

Form **990**

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-0047

2014

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ 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.

A For the 2014 calendar year, or tax year beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization Down East Community Hospital Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite 11 Hospital Drive City or town, state or province, country, and ZIP or foreign postal code Machias, ME 04654 F Name and address of principal officer: Ralph Gabarro same as C above	D Employer identification number 01-0263198 E Telephone number 207-255-3356 G Gross receipts \$ 36,217,039. H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ www.dech.org		
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		
L Year of formation: 1963		M State of legal domicile: ME

Part I Summary

1	Briefly describe the organization's mission or most significant activities: <u>Acute Care Critical Access Hospital</u>	
2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
3	Number of voting members of the governing body (Part VI, line 1a)	3 15
4	Number of independent voting members of the governing body (Part VI, line 1b)	4 12
5	Total number of individuals employed in calendar year 2014 (Part V, line 2a)	5 341
6	Total number of volunteers (estimate if necessary)	6 40
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a 0.
7b	Net unrelated business taxable income from Form 990-T, line 34	7b 0.
8	Contributions and grants (Part VIII, line 1h)	31,255. 157,306.
9	Program service revenue (Part VIII, line 2g)	32,962,760. 33,478,121.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	600,832. 186,850.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0. 0.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	33,594,847. 33,822,277.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	194,384. 9,711.
14	Benefits paid to or for members (Part IX, column (A), line 4)	0. 0.
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	19,557,411. 20,748,470.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0. 0.
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.	
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	14,913,784. 14,567,407.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	34,665,579. 35,325,588.
19	Revenue less expenses. Subtract line 18 from line 12	-1,070,732. -1,503,311.
20	Total assets (Part X, line 16)	Beginning of Current Year 24,417,559. End of Year 21,640,843.
21	Total liabilities (Part X, line 26)	13,041,638. 13,573,139.
22	Net assets or fund balances. Subtract line 21 from line 20	11,375,921. 8,067,704.

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 _____ Lynnette Parr, CFO Type or print name and title	Date _____			
Paid Preparer Use Only	Print/Type preparer's name Barbara J. McGuan, CPA	Preparer's signature Barbara J. McGuan, C	Date 11/13/15	Check if self-employed <input type="checkbox"/>	PTIN P00219457
	Firm's name ▶ Berry Dunn McNeil & Parker, LLC	Firm's EIN ▶ 01-0523282		Firm's address ▶ P.O. Box 1100 Portland, ME 04104-1100	
	Phone no. (207) 775-2387				

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission: Provide access to quality healthcare and promote community wellness through the delivery of primary, emergency and ancillary inpatient and outpatient healthcare. The Hospital strives to improve the overall health of the communities we serve while exceeding customer

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

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations 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 \$ 1,997,061. including grants of \$) (Revenue \$ 5,257,466.) Surgical services to inpatients and outpatients, totaling 2,028 surgeries.

4b (Code:) (Expenses \$ 2,877,037. including grants of \$) (Revenue \$ 2,710,327.) Care for medical/surgical unit patients. Unit provided care to 920 admissions for 2,857 patient days.

4c (Code:) (Expenses \$ 1,748,051. including grants of \$) (Revenue \$ 6,834,086.) Imaging Services to inpatients and outpatients. 16,624 radiological exams were provided to inpatients and outpatients.

4d Other program services (Describe in Schedule O.) (Expenses \$ 24,495,593. including grants of \$ 9,711.) (Revenue \$ 18,676,242.)

4e Total program service expenses 31,117,742.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	1 X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	2 X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	3	X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	4 X	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>	5	X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>	6	X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>	7	X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	8	X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	9	X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	10 X	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	11a X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	11b	X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>	11c	X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	11d	X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	11e X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	11f	X
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	12a	X
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	12b X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	13	X
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	14b	X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>	15	X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>	16	X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>	17	X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	18	X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	19	X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	20a X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b X	

Part IV Checklist of Required Schedules (continued)

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

Note. All Form 990 filers are required to complete Schedule O

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

Input box for Schedule O

Table with columns for question number, description, and Yes/No checkboxes. Includes sections for backup withholding, employee reporting, foreign accounts, prohibited transactions, and charitable contributions.

