>\$ 506,554.</u>	<u>\$ 466,530.</u>	<u>\$ 0.</u>

SCHEDULE H, WORKSHEET A
MEDICARE ALLOWABLE COSTS OF CARE RELATING TO PAYMENTS

1. TOTAL MEDICARE ALLOWABLE COSTS FROM MEDICARE COST REPORT	18,594,878.
2. TOTAL MEDICARE ALLOWABLE COSTS INCLUDED IN WORKSHEET 6, LINE 3A	
3. TOTAL MEDICARE ALLOWABLE COSTS INCLUDED IN WORKSHEET 5, LINE 8	
4. TOTAL ADJUSTMENTS TO MEDICARE ALLOWABLE COSTS	0.
5. TOTAL MEDICARE ALLOWABLE COSTS	<u>18,594,878.</u>
ENTER VALUE FROM WORKSHEET A, LINE 5 IN SCHEDULE H, PART III, LINE 6	

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

HOULTON REGIONAL HOSPITAL

Employer identification number

23-7134386

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

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

- 1 A church, convention of churches or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III - Functionally integrated d Type III - Non-functionally integrated
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box. _____
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

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

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

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

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

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

Schedule A (Form 990 or 990-EZ) 2013

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4.						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources.						
9 Net income from unrelated business activities, whether or not the business is regularly carried on.						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10.						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)).	14	%
15 Public support percentage from 2012 Schedule A, Part II, line 14	15	%
16a 33-1/3% support test – 2013. If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
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. ▶ <input type="checkbox"/>		
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. ▶ <input type="checkbox"/>		
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. ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions. ▶ <input type="checkbox"/>		

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

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

Section A. Public Support

Calendar year (or fiscal yr beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include any unusual grants.)						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose.						
3 Gross receipts from activities that are not an unrelated trade or business under section 513.						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf.						
5 The value of services or facilities furnished by a governmental unit to the organization without charge.						
6 Total. Add lines 1 through 5.						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons.						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year.						
c Add lines 7a and 7b.						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

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

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

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

OMB No. 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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 HOULTON REGIONAL HOSPITAL	Employer identification number 23-7134386
--	---

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

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

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$ 0.
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$ 0.
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 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-
(1)	-----			
(2)	-----			
(3)	-----			
(4)	-----			
(5)	-----			
(6)	-----			

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

For each 'Yes' response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
SEE PART IV			
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1j)?		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	
j Total. Add lines 1c through 1i.	X		6,979.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	6,979.
b If 'Yes,' enter the amount of any tax incurred under section 4912			
c If 'Yes,' enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

PART II-B - DESCRIPTION OF LOBBYING ACTIVITY

OTHER LOBBYING AMOUNTS REPRESENT AN ALLOCABLE PORTION OF DUES PAID TO THE AMERICAN HOSPITAL ASSOCIATION AND THE MAINE HOSPITAL ASSOCIATION.

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

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

GVA No 1545-C047

2013

Open to Public Inspection

Name of the organization

Employer identification number

HOULTON REGIONAL HOSPITAL

23-7134386

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered 'Yes' to Form 990, Part IV, line 8.

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

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

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1 a Beginning of year balance	114,339.	103,490.	85,541.	88,511.	0.
b Contributions					9,038.
c Net investment earnings, gains, and losses	13,656.	11,075.	18,149.	-2,770.	
d Grants or scholarships					
e Other expenditures for facilities and programs				0.	200.
f Administrative expenses	500.	226.	200.	200.	88,511.
g End of year balance	127,495.	114,339.	103,490.	85,541.	88,511.

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

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

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

	Yes	No
(i) unrelated organizations	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	

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

Part VI Land, Buildings, and Equipment.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1 a Land		193,107.		193,107.
b Buildings		23,408,255.	14,974,451.	8,433,804.
c Leasehold improvements				
d Equipment		11,361,348.	9,241,414.	2,119,934.
e Other		6,198,068.	5,023,284.	1,174,784.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				11,921,629.

BAA

Part VII Investments – Other Securities. N/A
 Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII Investments – Program Related. N/A
 Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX Other Assets. N/A
 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)	
(10)	
Total. (Column (b) must equal Form 990, Part X, column (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

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) 457 PLAN ASSETS	397,322.
(3) DUE TO THIRD PARTY PAYORS	4,438,271.
(4) LINE OF CREDIT	1,159,559.
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, column (B) line 25.)	5,995,152.

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 FIR #8 (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	45,257,719.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
	a Net unrealized gains on investments	2a 191,990.		
	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	191,990.
3	Subtract line 2e from line 1		3	45,065,729.
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 16,731.		
	b Other (Describe in Part XIII.)	4b		
	c Add lines 4a and 4b		4c	16,731.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		5	45,082,460.

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	45,354,339.
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	45,354,339.
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 16,731.		
	b Other (Describe in Part XIII.)	4b		
	c Add lines 4a and 4b		4c	16,731.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		5	45,371,070.

Part XIII Supplemental Information.

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

--- PART V, LINE 4 - INTENDED USES OF ENDOWMENT FUND ---
 --- THE CORPUS OF THE ENDOWMENT IS PERMANENTLY RESTRICTED WITH ANY EARNINGS AVAILABLE TO ---
 --- PROMOTE THE HOSPITAL'S EXEMPT PURPOSE. ---

SCHEDULE H
(Form 990)

Hospitals

OMB No. 1545-0047

2013

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

Name of the organization

Employer identification number

HOULTON REGIONAL HOSPITAL

23-7134386

Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If 'No,' skip to question 6a	X	
b If 'Yes,' was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to the various hospital facilities during the tax year. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year. a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If 'Yes,' indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input checked="" type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	X	
b Did the organization use FPG as a factor in determining eligibility for providing discounted care? If 'Yes,' indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% X Other <u>150.0</u> %	X	
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care. PART VI		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the 'medically indigent'?		X
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If 'Yes,' did the organization's financial assistance expenses exceed the budgeted amount?		X
c If 'Yes' to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a Did the organization prepare a community benefit report during the tax year?		X
b If 'Yes,' did the organization make it available to the public?		

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)			734,129.		734,129.	1.53
b Medicaid (from Worksheet 3, column a)			8,587,063.	7,477,052.	1,110,012.	2.31
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs	0	0	9,321,192.	7,477,052.	1,844,141.	3.84
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			19,484.		19,484.	0.04
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			27,043.	4,442.	22,601.	0.05
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			43,287.	7,560.	35,727.	0.07
j Total, Other Benefits	0	0	89,814.	12,002.	77,812.	0.16
k Total, Add lines 7d and 7j	0	0	9,411,006.	7,489,054.	1,921,953.	4.00

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

11E43591L 10-0713

Schedule H (Form 990) 2013

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	18,843,940.
6 Enter Medicare allowable costs of care relating to payments on line 5.	6	18,594,878.
7 Subtract line 6 from line 5. This is the surplus (or shortfall).	7	249,062.
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: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		PART VI

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 (Do not file if more than 50% owned, controlled, or managed by employees and physicians - see instructions)

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

Part V Facility Information (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 HOULTON REGIONAL 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

Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		Yes	No
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If 'No,' skip to line 9. If 'Yes,' indicate what the CHNA report describes (check all that apply): a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility b <input checked="" type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input checked="" type="checkbox"/> How data was obtained e <input checked="" type="checkbox"/> The health needs of the community f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Section C)	X	
2	Indicate the tax year the hospital facility last conducted a CHNA: <u>2013</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If 'Yes,' describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted. <u>PART V</u>	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. <u>PART V</u>	X	
5	Did the hospital facility make its CHNA widely available to the public? If 'Yes,' indicate how the CHNA was made widely available (check all that apply): a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>HTTP://WWW2.HOULTONREGIONAL.ORG/?P=5441</u> b <input checked="" type="checkbox"/> Other website (list url): <u>HTTP://WWW.EHHS.ORG/DOCUMENT-LIBRARY/</u> c <input type="checkbox"/> Available upon request from the hospital facility d <input type="checkbox"/> Other (describe in Section C)	X	
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply) as of the end of the tax year: a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA b <input checked="" type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Participation in the development of a community-wide plan d <input type="checkbox"/> Participation in the execution of a community-wide plan e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in its community h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Section C)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If 'No,' explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs.	X	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
8b	If 'Yes' to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
8c	If 'Yes' to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V Facility Information (continued) HOULTON REGIONAL HOSPITAL Copy 1 of 1

Financial Assistance Policy

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9 X	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	10 X	
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>150%</u> 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: <u>150%</u> 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 <input checked="" type="checkbox"/> Income level		
b <input type="checkbox"/> Asset level		
c <input type="checkbox"/> Medical indigency		
d <input type="checkbox"/> Insurance status		
e <input type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Residency		
i <input type="checkbox"/> Other (describe in Section C)		
13 Explained the method for applying for financial assistance?	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 <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input checked="" type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in 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 <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	17	X
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Section C)		

Part V Facility Information (continued)

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

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

Policy Relating to Emergency Medical Care

	Yes	No	
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	19	X	
If 'No,' indicate why:			
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility's policy was not in writing			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)			
d <input type="checkbox"/> Other (describe in Section C)			

Charges to Individuals Eligible for Financial Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.			
a <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d <input checked="" type="checkbox"/> Other (describe in Section C)			
PART V			
21 During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?	21		X
If 'Yes,' explain in Section C.			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	22		X
If 'Yes,' explain in Section C.			

Part V Facility Information (continued)

Copy of

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

PART V, LINE 3 - ACCOUNT INPUT FROM PERSON WHO REPRESENT THE COMMUNITY

FACILITY: HOULTON REGIONAL HOSPITAL

THE RESULTS FROM THE SURVEY WERE DISTRIBUTED TO ALL INVOLVED AGENCIES. STAFF FROM HOULTON REGIONAL MEET PERIODICALLY AND WORK WITH THESE GROUPS ON AN ONGOING BASIS. WE ALSO RELY ON FEEDBACK FROM OUR PATIENTS, EMPLOYEES, MEDICAL STAFF, AND BOARD MEMBERS REGARDING SERVICE NEEDS.

PART V, LINE 4 - LIST OTHER HOSPITAL FACILITIES THAT JOINTLY CONDUCTED NEEDS ASSESSMENT

FACILITY: HOULTON REGIONAL HOSPITAL

THE HOSPITAL PARTICIPATED IN THE EMHS QUALITATIVE STAKEHOLDER SURVEY THAT INCLUDED EMHS MEMBER HOSPITALS, 9 OTHER PARTNERING HOSPITALS, 6 LOCAL PUBLIC HEALTH COUNCILS, AND 17 HEALTHY MAINE PARTNERSHIPS.

PART V, LINE 20D - OTHER BILLING DETERMINATION OF INDIVIDUALS WITHOUT INSURANCE

FACILITY: HOULTON REGIONAL HOSPITAL

IF A PATIENT IS KNOWN TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE, THE CHARGES ARE WRITTEN OFF WHEN INCURRED OR BILLED TO THE PATIENT AT THE SLIDING SCALE OR REDUCED RATE. IF ELIGIBILITY IS NOT KNOWN AT THE TIME OF SERVICE, THE PATIENT WILL RECEIVE A BILL AT OUR STANDARD RATES. CHARGES WOULD BE REDUCED OR WRITTEN OFF COMPLETELY AFTER IT WAS DETERMINED THEY QUALIFIED FOR FREE OR DISCOUNTED CARE.

Part V Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II 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 3C - CHARITY CARE ELIGIBILITY CRITERIA (FPG IS NOT USED)

DISCOUNTED CARE PROVIDED IN THE RHC SETTING, BEGINNING AT 150% OF FPG.

PART I, LINE 7 - EXPLANATION OF COSTING METHODOLOGY

COST-TO-CHARGE RATIO WAS USED TO DERIVE CHARITY CARE AT COST IN THE TABLE.

COST-TO-CHARGE RATIO WAS ALSO USED TO DERIVE THE COST OF MEDICAID SERVICES, WHICH IS

INCLUDED AS A PORTION OF THE UNREIMBURSED MEDICAID COMMUNITY BENEFIT EXPENSE. THE

COST-TO-CHARGE RATIO WAS DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE

COST-TO-CHARGES.

PART I, LINE 7G - COSTS ASSOCIATED WITH PHYSICIANS CLINICS

SUBSIDIZED HEALTH SERVICES CONSISTS OF CARDIAC & RESPIRATORY REHABILITATION CLASSES.

CARDIAC REHAB PHASE III AND RESPIRATORY REHAB PHASE III CLASSES ARE OFFERED TO THE

HRH PATIENT BASE, BUT ARE NOT ELIGIBLE FOR REIMBURSEMENT FROM THIRD PARTY

INSURANCES. PATIENTS PAY UP FRONT TO ATTEND THESE SESSIONS, THEREFORE CHARITY CARE

AND BAD DEBT DO NOT APPLY. COSTS FOR THESE SESSIONS HAS BEEN DETERMINED BY USING

ACTUAL STAFF TIME LOGGED TO TEACH THE SESSIONS. FACILITY COSTS HAVE BEEN INCLUDED

BASED ON THE TIME USAGE OF THE CLASSES COMPARED TO THE AVAILABLE SQUARE FOOTAGE.

THIS PERCENTAGE WAS THEN MULTIPLIED AGAINST THE FACILITY COSTS DRAWN DOWN BY THE

CARDIAC DEPARTMENT ON THE MEDICARE COST REPORT.

DIRECT STAFFING & BENEFIT COSTS \$ 9,528

FACILITY COSTS \$17,515

Part VI Supplemental Information

Complete this part to provide the following information.

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

PART I, LINE 7G - COSTS ASSOCIATED WITH PHYSICIANS CLINICS (CONTINUED)

CLASS REVENUES COLLECTED (\$ 4,442)

NET COMMUNITY BENEFIT \$22,601

PART III, LINE 2 - METHODOLOGY USED TO ESTIMATE BAD DEBT EXPENSE

WE USED WORKSHEET A TO ESTIMATE BAD DEBT EXPENSE (AT COST), WHICH IS A
COST-TO-CHARGE METHODOLOGY.

PART III, LINE 3 - METHODOLOGY OF ESTIMATED AMOUNT & RATIONALE FOR INCLUDING IN COMMUNITY BENEFIT

THIS AMOUNT IS BASED ON THE ORGANIZATION'S BAD DEBT EXPENSE AT COST (CALCULATED AT

LINE 2) MULTIPLIED BY THE PERCENTAGE OF PERSONS IN AROOSTOOK COUNTY BELOW THE

POVERTY LEVEL (16.3%). THE HOSPITAL USES THE FEDERAL POVERTY GUIDELINES TO

DETERMINE ELIGIBILITY FOR PROVIDING FREE CARE TO LOW INCOME INDIVIDUALS. THE FAMILY

INCOME LIMIT FOR ELIGIBILITY FOR FREE CARE IS 150% OF POVERTY LEVEL. WE ASSUME THAT

THE DEMOGRAPHICS OF THE PATIENTS COMPRISING OUR BAD DEBT EXPENSE ARE SIMILAR TO THE

DEMOGRAPHICS OF AROOSTOOK COUNTY (THE COUNTY WE ARE LOCATED IN). PER THE US CENSUS

BUREAU QUICKFACTS FOR AROOSTOOK COUNTY, MAINE, 16.3% OF PERSONS IN 2013 ARE BELOW

POVERTY LEVEL. SINCE OUR ELIGIBILITY CRITERIA FOR OUR HOSPITAL IS 150% POVERTY

LEVEL AND WE USED THE PERCENTAGE BELOW 100% TO ESTIMATE THE POTENTIAL CHARITY CARE

WRITTEN OFF AS BAD DEBT, WE BELIEVE OUR CALCULATION IS REASONABLE AND CONSERVATIVE.

Part VI Supplemental Information

Complete this part to provide the following information.

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

PART III, LINE 4 - BAD DEBT EXPENSE

PATIENT ACCOUNTS RECEIVABLE ARE STATED AT THE AMOUNT MANAGEMENT EXPECTS TO COLLECT FROM OUTSTANDING BALANCES. MANAGEMENT PROVIDES FOR PROBABLE UNCOLLECTIBLE AMOUNTS THROUGH A CHARGE TO EARNINGS AND A CREDIT TO A VALUATION ALLOWANCE BASED ON ITS ASSESSMENT OF THE CURRENT STATUS OF INDIVIDUAL ACCOUNTS. BALANCES THAT ARE STILL OUTSTANDING AFTER MANAGEMENT HAS USED REASONABLE COLLECTION EFFORTS ARE WRITTEN OFF THROUGH A CHARGE TO THE VALUATION ALLOWANCE AND A CREDIT TO PATIENT ACCOUNTS RECEIVABLE.

PART III, LINE 8 - EXPLANATION OF SHORTFALL AS COMMUNITY BENEFIT

ADDITIONAL MEDICARE SHORTFALL - REVENUES AND COSTS NOT INCLUDED IN THE MEDICARE COST REPORT:

	COST REPORT	PROFESSIONAL FEES	TOTAL
REIMBURSEMENT	\$18,843,940	\$1,511,708	\$20,355,647
COSTS	\$18,594,878	\$2,381,186	\$20,976,064
SHORTFALL	\$ 249,062	\$ (869,479)	\$ (620,417)

THE HOSPITAL BILLS FOR VARIOUS PHYSICIAN SERVICES THROUGHOUT THE YEAR. THE CHARGES AND COSTS RELATED TO THOSE PROFESSIONAL SERVICES ARE NOT REPORTED IN THE HOSPITAL'S COST REPORT.

Part VI Supplemental Information

Complete this part to provide the following information.