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year 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.	15	
b	Enter the number of voting members included in line 1a, above, who are independent	12	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	X	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?	X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

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

		Yes	No
10a	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?		
11a	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.		
12a	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	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	X	
b	Other officers or key employees of the organization		X
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed **ME**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records: **Lynnette Parr - 207-255-3356**
11 Hospital Drive, Machias, ME 04654

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Blaine Jones Trustee	1.70 0.30	X					0.	0.	0.	
(2) Cynthia Huggins, PhD Past Trustee	1.70 0.30	X					0.	0.	0.	
(3) David Whitney Chair	1.70 0.30	X		X			0.	0.	0.	
(4) Douglas Jones Past CEO	39.70 0.30	X		X			315,541.	2,641.	11,485.	
(5) Eric Burke, M.D. Vice Chair	1.70 0.30	X		X			0.	0.	0.	
(6) Jack Corrigan Trustee	1.70 0.30	X					0.	0.	0.	
(7) Patricia Hennessey Trustee	1.70 0.30	X					0.	0.	0.	
(8) Kara Dwight, DO Past Trustee	1.70 0.30	X					0.	0.	0.	
(9) Kathryn Land Trustee	1.70 0.30	X					2,500.	0.	0.	
(10) Michael Hennessey Treasurer	1.70 0.30	X		X			0.	0.	0.	
(11) Mortimer Lockett Past Trustee	1.70 0.30	X					0.	0.	0.	
(12) Patti Sansing Past Trustee	1.70 0.30	X					0.	0.	0.	
(13) Rebecca Irving Trustee	1.70 0.30	X					0.	0.	0.	
(14) Rita Ten, M.D. Trustee	39.70 0.30	X					438,370.	0.	23,277.	
(15) Rose St. Louis Trustee	1.70 0.30	X					0.	0.	0.	
(16) Thomas Potter Past Treasurer	1.70 0.30	X		X			0.	0.	0.	
(17) Wayne Peters Secretary	1.70 0.30	X		X			0.	0.	0.	

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Ralph Gabarro Interim CEO	39.70 0.30	X		X				160,618.	1,344.	0.
(19) Rick Ramsdell Trustee	1.70 0.30	X						0.	0.	0.
(20) Lisa Reynolds Trustee	1.70 0.30	X						0.	0.	0.
(21) Rodney Sparks, M.D. Trustee	39.70 0.30	X						243,185.	0.	0.
(22) Lynnette Parr CFO	39.70 0.30			X				195,218.	1,634.	20,806.
(23) Dhanvant Rathod Physician	40.00 0.00				X			475,192.	0.	22,154.
(24) John Joseph Physician	40.00 0.00				X			413,516.	0.	15,994.
(25) Stephen Madigan Physician	40.00 0.00				X			465,488.	0.	18,861.
(26) Thomas Crowe Physician	40.00 0.00				X			470,254.	0.	23,287.
1b Sub-total								3,179,882.	5,619.	135,864.
c Total from continuation sheets to Part VII, Section A								749,598.	0.	24,043.
d Total (add lines 1b and 1c)								3,929,480.	5,619.	159,907.

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 **29**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>		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
Physician Services, Inc. 126 Osborne Rd., Farmington, ME 04398	Physician Staffing Services	906,107.
Machias Primary Care Services, Inc. P.O. Box 398, Machias, ME 04654	Physician Staffing Services	370,893.
Weatherby Locums, Inc. P.O. Box 972633, Dallas, TX 75397-2633	Physician Staffing Services	310,383.
Downeast Medical Associates P.O. Box 317, Machias, ME 04654	Surgical Call Services	307,000.
Comphealth Medical Staffing P.O. Box 972670, Dallas, TX 75397-2670	Staffing Services	281,702.

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 **10**

See Part VII, Section A Continuation sheets

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	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	36,952.				
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	120,354.				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f		157,306.				
Program Service Revenue	2 a Patient Revenue	Business Code 621400	65,112,818.	65,112,818.			
	b Other Revenue	621400	251,398.	184,706.		66,692.	
	c Electronic Health Records	621400	82,329.	82,329.			
	d Provision for Bad Debts	621400	-2,822,935.	-2,822,935.			
	e Contractual/Char. Adj.	621400	-29,145,489.	-29,145,489.			
	f All other program service revenue						
	g Total. Add lines 2a-2f		33,478,121.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		207,060.			207,060.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real					
		(ii) Personal					
		b Less: rental expenses					
		c Rental income or (loss)					
	d Net rental income or (loss)						
	7 a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other					
		b Less: cost or other basis and sales expenses					
		c Gain or (loss)					
	d Net gain or (loss)			-20,210.		-20,210.	
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses	b				
c Net income or (loss) from fundraising events							
9 a Gross income from gaming activities. See Part IV, line 19	a						
	b Less: direct expenses	b					
	c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a						
	b Less: cost of goods sold	b					
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11 a _____							
	b _____						
	c _____						
	d All other revenue						
e Total. Add lines 11a-11d							
12 Total revenue. See instructions.			33,822,277.	33,411,429.	0.	253,542.	