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

PART III, LINE 8 - EXPLANATION OF SHORTFALL AS COMMUNITY BENEFIT (CONTINUED)

PROFESSIONAL FEE REIMBURSEMENT: WHEN PREPARING THE COST REPORT 'TOTAL CHARGES BY DEPARTMENT' ARE TAKEN FROM THE GENERAL LEDGER, DETAIL REPORTS BY PROCEDURE AND INPATIENT/OUTPATIENT ARE GENERATED FOR THOSE DEPARTMENTS THAT INCLUDE PROFESSIONAL SERVICE REVENUE, AND PROFESSIONAL SERVICE REVENUE IS THEN SUBTRACTED FROM TOTAL REVENUE TO ARRIVE AT REVENUE TO REPORT ON WORKSHEET C ON THE COST REPORT. THE SAME REPORTS WERE RUN FOR ONLY MEDICARE PROFESSIONAL SERVICE REVENUE BY INPATIENT AND OUTPATIENT. INPATIENT MEDICARE PROFESSIONAL FEE REVENUE WAS THEN REDUCED BY THE INPATIENT MEDICARE PROFESSIONAL FEE DEDUCTIONS FROM REVENUE ON THE GENERAL LEDGER TO ARRIVE AT PROFESSIONAL FEE REIMBURSEMENT. OUTPATIENT MEDICARE PROFESSIONAL FEE REIMBURSEMENT WAS DERIVED BY MULTIPLYING THE GROSS REIMBURSEMENT ON THE CMH-FEE REIMBURSED PROVIDER SUMMARY REPORT (REPORT TYPE B55) BY THE PERCENTAGE OF PROFESSIONAL CHARGES INCLUDED IN THE SAME REPORT.

PROFESSIONAL FEE COSTS: MEDICARE PROFESSIONAL FEE COSTS WERE DERIVED BY DETERMINING THE PERCENTAGE OF PROFESSIONAL FEE REVENUE BY SPECIALTY SERVICE RELATED TO MEDICARE AND MULTIPLYING THE SPECIFIC PROFESSIONAL COSTS SUMMARIZED BY SPECIALTY SERVICE (A-8-2 SUPPORT) BY THE MEDICARE PERCENTAGE.

SHORTFALL: THE PROFESSIONAL FEE REIMBURSEMENT IS \$869,479 LESS THAN THE PROFESSIONAL FEE COSTS.

Part V Supplemental Information

Complete this part to provide the following information.

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

PART III, LINE 9B - PROVISIONS ON COLLECTION PRACTICES FOR QUALIFIED PATIENTS

THE HOSPITAL HAS MANY INDIVIDUAL POLICIES THAT RELATE TO COLLECTIONS. THE HOSPITAL HAS A FREE CARE DISCOUNT POLICY WHICH SPECIFIES THE COLLECTION PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR CHARITY CARE. WHEN AN APPLICATION IS RECEIVED THAT MEETS THE INCOME ELIGIBILITY REQUIREMENTS, A SEARCH OF THE BILLING/ACCOUNTS RECEIVABLE IS PERFORMED TO LOCATE ALL ACCOUNTS FOR MEMBERS OF THE HOUSEHOLD. THE ACCOUNTS FOR HOUSEHOLD MEMBERS ARE THEN FLAGGED AS "FREE", BALANCES ARE WRITTEN OFF, AND AN APPROVAL LETTER IS MAILED TO THE APPLICANT. A COPY OF THE APPLICATION IS PLACED IN THE FREE CARE BINDER AND RETAINED THERE FOR THREE MONTHS, WHICH IS THE LENGTH OF TIME AN APPLICATION IS VALID AND IN EFFECT. SELF-PAY ACCOUNTS ARE REVIEWED FOR OPEN/ACTIVE FREE CARE APPLICATIONS BEFORE BILLING THE PATIENT. IF THE PATIENT HAS AN OPEN/ACTIVE FREE CARE APPLICATION, THE BALANCE IS WRITTEN-OFF AS CHARITY CARE AND THE PATIENT IS NOT BILLED. A SIMILAR PROCESS IS IN PLACE FOR THE SLIDING FEE DISCOUNTS THAT ARE AVAILABLE TO PATIENTS OF THE HOSPITAL-BASED RURAL HEALTH CLINICS.

PART VI - NEEDS ASSESSMENT

THE HOSPITAL PARTICIPATED IN THE 2014 EMHS QUALITATIVE STAKEHOLDER SURVEY. THIS IS FOLLOW UP TO THE ONE MAINE HEALTH NEEDS ASSESSMENT DONE IN JANUARY 2010. THE RESULTS WERE DISTRIBUTED TO ALL PARTICIPATING AGENCIES, HAVE BEEN REVIEWED BY HOSPITAL LEADERSHIP AND INCORPORATED INTO OUR STRATEGIC PLAN, THE REPORT FOR

Part V Supplemental Information

Complete this part to provide the following information.

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

PART VI - NEEDS ASSESSMENT (CONTINUED)

AROOSTOOK COUNTY (OUR PRIMARY SERVICE AREA) HAS BEEN LINKED TO OUR WEBSITE.

THE REPORT SUMMARIZES KEY FINDINGS TO BE INVOLVING GAPS IN PROVIDED CARE AND

BARRIERS TO ACCESS THAT CARE. THE HOSPITAL CONTINUES TO SEEK IMPROVEMENT IN THESE

AREAS THROUGH THE FOLLOWING:

MENTAL HEALTH SERVICES - WE HAVE A PARTNERSHIP WITH OUR LOCAL MENTAL HEALTH AGENCY

TO PROVIDE CONSULTATION BOTH IN OUR EMERGENCY DEPARTMENT AND ON OUR INPATIENT UNIT.

DENTAL CARE - WE HAVE WORKED TO IMPLEMENT THE "FIRST TOOTH" PROGRAM IN OUR PHYSICIAN

PRACTICES. THIS INVOLVES A FLUORIDE VARNISH TO YOUNG CHILDREN DURING THEIR ANNUAL

PREVENTATIVE HEALTH EXAM. WE HAVE ALSO ALLOWED A TRAVELING DENTAL PROVIDER TO USE

OUR PROPERTY FOR A CLINIC SITE.

PRIMARY CARE - WE HAVE BEEN ACTIVELY RECRUITING NEW PHYSICIANS TO FILL VACANCIES IN

OUR PRACTICES.

SPECIALTY CARE - WE CONTINUE TO PROVIDE SPECIALTY PHYSICIAN SERVICES IN OUR CLINIC

LOCATION. THIS PREVENTS PATIENTS FROM HAVING TO TRAVEL OUTSIDE OF OUR AREA FOR

SERVICES.

HOME HEALTH VISITS - WE CONTRACT WITH A LOCAL HOME HEALTH AGENCY TO VISIT RECENTLY

DISCHARGED PATIENTS THAT MEET CERTAIN MEDICAL CRITERIA. THIS HOME VISIT ALLOWS THE

NURSE TO REVIEW MEDICATIONS, ASSESS THE SAFETY OF LIVING CONDITIONS, AND ANSWER

QUESTIONS THE PATIENT MAY HAVE.

Part VI Supplemental Information

Complete this part to provide the following information.

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

PART VI - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

PATIENTS ARE MADE AWARE OF THE CHARITY CARE POLICY THROUGH SIGNAGE IN WAITING ROOMS, DIRECT NOTIFICATION BY STAFF, INFORMATIONAL BROCHURES, NOTICES PRINTED ON THE BACK OF PATIENT BILLS, AND POSTINGS ON OUR WEBSITE. IN ORDER TO QUALIFY FOR CHARITY CARE, THE PATIENT IS ASKED TO PROVIDE A MEDICAID DENIAL LETTER. IF THE PATIENT DOES NOT KNOW HOW TO APPLY FOR STATE ASSISTANCE PROGRAMS, THEY ARE REFERRED TO THE LOCAL HEALTH AND HUMAN SERVICES OFFICE. IF THE PATIENT IS AN INPATIENT, THE HOSPITAL'S SOCIAL SERVICES DEPARTMENT WILL ASSIST THE PATIENT IN FILING STATE AND FEDERAL ASSISTANCE APPLICATIONS.

IN ADDITION, THE HOSPITAL HAS A STAFF PERSON AVAILABLE TO ASSIST INDIVIDUALS IN SELECTING WHICH MEDICARE PART D PLAN WOULD BE BEST FOR THE PATIENT'S SPECIFIC MEDICATION NEEDS. THAT SAME STAFF PERSON ADMINISTERS THE HOSPITAL'S PRESCRIPTION ASSISTANCE PROGRAM.

PART VI - COMMUNITY INFORMATION

HRH SERVES THE COMMUNITIES LOCATED IN SOUTHERN AROOSTOOK COUNTY AS WELL AS A FEW COMMUNITIES IN BORDERING COUNTIES. THE SERVICE AREA IS GEOGRAPHICALLY ISOLATED FROM THE LARGER POPULATION CENTER OF BANGOR, ME. TRAVEL WITHIN THE SERVICE AREA AND TO OUT-OF-AREA DESTINATIONS IS FURTHER COMPLICATED BY THE HARSH MAINE WINTERS. THE POPULATION IN AROOSTOOK COUNTY IS OLDER THAN THE STATEWIDE AVERAGE. BASED ON THE 2013 US CENSUS, 20.6% OF THE SERVICE AREA POPULATION IS ELDERLY (65+ YEARS).

Part VI. Supplemental Information

Complete this part to provide the following information.

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

PART VI - COMMUNITY INFORMATION (CONTINUED)

WHICH IS HIGHER THAN THE STATE % OF ELDERLY. THIS HIGHER CONCENTRATION OF ELDERLY
 COULD CONTRIBUTE TO A DISPROPORTIONATE UTILIZATION OF HEALTH CARE SERVICES.

HRH SERVICE AREA RESIDENTS ARE POORER AND CONFRONTED BY A SIGNIFICANTLY HIGHER
 UNEMPLOYMENT RATE THAN MAINERS AS A WHOLE. MOST INCOME MEASURES FOR AROOSTOOK

COUNTY ARE LOWER AND POVERTY IS HIGHER THAN STATEWIDE AVERAGES. 32.6% OF THE
 SERVICE AREA RESIDENTS ARE CONSIDERED TO BE LOW-INCOME (LESS THAN 200% OF THE

FEDERAL POVERTY LEVEL) ACCORDING TO THE 2013 CENSUS COMPARED TO 27.2% IN MAINE AS A
 WHOLE. AVERAGE UNEMPLOYMENT IN AROOSTOOK COUNTY FOR 2013 WAS 8.7% COMPARED TO 6.7%
 FOR MAINE AS A WHOLE.

WITH RESPECT TO INSURANCE STATUS IN COMPARISON TO THE STATE, MORE SERVICE AREA
 RESIDENTS ARE COVERED BY MEDICAID AND MEDICARE OR ARE UNINSURED.

PART VI - EXPLANATION OF HOW ORGANIZATION FURTHERS ITS EXEMPT PURPOSE

AT HRH, ALL QUALIFIED PHYSICIANS IN THE COMMUNITY ARE ELIGIBLE FOR MEDICAL STAFF
 PRIVILEGES AT THE HOSPITAL. NO QUALIFIED PHYSICIANS HAVE BEEN DENIED PRIVILEGES.

THE HOSPITAL IS GOVERNED BY A COMMUNITY BOARD WITH BOARD MEMBERS RESIDING IN THE
 HOSPITAL'S SERVICE AREA. BOARD MEMBERS COME FROM VARIOUS PROFESSIONAL BACKGROUNDS.

THE BOARD MEETS A MINIMUM OF TEN TIMES PER YEAR. EACH MEETING STARTS OFF WITH A
 BOARD EDUCATION SESSION ON TOPICS SUCH AS QUALITY IMPROVEMENT, REIMBURSEMENT

METHODOLOGIES, AND REGULATORY REPORTING OR CHANGES.

Part VI Supplemental Information

Complete this part to provide the following information.

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

PART VI - EXPLANATION OF HOW ORGANIZATION FURTHERS ITS EXEMPT PURPOSE (CONT)

THE HOSPITAL COORDINATES CONTINUING MEDICAL EDUCATION (CME) FOR ITS MEDICAL STAFF.

MANY OF THE SESSIONS ARE PERFORMED IN CONJUNCTION WITH THE MONTHLY MEDICAL STAFF

MEETINGS AND ARE TOPICS THAT THE MEDICAL STAFF HAS EXPRESSED AN INTEREST IN. THE

MAJORITY OF THE SESSIONS ARE SPONSORED BY THE HOSPITAL, HELD IN THE HOSPITAL

CONFERENCE ROOMS, AND THE SPEAKERS DONATE THEIR TIME.

THE HOSPITAL PROVIDES VARIOUS MEDICAL SCREENING PROGRAMS TO THE COMMUNITY. THE

HOSPITAL ALSO HOLDS VARIOUS HEALTH EDUCATION PROGRAMS AND HOSTS SUPPORT GROUPS IN

ITS CENTER FOR COMMUNITY HEALTH EDUCATION.

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

HOULTON REGIONAL HOSPITAL

Employer identification number

23-7134386

Part I Questions Regarding Compensation

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

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

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

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|---|
| <input checked="" type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

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

a Receive a severance payment or change-of-control payment?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

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?

b Any related organization?

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?

b Any related organization?

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

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

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

	Yes	No
1 a		
1 b		
2		
3		
4 a		X
4 b		X
4 c		X
5 a		X
5 b		X
6 a		X
6 b		X
7		X
8		X
9		

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

Schedule J (Form 990) 2013

Schedule J (Form 950) 2013 HOULION REGIONAL HOSPITAL

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 950, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 950, Part VII, Section A, line 1a, applicable columns (D) and (E) amounts for that individual.

	(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 950
		(i) Base compensation	(ii) Bonus and incentive compensation	(iii) Other reportable compensation				
1	PHILIP MCFARLANE, MD DIRECTOR	268,277	0	1,219	0	12,776	282,272	0
2	THOMAS MOAKLER CEO	233,765	0	8,588	0	7,998	250,451	0
3	SANTIAGO DUY GEN SURGEON	320,008	0	1,188	0	17,064	338,260	0
4	BRIAN GRIFFIN ED PHYSICIAN	265,658	0	414	0	17,064	283,136	0
5	ROBERT MOSENFELDER OB/GYN PHYSICIAN	249,721	0	1,188	0	12,776	263,755	0
6	DONALD BRUSHETT MD FAMILY MEDICINE	245,065	0	1,188	0	10,858	258,111	0
7	PAUL M ALEXANDER CRNA	237,935	0	774	0	0	238,709	0
8								
9								
10								
11								
12								
13								
14								
15								
16								

SCHEDULE K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

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

Employer identification number

23-7134386

Part I HOULTON REGIONAL HOSPITAL

Part II Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Deleted		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A MAINE HEALTH & HIGHER EDUC 01-0314384		560425140	7/01/2007	2,345,000.	REFINANCE EXISTING DEBT						
B MAINE HEALTH & HIGHER EDUC 01-0314384		560425469	7/01/2006	1,400,000.	51% CONSTRUCTION, 49% REFINANC						
C MAINE HEALTH & HIGHER EDUC 01-0314384		560425312	11/01/2008	3,600,000.	CONSTRUCTION						
D MAINE HEALTH & HIGHER EDUC 01-0314384		5604273A5	6/24/2010	2,965,000.	REFINANCE EXISTING DEBT						
Part III Proceeds											
1	Amount of bonds retired	A			B			C		D	
2	Amount of bonds legally defeased			655,000.				485,000.			690,000.
3	Total proceeds of issue			2,371,246.				1,529,734.			3,171,803.
4	Gross proceeds in reserve funds										
5	Capitalized interest from proceeds										
6	Proceeds in refunding escrows										
7	Issuance costs from proceeds			45,535.				46,860.			44,927.
8	Credit enhancement from proceeds										
9	Working capital expenditures from proceeds										577,759.
10	Capital expenditures from proceeds							1,482,874.			2,928,949.
11	Other spent proceeds										
12	Other unspent proceeds										
13	Year of substantial completion										
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
15	Were the bonds issued as part of an advance refunding issue?	X			X		X		X		X
16	Has the final allocation of proceeds been made?	X			X		X		X		X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X			X		X		X		X

Part III Private Business Use

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1				X				
2			X					

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

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?								
b If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?				X		X		
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?				X		X		
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				0.600			%	%
6 Total of lines 4 and 5				0.600			%	%
7 Does the bond issue meet the private security or payment test?								
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?								
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 8035-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		X		X		X		X
2 If 'No' to line 1, did the following apply?								
a Rebate not due yet?								
b Exception to rebate?								
c No rebate due?								
If you checked 'No rebate due' in line 2c, provide in Part VI the date the rebate computation was performed.								
3 Is the bond issue a variable rate issue?		X		X		X		X
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								

Part IV Arbitrage (Continued)

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

Part V Procedures To Undertake Corrective Action

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?	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
		X		X		X		X

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

ADDITIONAL INFORMATION
 SCHEDULE K, PART III, LINE 7 AND SCHEDULE K, PART V
 THE HOSPITAL HAS CURRENTLY ESTABLISHED SOME OF THE PRACTICES AND PROCEDURES NECESSARY FOR POST-ISSUANCE COMPLIANCE. THE HOSPITAL CURRENTLY MONITORS COMPLIANCE WITH BOND DOCUMENTS THROUGH OUR INTERNAL COMPLIANCE COMMITTEE. WE ARE ALSO REQUIRED BY THE ISSUER TO SUBMIT QUARTERLY DOCUMENTS AS PART OF OUR BOND AGREEMENTS. WE ARE WORKING WITH OUR AUDITORS AND ATTORNEY TO DEVELOP WRITTEN POLICIES.

SCHEDULE K
(Form 990)

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.