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

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.				
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	9,711.	9,711.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,410,765.		1,410,765.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	15,615,203.	14,783,804.	831,399.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	563,772.	503,747.	60,025.	
9 Other employee benefits	2,126,117.	1,853,453.	272,664.	
10 Payroll taxes	1,032,613.	886,659.	145,954.	
11 Fees for services (non-employees):				
a Management				
b Legal	125,640.		125,640.	
c Accounting	53,649.		53,649.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	4,928,660.	4,601,033.	327,627.	
12 Advertising and promotion	88,029.	2,254.	85,775.	
13 Office expenses	1,581,510.	820,176.	761,334.	
14 Information technology				
15 Royalties				
16 Occupancy	968,417.	965,246.	3,171.	
17 Travel	25,707.	17,002.	8,705.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	157,626.	157,626.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,577,502.	1,577,502.		
23 Insurance	891,065.	891,065.		
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	3,200,375.	3,170,898.	29,477.	
b Service Provider Tax	822,874.	822,874.		
c Miscellaneous	146,353.	54,692.	91,661.	
d _____				
e All other expenses _____				
25 Total functional expenses. Add lines 1 through 24e	35,325,588.	31,117,742.	4,207,846.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

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

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	1,105.	1	960.
	2 Savings and temporary cash investments	4,725,853.	2	2,567,673.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	4,135,292.	4	3,391,140.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net	69,983.	7	34,991.
	8 Inventories for sale or use	433,019.	8	468,621.
	9 Prepaid expenses and deferred charges	318,380.	9	325,270.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 29,518,590.		
	b Less: accumulated depreciation	10b 18,330,437.		
	11 Investments - publicly traded securities	11,548,213.	10c	11,188,153.
	12 Investments - other securities. See Part IV, line 11	3,121,547.	11	3,608,287.
	13 Investments - program-related. See Part IV, line 11		12	
	14 Intangible assets	64,167.	13	
	15 Other assets. See Part IV, line 11		14	55,748.
16 Total assets. Add lines 1 through 15 (must equal line 34)	24,417,559.	15		
17 Accounts payable and accrued expenses	24,417,559.	16	21,640,843.	
Liabilities	17 Accounts payable and accrued expenses	3,512,504.	17	2,122,680.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	4,218,326.	20	3,604,384.
	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	65,167.	23	185,167.
	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	5,245,641.	25	7,660,908.
	26 Total liabilities. Add lines 17 through 25	13,041,638.	26	13,573,139.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> X and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	9,993,201.	27	6,618,377.
	28 Temporarily restricted net assets	39,485.	28	55,731.
	29 Permanently restricted net assets	1,343,235.	29	1,393,596.
	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	11,375,921.	33	8,067,704.
	34 Total liabilities and net assets/fund balances	24,417,559.	34	21,640,843.

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	33,822,277.
2	Total expenses (must equal Part IX, column (A), line 25)	2	35,325,588.
3	Revenue less expenses. Subtract line 2 from line 1	3	-1,503,311.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	11,375,921.
5	Net unrealized gains (losses) on investments	5	133,508.
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	-1,938,414.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	8,067,704.

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?		X
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:		
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
b Were the organization's financial statements audited by an independent accountant?	X	
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:		
<input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	X	
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.		
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
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

Form 990 (2014)

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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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 VI.)						
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 2014 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2013 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2014. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test - 2013. 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 - 2014. 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 VI 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 - 2013. 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 VI 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 year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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 VI.)						
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 2014 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2013 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2013 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2014. 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 - 2013. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

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

Part IV Supporting Organizations

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No" describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2) (B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations; (b) individuals that are part of the charitable class benefited by one or more of its supported organizations; or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
b Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
c Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer (b) below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b A family member of a person described in (a) above?		
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI .		