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
HOULTON REGIONAL HOSPITAL

Employer identification number
23-7134386

Part II Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Deceased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A MAINE HEALTH & HIGHER EDU	01-0314384	560427W4	5/23/2013	2,380,000	REFINANCE EXISTING DEBT		X		X		X
B											
C											
D											

Part III Proceeds

	A		B	C		D
	Yes	No		Yes	No	
1 Amount of bonds retired		220,000				
2 Amount of bonds legally defeased						
3 Total proceeds of issue		2,653,988				
4 Gross proceeds in reserve funds						
5 Capitalized interest from proceeds						
6 Proceeds in refunding escrows						
7 Issuance costs from proceeds		34,370				
8 Credit enhancement from proceeds						
9 Working capital expenditures from proceeds						
10 Capital expenditures from proceeds						
11 Other spent proceeds						
12 Other unspent proceeds						
13 Year of substantial completion						
14 Were the bonds issued as part of a current refunding issue?	X					
15 Were the bonds issued as part of an advance refunding issue?		X				
16 Has the final allocation of proceeds been made?	X					
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X					

Part III Private Business Use

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

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

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?								
b If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c Are there any research agreements that may result in private business use of bond-financed property?								
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?								
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?								
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?								

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						
2 If 'No' to line 1, did the following apply?								
a Rebate not due yet?								
b Exception to rebate?								
c No rebate due?								
If you checked 'No rebate due' in line 2c, provide in Part VI the date the rebate computation was performed.								
3 Is the bond issue a variable rate issue?		X						
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b Name of provider.								
c Term of hedge.								
d Was the hedge superintegrated?								
e Was the hedge terminated?								

SCHEDULE L
(Form 990 or 990-EZ)

Transactions With Interested Persons

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization

HOULTON REGIONAL HOSPITAL

Employer identification number

23-7134386

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

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

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

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

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

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

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

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

Schedule L (Form 990 or 990-EZ) 2013

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

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

Employer identification number

23-7134386

HOULTON REGIONAL HOSPITAL

FORM 990, PART VI, LINE 11B - FORM 990 REVIEW PROCESS

REVIEWED WITH THE BOARD OF DIRECTORS AT A REGULARLY SCHEDULED MEETING.

FORM 990, PART VI, LINE 12C - EXPLANATION OF MONITORING AND ENFORCEMENT OF CONFLICTS

ANNUALLY, DIRECTORS, OFFICERS, AND KEY EMPLOYEES SHALL COMPLETE A CONFLICT OF

INTEREST STATEMENT, IN ACCORDANCE WITH THE HOSPITAL'S CONFLICT OF INTEREST POLICY,

DISCLOSING ANY POTENTIAL BUSINESS AND PROFESSIONAL CONFLICTS WHICH MAY ARISE.

POTENTIAL CONFLICTS WILL BE REVIEWED ON AN ANNUAL BASIS BY THE BOARD OF DIRECTORS.

SHOULD A DIRECTOR ENCOUNTER A SPECIFIC CONFLICT OF INTEREST IN ANY MEETING OF THE

BOARD OR A BOARD COMMITTEE, THAT DIRECTOR WILL EXCUSE THEMSELVES FROM THE MEETING,

WILL NOT PARTICIPATE IN DISCUSSION OF THE ISSUE AND WILL NOT VOTE.

FORM 990, PART VI, LINE 15A - COMPENSATION REVIEW & APPROVAL PROCESS - CEO, TOP MANAGEMENT

WAGES FOR THE CEO AND CFO ARE COMPARED AGAINST THE MHA EXECUTIVE COMPENSATION SURVEY

ON A BI-ANNUAL BASIS BY THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS.

FORM 990, PART VI, LINE 15B - COMPENSATION REVIEW & APPROVAL PROCESS - OFFICERS & KEY EMPLOYEES

PHYSICIAN SALARIES ARE COMPARED AGAINST TWO DIFFERENT SETS OF COMPARATIVE DATA - THE

MGMA PHYSICIAN COMPENSATION SURVEY AND THE MAINE RECRUITMENT CENTER SURVEY.

FORM 990, PART VI, LINE 19 - OTHER ORGANIZATION DOCUMENTS PUBLICLY AVAILABLE

THE BY-LAWS OF HOULTON REGIONAL HOSPITAL ARE AVAILABLE TO THE PUBLIC UPON REQUEST.

THE CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE NOT MADE AVAILABLE TO

THE PUBLIC.

FORM 990, PART VII - COMPENSATION EXPLANATION

HASSAN E ABOULEISH, MD

HASSAN E. ABOULEISH IS THE SOLE OWNER OF HASSAN E.ABOULEISH, INC. THIS CORPORATION

PROVIDES HOSPITALIST PHYSICIAN SERVICES, AS WELL AS RESPIRATORY AND BONE DENSITY TEST

INTERPRETATIONS. THE AMOUNTS PAID TO THIS CORPORATION HAVE BEEN REPORTED AS

NONEMPLOYEE COMPENSATION ON FORM 1099.

CLIENT HRH

HOULTON REGIONAL HOSPITAL

23-7134386

5/11/15

04:35PM

FORM 990, PART IX, LINE 11G
OTHER FEES FOR SERVICES

	(A) <u>TOTAL</u>	(B) <u>PROGRAM SERVICES</u>	(C) <u>MANAGEMENT & GENERAL</u>	(D) <u>FUND- RAISING</u>
MISC CONSULTING & PROF SVCS	215,047.	70,844.	144,203.	
OUTSIDE SERVICES	485,626.	485,626.		
PEER REVIEW SERVICES	7,150.	7,150.		
PHYSICIAN & PHARMACIST SVCS	4,822,809.	4,822,809.		
TOTAL	<u>\$ 5,530,632.</u>	<u>\$ 5,386,429.</u>	<u>\$ 144,203.</u>	<u>\$ 0.</u>



Department of Treasury
Internal Revenue Service
Ogden UT 84201

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HOULTON REGIONAL HOSPITAL
20 HARTFORD ST
HOULTON ME 04730-1891



122872

Notice	CP211A
Tax period	September 30, 2014
Notice date	March 23, 2015
Employer ID number	23-7134386
To contact us	Phone 1-877-829-5500 FAX 801-620-5555

Page 1 of 1

Important information about your September 30, 2014 Form 990

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

We approved the Form 8868 for your
September 30, 2014 Form 990.
Your new due date is May 15, 2015.

What you need to do

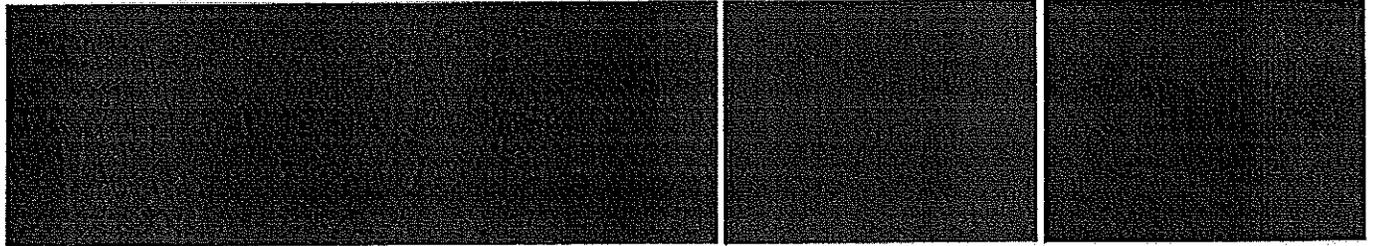
File your September 30, 2014 Form 990 by May 15, 2015. We encourage you to use electronic filing—the fastest and easiest way to file.

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

Additional information

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

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



FINANCIAL STATEMENTS

September 30, 2014 and 2013

With Independent Auditor's Report



HOULTON REGIONAL HOSPITAL

Financial Statements

September 30, 2014 and 2013

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Statements of Operations	3
Statements of Changes in Net Assets	4
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Houlton Regional Hospital

We have audited the financial statements of Houlton Regional Hospital, which comprise the balance sheets as of September 30, 2014 and 2013, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Houlton Regional Hospital as of September 30, 2014 and 2013, and the results of its operations, changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

BerryDunn McNeil & Parker, LLC

Portland, Maine
January 21, 2015

HOULTON REGIONAL HOSPITAL

Balance Sheets

September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 309,910	\$ 121,080
Patient accounts receivable, net	7,600,541	6,576,482
Supplies	772,018	768,382
Current portion of assets limited as to use	308,787	302,696
Prepaid expenses	367,859	465,482
Other current assets	<u>256,169</u>	<u>270,226</u>
Total current assets	<u>9,615,284</u>	<u>8,504,348</u>
Assets limited as to use, net of current portion	4,194,978	3,704,209
Property and equipment, net	11,921,629	13,016,510
Other assets		
Investments	127,495	114,340
Deferred financing costs and other assets, net	325,310	365,047
Other long-term assets	<u>397,322</u>	<u>395,114</u>
Total other assets	<u>850,127</u>	<u>874,501</u>
Total assets	<u>\$ 26,582,018</u>	<u>\$ 26,099,568</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Line of credit	\$ 1,159,559	\$ -
Current portion of long-term debt	980,000	883,000
Accounts payable and accrued expenses	4,631,946	3,911,529
Accrued salaries and other payroll obligations	1,514,426	1,589,702
Due to third-party payors	<u>4,438,271</u>	<u>4,868,957</u>
Total current liabilities	<u>12,724,202</u>	<u>11,253,188</u>
Long-term debt, net of current portion	9,283,486	10,177,638
Other long-term liabilities	<u>397,322</u>	<u>395,114</u>
Total liabilities	<u>22,405,010</u>	<u>21,825,940</u>
Net assets		
Unrestricted	4,040,977	4,207,331
Temporarily restricted	84,367	14,633
Permanently restricted	<u>51,664</u>	<u>51,664</u>
Total net assets	<u>4,177,008</u>	<u>4,273,628</u>
Total liabilities and net assets	<u>\$ 26,582,018</u>	<u>\$ 26,099,568</u>

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

HOULTON REGIONAL HOSPITAL

Statements of Operations

Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenues, gains and other support		
Inpatient revenue	\$ 20,635,206	\$ 15,001,434
Outpatient revenue	59,044,456	58,187,910
Skilled nursing facility	<u>-</u>	<u>3,490,605</u>
Total gross revenue	79,679,662	76,679,949
Deductions from revenue	<u>32,734,372</u>	<u>34,230,405</u>
Patient service revenue (net of contractual allowances and discounts)	46,945,290	42,449,544
Less provision for bad debts	<u>2,755,000</u>	<u>2,300,000</u>
Net patient service revenue	44,190,290	40,149,544
Other revenue	552,728	749,710
Meaningful use revenues, net	(159,795)	621,017
Net assets released from restrictions used for operations	<u>285</u>	<u>2,429</u>
Total unrestricted revenues, gains and other support	<u>44,583,508</u>	<u>41,522,700</u>
Expenses		
Salaries and wages	20,772,153	21,177,827
Employee benefits	7,161,981	6,323,610
Other fees	6,753,898	6,871,650
Supplies	5,101,798	5,345,688
Purchased services	2,076,302	2,029,661
Leases/rentals	260,288	230,454
Other expenses	592,769	534,067
Depreciation and amortization	1,585,608	1,594,985
Insurance	395,776	385,649
Interest	653,766	725,136
Total expenses	<u>45,364,339</u>	<u>45,218,727</u>
Operating loss	<u>(770,831)</u>	<u>(3,696,027)</u>
Other gains		
Investment income, net of fees	164,176	125,279
Realized gain on sale of investments	<u>192,867</u>	<u>261,194</u>
Net other gains	<u>357,043</u>	<u>386,473</u>
Deficiency of revenues, gains and other support over expenses	(413,788)	(3,309,554)
Net assets released from restrictions used for purchase of property and equipment	55,444	273,857
Net unrealized gains on investments	<u>191,990</u>	<u>104,105</u>
Decrease in unrestricted net assets	<u>\$ (166,354)</u>	<u>\$ (2,931,592)</u>

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

HOULTON REGIONAL HOSPITAL

Statements of Changes in Net Assets

Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted net assets		
Deficiency of revenues, gains and other support over expenses	\$ (413,788)	\$ (3,309,554)
Net assets released from restrictions used for purchase of property and equipment	55,444	273,857
Net unrealized gains on investments	<u>191,990</u>	<u>104,105</u>
Decrease in unrestricted net assets	<u>(166,354)</u>	<u>(2,931,592)</u>
Temporarily restricted net assets		
Contributions	125,442	58,420
Investment income	21	24
Net assets released from restrictions	<u>(55,729)</u>	<u>(276,286)</u>
Increase (decrease) in temporarily restricted net assets	<u>69,734</u>	<u>(217,842)</u>
Decrease in net assets	(96,620)	(3,149,434)
Net assets, beginning of year	<u>4,273,628</u>	<u>7,423,062</u>
Net assets, end of year	<u>\$ 4,177,008</u>	<u>\$ 4,273,628</u>

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

HOULTON REGIONAL HOSPITAL

Statements of Cash Flows

Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ (96,620)	\$ (3,149,434)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized gains on investments	(192,867)	(261,194)
Unrealized gains on investments	(191,990)	(104,105)
Depreciation and amortization	1,585,608	1,594,985
Bond premium accretion	(48,397)	(32,014)
Loss (gain) on disposal of assets	(6,540)	50,295
Gain on sale of nursing home license	-	(278,784)
Provision for bad debts	2,755,000	2,300,000
Restricted contributions and investment income	(125,463)	(58,444)
Changes in current assets and liabilities		
Patient accounts receivable	(3,779,059)	(497,336)
Due to/from third-party payors	(430,686)	2,120,098
Supplies	(3,636)	16,777
Prepays	97,623	(4,338)
Other current assets	14,057	243,160
Accounts payable and accrued expenses	720,417	212,252
Accrued salaries and other payroll obligations	(75,276)	(10,854)
Net cash provided by operating activities	<u>222,171</u>	<u>2,141,064</u>
Cash flows from investing activities		
Purchase of investments	(1,516,551)	(1,391,889)
Proceeds from sale of investments	1,391,393	1,356,295
Proceeds from sale of nursing home license	-	278,784
Proceeds from sale of property and equipment	8,200	9,500
Purchase of property and equipment	(298,598)	(980,407)
Net cash used by investing activities	<u>(415,556)</u>	<u>(727,717)</u>
Cash flows from financing activities		
Net short-term debt borrowings (repayments)	1,159,559	(1,615,817)
Additions to deferred financing fees	-	(34,206)
Refunds of deferred financing fees	6,500	-
Proceeds from restricted contributions and investment income	125,463	58,444
Payments on capital lease obligation	(213,455)	(204,512)
Principal payments on long-term debt	(695,852)	(649,668)
Net cash provided (used) by financing activities	<u>382,215</u>	<u>(2,445,759)</u>
Net increase (decrease) in cash and cash equivalents	188,830	(1,032,412)
Cash and cash equivalents, beginning of year	<u>121,080</u>	<u>1,153,492</u>
Cash and cash equivalents, end of year	<u>\$ 309,910</u>	<u>\$ 121,080</u>

Noncash transactions:

During 2014, the Hospital entered into capital lease obligations acquiring assets with values of \$160,552. The lease commitments and the acquired assets have been treated as a noncash transaction.

During 2013, the Hospital refinanced \$2,380,000 par Series 2003D Bonds by issuing Series 2013A Bonds. The issuance and retirement have been treated as noncash transactions.

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

HOULTON REGIONAL HOSPITAL

Notes to Financial Statements

September 30, 2014 and 2013

1. Description of Organization and Summary of Significant Accounting Policies

Organization

Houlton Regional Hospital (the Hospital) is a not-for-profit entity located in Houlton, Maine. The hospital provides inpatient, outpatient, and emergency care services through its acute care facility and two rural health clinics. On September 20, 2013, the Hospital sold its skilled nursing bed licenses to another local facility and closed its Progressive Care Facility. The last patient in the Progressive Care Facility was discharged on August 31, 2013.

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

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. During 2014, the Hospital had cash balances in a financial institution that exceeded federal depository insurance limits. However, management believes that credit risk related to these investments is minimal. The Hospital has not experienced any losses in such accounts.

Patient Accounts Receivable

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

In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue 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. Actual write-offs are charged against the allowance for doubtful accounts.

HOULTON REGIONAL HOSPITAL

Notes to Financial Statements

September 30, 2014 and 2013

Supplies

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

Assets Limited as to Use and Investments

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and which the Board may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities have been classified as current assets in the balance sheets at September 30, 2014 and 2013.

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 otherwise restricted by donor or law. Unrealized gains on investments are excluded from the deficiency of revenues, gains and other support over expenses.

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets and statements of operations. Investments are periodically reviewed for impairment to determine if such declines are other than temporary. Investments were evaluated for impairment in 2014 and all impairments were considered temporary.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

HOULTON REGIONAL HOSPITAL

Notes to Financial Statements

September 30, 2014 and 2013

Deferred Financing Costs and Debt Premiums/Discounts

Deferred financing costs represent expenses incurred in obtaining permanent financing and are being amortized over the life of the related bonds on the straight-line method. Original issue premiums and discounts on the Hospital's bonds are also being amortized over the life of the related bonds on the straight-line method.

Temporarily and Permanently Restricted Net Assets

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

Operating Loss

Revenue which is related to patient medical care and which is normal to day-to-day operations of the Hospital is included in operating loss. Activities that result in gains and losses unrelated to the Hospital's primary mission are considered to be nonoperating income (expense), which includes investment income and realized gains on sale of investments.

Deficiency of Revenues, Gains and Other Support Over Expenses

The statements of operations include deficiency of revenues, gains and other support over expenses. Consistent with industry practice, unrealized gains and temporary unrealized losses on investments and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets) are excluded from this measure.

Net Patient Service Revenue

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

HOULTON REGIONAL HOSPITAL

Notes to Financial Statements

September 30, 2014 and 2013

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Hospital maintains records to identify the amount of charges foregone for services and supplies furnished under its charity care policy, as well as the estimated cost of those services and supplies and equivalent service statistics. The following information measures the level of charity care provided during the year ended September 30:

	<u>2014</u>	<u>2013</u>
Charges foregone, based on established rates	\$ <u>1,321,904</u>	\$ <u>1,312,896</u>
Estimated costs and expenses incurred to provide charity care	\$ <u>747,000</u>	\$ <u>772,000</u>
Equivalent percentage of charity care charges to all Hospital patient charges	<u>1.66%</u>	<u>1.71%</u>

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

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted funds 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 statements of operations as net assets released from restrictions.