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

Section D. Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions):			
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.			
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.			
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).			
2 Activities Test. Answer (a) and (b) below.		Yes	No
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.			
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.			
3 Parent of Supported Organizations. Answer (a) and (b) below.			
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI .			
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.			

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required-see instructions)			
3 Excess distributions carryover, if any, to 2014:			
a			
b			
c			
d			
e From 2013			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2014 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2014, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions).			
6 Remaining underdistributions for 2014. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).			
7 Excess distributions carryover to 2015. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a			
b			
c			
d Excess from 2013			
e Excess from 2014			

Schedule A (Form 990 or 990-EZ) 2014

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

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

OMB No. 1545-0047

2014

Name of the organization

Down East Community Hospital

Employer identification number

01-0263198

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

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

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

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

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2014)

Name of organization Down East Community Hospital	Employer identification number 01-0263198
---	---

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

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	_____ _____ _____	\$ 25,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	_____ _____ _____	\$ 75,542.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	_____ _____ _____	\$ 8,508.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	_____ _____ _____	\$ 36,952.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization Down East Community Hospital	Employer identification number 01-0263198
---	---

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

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

Name of organization Down East Community Hospital	Employer identification number 01-0263198
---	---

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$ _____
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2014

Department of the Treasury
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527
 ► **Complete if the organization is described below.** ► **Attach to Form 990 or Form 990-EZ.**
 ► **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.**

Open to Public Inspection

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

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

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

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

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

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

Name of organization Down East Community Hospital	Employer identification number 01-0263198
---	---

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

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

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

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

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

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule C (Form 990 or 990-EZ) 2014

LHA
432041
10-21-14

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)			
b Total lobbying expenditures to influence a legislative body (direct lobbying)			
c Total lobbying expenditures (add lines 1a and 1b)			
d Other exempt purpose expenditures			
e Total exempt purpose expenditures (add lines 1c and 1d)			
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.			
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:		
Not over \$500,000	20% of the amount on line 1e.		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.		
Over \$17,000,000	\$1,000,000.		
g Grassroots nontaxable amount (enter 25% of line 1f)			
h Subtract line 1g from line 1a. If zero or less, enter -0-			
i Subtract line 1f from line 1c. If zero or less, enter -0-			
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<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 separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? ..		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		5,858.
j Total. Add lines 1c through 1i			5,858.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Part II-B, Line 1, Lobbying Activities:

The Organization pays dues to local associations, a portion of which are attributable to lobbying activities.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

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

OMB No. 1545-0047

2014

Open to Public Inspection

Name of the organization Down East Community Hospital **Employer identification number** 01-0263198

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 value of contributions to (during year)		
3 Aggregate value of 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 a 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	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

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)?

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

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

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

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

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

(i) Revenue 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 Revenue included in Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

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

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

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

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

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

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

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

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

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

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	3,371,967.	2,930,298.	2,594,743.	1,653,523.	1,463,886.
b Contributions	50,361.			1,000,900.	
c Net investment earnings, gains, and losses	283,325.	470,402.	370,531.	-32,851.	208,434.
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses	28,111.	28,733.	34,976.	26,829.	18,797.
g End of year balance	3,677,542.	3,371,967.	2,930,298.	2,594,743.	1,653,523.

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

- a Board designated or quasi-endowment 42.00 %
- b Permanent endowment 58.00 %
- c Temporarily restricted endowment .00 %

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

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

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

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

Part VI Land, Buildings, and Equipment.

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		257,946.		257,946.
b Buildings		15,595,371.	7,526,926.	8,068,445.
c Leasehold improvements				
d Equipment		12,483,749.	10,222,211.	2,261,538.
e Other		1,181,524.	581,300.	600,224.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				11,188,153.

Part VII Investments - Other Securities.

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

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

Part VIII Investments - Program Related.

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

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

Part IX Other Assets.

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

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Unfunded Pension Liability	3,188,864.
(3) Estimated Third Party Payor	
(4) Settlements	4,472,044.
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	7,660,908.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

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

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

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include line numbers and a shaded area for calculations.

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.

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include line numbers and a shaded area for calculations.