Income Taxes

The Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

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

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. generally accepted accounting principles, management has considered transactions or events occurring through January 21, 2015, which was the date the financial statements were available to be issued.

HOULTON REGIONAL HOSPITAL

Notes to Financial Statements

September 30, 2014 and 2013

2. Net Patient Service Revenue

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

Medicare - The Hospital is a Critical Access Hospital (CAH) and is reimbursed 101% of its allowable cost for inpatient and outpatient services rendered to Medicare patients. The rural health clinic services are reimbursed allowable costs. Both are reimbursed at tentative interim rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

The Hospital's Medicare cost reports have been audited through September 30, 2011 and settled by the fiscal intermediary through September 30, 2009.

MaineCare - As a CAH, services rendered to MaineCare recipients are reimbursed at 109% of allowable cost. The Hospital is reimbursed 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. The rural health clinic services are reimbursed based on a prospective rate per visit which was initially derived from the average cost per visit from two previous years' cost report filings.

The Hospital's MaineCare cost reports have been audited through September 30, 2012 and settled by the fiscal intermediary through September 30, 2006.

Anthem Blue Cross - The majority of services provided to Anthem Blue Cross subscribers are reimbursed at a discount from established charges, with outpatient laboratory and radiology services paid on the basis of established fee schedules.

Other - The Hospital has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Hospital under these agreements are predominantly discounts from established charges.

Revenue from the Medicare program for the years ended September 30, 2014 and 2013, accounted for approximately 51% and 49%, respectively, of the Hospital's gross patient service revenue. Revenue from the Medicaid program for the years ended September 30, 2014 and 2013, accounted for approximately 16% and 21%, respectively, of the Hospital's gross patient service revenue. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased/(decreased) by approximately \$355,000 and (\$339,000) in 2014 and 2013, respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final or estimated settlements.

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The Hospital recognizes patient service revenue associated with services rendered to patients who have third-party payor coverage on the basis of contractual rates for such services. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its discounted rates according to Hospital policy. Based on historical trends, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services rendered. Thus, the Hospital records a provision for bad debts related to uninsured patients in the period the services are rendered. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during fiscal years ended September 30, 2014 and 2013 totaled \$46,945,290 and \$42,449,544, respectively, of which \$4,648,029 and \$4,212,026, respectively, were revenues from self-pay patients. During 2014 and 2013, the Hospital's self-pay write-offs were \$4,235,557 and \$3,764,339, respectively. Such increases resulted from increases in revenue from self-pay patients.

3. Patient Accounts Receivable

Patient accounts receivable were as follows:

	<u>2014</u>	<u>2013</u>
Patient accounts receivable	\$ 12,857,470	\$ 11,497,152
Less:		
Allowance for doubtful accounts	2,161,429	2,017,670
Allowance for contractual adjustments	<u>3,095,500</u>	<u>2,903,000</u>
	<u>5,256,929</u>	<u>4,920,670</u>
Net patient accounts receivable	\$ <u>7,600,541</u>	\$ <u>6,576,482</u>

4. Investments

Assets Limited as to Use

The composition of assets limited as to use at September 30, 2014 and 2013, is set forth in the following table. Amounts are stated at fair value.

	<u>2014</u>	<u>2013</u>
Internally designated for capital acquisition		
Cash and cash equivalents	\$ 107,447	\$ 194,291
U.S. Government bonds	478	749
Corporate bonds	791,607	723,759
Marketable equity securities	<u>3,295,446</u>	<u>2,785,410</u>
	\$ <u>4,194,978</u>	\$ <u>3,704,209</u>
Held by trustee under indenture agreement		
Cash and cash equivalents	\$ <u>308,787</u>	\$ <u>302,696</u>

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Other Investments

Other investments, stated at fair value, at September 30, 2014 and 2013, include:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 8,548	\$ 5,833
Marketable equity securities	<u>118,947</u>	<u>108,507</u>
	<u>\$ 127,495</u>	<u>\$ 114,340</u>

Investment income and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Income:		
Interest and dividend income	\$ 164,176	\$ 125,279
Realized gain on sales of securities	<u>192,867</u>	<u>261,194</u>
Nonoperating gains	357,043	386,473
Interest and dividend income - operating	<u>6,896</u>	<u>6,540</u>
	<u>\$ 363,939</u>	<u>\$ 393,013</u>
Other changes in unrestricted net assets:		
Unrealized gains	<u>\$ 191,990</u>	<u>\$ 104,105</u>

Investment return on accounts utilized for operating expenses is classified as operating income with the remainder reported as nonoperating income. Investment income is reported net of custodian fees of \$16,731 and \$14,959 in 2014 and 2013, respectively.

5. Fair Value Measurements

Financial Accounting Standards Board Accounting Standards Codification Topic (FASB ASC) 820, *Fair Value Measurement*, 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.

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

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

Assets and liabilities measured at fair value on a recurring basis are summarized below.

	<u>Fair Value Measurements at September 30, 2014</u>			
	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments				
Cash and cash equivalents	\$ 115,995	\$ 115,995	\$ -	\$ -
U.S. Government bonds	478	478	-	-
Corporate bonds	791,607	-	791,607	-
Marketable equity securities	3,414,393	3,414,393	-	-
Deferred compensation plan assets and liabilities				
Annuities	220,062	-	-	220,062
Mutual funds	177,260	177,260	-	-
	<u>\$ 4,719,795</u>	<u>\$ 3,708,126</u>	<u>\$ 791,607</u>	<u>\$ 220,062</u>
	<u>Fair Value Measurements at September 30, 2013</u>			
	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments				
Cash and cash equivalents	\$ 200,124	\$ 200,124	\$ -	\$ -
U.S. Government bonds	749	749	-	-
Corporate bonds	723,759	-	723,759	-
Marketable equity securities	2,893,917	2,893,917	-	-
Deferred compensation plan assets and liabilities				
Annuities	169,615	-	-	169,615
Mutual funds	225,499	225,499	-	-
	<u>\$ 4,213,663</u>	<u>\$ 3,320,289</u>	<u>\$ 723,759</u>	<u>\$ 169,615</u>

The fair value of Level 2 investments is primarily based on the market prices of underlying assets or comparable securities.

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Level 3 Valuation and Activity

Annuities are not available for sale or traded on any securities exchange, and transactions in similar investment instruments are not observable. Investments are valued at accumulated balances, as credit risk is not considered significant.

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

Balance, October 1, 2012	\$ 85,897
Contributions	83,224
Dividends	<u>494</u>
Balance, September 30, 2013	169,615
Contributions	43,399
Dividends	<u>7,048</u>
Balance, September 30, 2014	<u>\$ 220,062</u>

6. Property and Equipment

Property and equipment consisted of the following at September 30:

	<u>2014</u>	<u>2013</u>
Land and land improvements	\$ 1,333,425	\$ 1,333,425
Buildings	22,267,937	22,148,934
Fixed equipment	6,174,626	6,140,100
Movable equipment	11,336,674	10,992,613
Construction in progress	<u>48,116</u>	<u>296,993</u>
	41,160,778	40,912,065
Less allowance for depreciation and amortization	<u>(29,239,149)</u>	<u>(27,895,555)</u>
Net property and equipment	<u>\$ 11,921,629</u>	<u>\$ 13,016,510</u>

Depreciation expense amounted to \$1,552,405 and \$1,563,565 for the years ended September 30, 2014 and 2013, respectively.

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7. Line of Credit

The Hospital has an available \$1,700,000 variable interest line of credit with a bank, collateralized by a perfected first position in the Hospital's investments. Interest is the Wall Street Journal prime rate (3.25% at September 30, 2014) plus .5%, with a floor interest rate of 4%, and the line expires March 2015. The outstanding balance under this credit line at September 30, 2014 was \$1,159,559. There was no balance outstanding as of September 30, 2013.

8. Long-Term Debt

Long-term debt consisted of the following at September 30:

	<u>2014</u>	<u>2013</u>
Maine Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds, Series 2013A, interest rates varying from 2.0% to 5.0%, principal due in amounts ranging from \$240,000 in 2015 to \$310,000 in 2022. Plus original issue premium, net	\$ 1,832,938 <u>233,661</u>	\$ 2,052,938 <u>263,347</u>
	2,066,599	2,316,285
MHHEFA Revenue Bonds, Series 2010B, interest rates varying from 3.0% to 5.25%, principal due in amounts ranging from \$185,000 in 2015 to \$275,000 in 2027. Plus original issue premium, net	1,979,919 <u>143,852</u>	2,159,919 <u>158,606</u>
	2,123,771	2,318,525
MHHEFA Revenue Bonds, Series 2008D, interest rates varying from 4.0% to 5.75%, principal due in amounts ranging from \$75,000 in 2015 to \$240,000 in 2027. Less original issue discount, net	3,071,156 <u>(22,129)</u>	3,141,156 <u>(23,045)</u>
	3,049,027	3,118,111
MHHEFA Revenue Bonds, Series 2007A, interest rates varying from 4.25% to 5.0%, principal due in amounts ranging from \$110,000 in 2015 to \$180,000 in 2026. Plus original issue premium, net	1,498,848 <u>16,266</u>	1,603,848 <u>17,651</u>
	1,515,114	1,621,499
MHHEFA Revenue Bonds, Series 2006A, 5% interest rate, principal due in amounts ranging from \$70,000 in 2015 to \$110,000 in 2025. Plus original issue premium, net	855,500 <u>39,807</u>	920,500 <u>43,293</u>
	895,307	963,793

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	<u>2014</u>	<u>2013</u>
Mortgage note payable, collateralized by property, with interest at 6.79%, due in monthly installments of \$5,173, including interest, through 2017.	59,852	115,705
Capital lease payable for Hospital equipment, with interest at 3.25%, due in monthly installments of \$6,714, including interest, through 2016.	128,261	199,966
Capital lease payable for Hospital equipment, with interest at 4.75%, due in monthly installments of \$11,014, including interest, through 2016.	291,395	406,754
Capital lease payable for Hospital equipment, with interest at 6.25%, due in monthly installments of \$1,347, including interest, through 2018.	58,130	-
Capital lease payable for Hospital equipment, with interest at 5.83%, due in monthly installments of \$2,817, including interest, through 2017.	<u>76,030</u>	<u>-</u>
	10,263,486	11,060,638
Less current portion	<u>(980,000)</u>	<u>(883,000)</u>
Total long-term debt, less current portion	<u>\$ 9,283,486</u>	<u>\$10,177,638</u>

During 2013, the Hospital refinanced its MHHEFA Revenue Bonds, Series 2003D with proceeds from the issuance of the MHHEFA Revenue Bonds, Series 2013A. No loss on early extinguishment of debt was recorded as this was determined to be a modification of terms.

The Series 2013A, 2010B, 2008D, 2007A, 2006A, and 2003D Bonds are collateralized by a first mortgage on substantially all of the property and equipment of the Hospital and a security interest in the Hospital's gross receipts.

In connection with the MHHEFA Revenue Bonds, the Hospital is required to make deposits of interest and principal of sufficient amounts to make the annual principal and semi-annual interest payments and to retire the bonds when due.

Under its note agreements with MHHEFA, the Hospital must meet certain restrictive loan covenants. At September 30, 2014, the Hospital was in compliance with the covenant to maintain for each fiscal year a ratio of income available for debt service to annual debt service of 1.20.

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Notes to Financial Statements

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Annual maturities of long-term debt and capital leases for the five fiscal years after September 30, 2014, are as follows:

	<u>Debt</u>	<u>Leases</u>
2015	\$ 740,000	\$ 262,720
2016	700,000	235,862
2017	725,000	74,310
2018	760,000	16,166
2019	790,000	1,347
Thereafter	<u>5,994,670</u>	<u>-</u>
	<u>\$ 9,709,670</u>	590,405
Less amount representing interest under capital leases obligations		<u>36,589</u>
		<u>\$ 553,816</u>

Interest payments on long-term debt in the years ended September 30, 2014 and 2013 amounted to \$561,727 and \$603,196, respectively.

Interest expense on long-term debt was approximately \$550,000 and \$600,600 for the years ending September 30, 2014 and 2013, respectively.

9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Health care services	\$ 1,806	\$ 2,055
Capital	70,000	-
Community development	<u>12,561</u>	<u>12,578</u>
	<u>\$ 84,367</u>	<u>\$ 14,633</u>

Permanently restricted net assets at September 30, 2014 and 2013, are restricted to:

	<u>2014</u>	<u>2013</u>
Investments to be held in perpetuity the income from which is expendable to support health care services (reported as temporarily restricted income)	<u>\$ 51,664</u>	<u>\$ 51,664</u>

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10. Benefit Plans

The Hospital offers a tax sheltered annuity (403(b) retirement plan). Employees are eligible to enter the plan the first day of the month following the start of employment. The plan allows the Hospital to match employee voluntary contributions up to a maximum of 2% of the employee's wages. Contributions are calculated on a calendar year basis, and are paid following the end of the calendar year. There were no employer discretionary contributions during the years ended September 30, 2014 and 2013.

The Hospital provides the opportunity for certain members of management, employed physicians and allied health professionals to contribute to a deferred compensation plan established under Section 457 of the Internal Revenue Code. Contributions are voluntary on the part of qualifying employees and no contributions are made by the Hospital on their behalf. Amounts are recorded as other long-term assets and other long-term liabilities in the balance sheets.

11. Commitments and Contingencies

The Hospital carries malpractice insurance coverage under a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured. The Hospital intends to renew its coverage on a claims-made basis and has no reason to believe that it may be prevented from renewing such coverage. The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business. U.S. generally accepted accounting principles requires the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Hospital has evaluated its exposure to losses arising from potential claims and determined that no such accrual is necessary for the years ended September 30, 2014 and 2013.

The Hospital has various noncancelable leases with various expiration dates. Lease expense related to these space and equipment leases for the years ended September 30, 2014 and 2013 was \$260,288 and \$230,454, respectively. The following is a schedule by year of future minimum commitments under the leases as of September 30, 2014:

2015	\$ 321,501
2016	229,736
2017	184,238
2018	77,128
	<u>\$ 812,603</u>

12. Meaningful Use Revenues

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The Medicare criteria for meaningful use will be staged in three steps from fiscal year 2011 through 2015. The Medicaid program will provide incentive payments to hospitals and eligible professionals as they adopt, and

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implement, upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to two remaining participation years. The meaningful use attestation is subject to audit by the Centers for Medicare and Medicaid Services. 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.

During 2013, the Hospital installed a certified EHR system and attested to meaningful use, resulting in the Hospital receiving EHR incentive payments from Medicare and Medicaid of \$276,373 and \$344,644, respectively. During 2014, the Hospital repaid approximately \$276,000 to Medicare as a result of an audit of the 2013 meaningful use attestation and recorded a reserve of \$345,000 related to Medicaid. Additionally, in 2014 the Hospital repeated its attestation as a meaningful user of EHR and recorded meaningful use revenues of \$86,161 related to Medicaid program and \$375,000 related to the Medicare program. These amounts were recorded as receivables at September 30, 2014.

13. Volunteer Services (Unaudited)

In 2014 and 2013, volunteer service hours received by the Hospital were approximately 10,939 and 12,515, respectively. The volunteers provide nonspecialized services to the Hospital, none of which have been recognized as revenue or expense in the statements of operations.

14. Self-Insurance Plan

The Hospital is partially self-insured with respect to health benefits of employees. The deductible under the Hospital's insurance policy is \$85,000 per individual with an aggregate deductible based on the number of covered individuals for the annual policy through December 31, 2014. The aggregate cost of claims, including administrative costs, was approximately \$5,287,000 and \$4,432,000 in 2014 and 2013, respectively.

15. Concentrations of Credit Risk

The Hospital 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:

	<u>2014</u>	<u>2013</u>
Medicare	41.6 %	38.4 %
MaineCare	11.2	18.3
Anthem	4.2	3.6
Other third-party payors	16.5	13.4
Patients	<u>26.5</u>	<u>26.3</u>
	<u>100.0 %</u>	<u>100.0 %</u>

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16. Functional Expenses

The Hospital provides general health care services to residents within its geographic location. For the years ended September 30, 2014 and 2013, approximately 78% and 80%, respectively, of expenses were related to direct health care program services, with the balance of expenses for management and general support services.

17. Financial Improvement Plan

The Hospital has incurred significant operating losses for the past few years. The financial statements have been prepared assuming the Hospital will continue as a going concern, realizing assets and liquidating liabilities in the ordinary course of business. Although not currently planned, realization of assets in other than the ordinary course of business in order to meet liquidity needs could result in losses not reflected in these financial statements.

Management is working on several initiatives to mitigate this condition. As discussed below, management believes the combination of initiatives that have been instituted will provide the required cash flow and reduction of operating losses to sustain future operations.

In April 2013, the Board of Directors approved a plan to close the Progressive Care Facility (PCF). An analysis was done that concluded significant savings could be realized by closing the PCF. Based on allocated costs from the Medicare cost report, the PCF lost \$1,122,000 in 2013. The process to close the PCF occurred over several months and was completed in August 2013. Subsequent to the closure, a swing bed program was established which resulted in 1,249 additional patient days in 2014. The closure of the PCF combined with the new swing bed program significantly reduced the operating loss in 2014.

Several other strategies are currently in the process of being implemented or have been implemented. The Hospital has contracted with local pharmacies and third-party administrators to implement a 340B Retail Pharmacy effective October 1, 2014. Management estimates this initiative could result in approximately \$1.2 million in annual incremental revenue to the Hospital, as projected in an analysis prepared by a third-party administrator. The 2015 budget includes \$600,000 net savings as the program is phased in. During 2014 the Hospital was able to reduce full-time equivalent employees from 379 to 348 through various reductions in staffing. The operating loss for 2014 includes approximately \$340,000 of expenses that will be paid in 2015 related to offers of early retirements. A savings of approximately \$100,000 is expected as the result of increased employee contributions associated with the Self Insurance Health plan.