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:

Growth of investment to provide earnings that will support operations.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2014

Department of the Treasury
Internal Revenue Service

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

**Open to Public
Inspection**

Name of the organization **Down East Community Hospital** Employer identification number **01-0263198**

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

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

7 Financial Assistance and Certain Other Community Benefits at Cost

	(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
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)	1	358	954,000.		954,000.	3.00%
b Medicaid (from Worksheet 3, column a)			7,198,407.	6,838,324.	360,083.	1.02%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs	1	358	8,152,407.	6,838,324.	1,314,083.	4.02%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			106,598.		106,598.	.34%
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			44,020.		44,020.	.14%
j Total. Other Benefits			150,618.		150,618.	.48%
k Total. Add lines 7d and 7j	1	358	8,303,025.	6,838,324.	1,464,701.	4.50%

Part V Facility Information

Section A. Hospital Facilities

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

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

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

1 Down East Community Hospital
11 Hospital Drive
Machias, ME 04654
www.dech.org
38083

Table with columns: Licensed hospital, Gen. medical & surgical, Children's hospital, Teaching hospital, Critical access hospital, Research facility, ER-24 hours, ER-other, Other (describe), Facility reporting group. Row 1: X, X, , , X, , X, , .

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or letter of facility reporting group Down East Community Hospital

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

	Yes	No
Community Health Needs Assessment		
1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 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 12	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>14</u>		
5 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	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	X	
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	X	
7 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>http://www.dech.org</u>		
b <input checked="" type="checkbox"/> Other website (list url): <u>http://chna.emh.org</u>		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>13</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	X	
a If "Yes," (list url): <u>http://www.dech.org</u>		
b If "No", is the hospital facility's most recently adopted implementation strategy attached to this return?		X
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V Facility Information (continued)

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group Down East Community Hospital

	Yes	No
<p>Did the hospital facility have in place during the tax year a written financial assistance policy that:</p> <p>13 Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?</p> <p>If "Yes," indicate the eligibility criteria explained in the FAP:</p> <p>a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>150</u> % and FPG family income limit for eligibility for discounted care of <u>200</u> %</p> <p>b <input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)</p> <p>c <input type="checkbox"/> Asset level</p> <p>d <input type="checkbox"/> Medical indigency</p> <p>e <input type="checkbox"/> Insurance status</p> <p>f <input type="checkbox"/> Underinsurance status</p> <p>g <input checked="" type="checkbox"/> Residency</p> <p>h <input type="checkbox"/> Other (describe in Section C)</p>	X	
14 Explained the basis for calculating amounts charged to patients?	X	
15 Explained the method for applying for financial assistance?	X	
<p>If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):</p> <p>a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application</p> <p>b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application</p> <p>c <input type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process</p> <p>d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications</p> <p>e <input type="checkbox"/> Other (describe in Section C)</p>		
16 Included measures to publicize the policy within the community served by the hospital facility?	X	
<p>If "Yes," indicate how the hospital facility publicized the policy (check all that apply):</p> <p>a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>http://www.dech.org</u></p> <p>b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>http://www.dech.org</u></p> <p>c <input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): _____</p> <p>d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)</p> <p>e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)</p> <p>f <input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)</p> <p>g <input type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility</p> <p>h <input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP</p> <p>i <input type="checkbox"/> Other (describe in Section C)</p>		

Billing and Collections

17 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 all of the actions the hospital facility or other authorized party may take upon non-payment?	X	
18 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(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Actions that require a legal or judicial process		
d <input type="checkbox"/> Other similar actions (describe in Section C)		
e <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		

Part V Facility Information (continued)

Name of hospital facility or letter of facility reporting group Down East Community Hospital

	Yes	No
19 Did the hospital facility or other authorized 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?		X
If "Yes", check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Actions that require a legal or judicial process		
d <input type="checkbox"/> Other similar actions (describe in Section C)		
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy on admission		
b <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge		
c <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills		
d <input checked="" type="checkbox"/> Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy		
e <input type="checkbox"/> Other (describe in Section C)		
f <input type="checkbox"/> Non of these efforts were made		

Policy Relating to Emergency Medical Care

21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required 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?	21	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 Assistance Under the FAP (FAP-Eligible Individuals)

22 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)			
23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?	23		X
If "Yes," explain in Section C.			
24 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?	24		X
If "Yes," explain in Section C.			

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc.) and name of hospital facility.

Down East Community Hospital:

Part V, Section B, Line 5: DECH worked in conjunction with the EMHS systems and various other partnering hospitals to develop its Community Needs Health Assessment. In June 2014, EMHS conducted an online survey with stakeholders and partners living or working in an eight-county region to understand key issues, including facilitators and barriers that impact healthcare and population health in these communities. The survey was widely distributed and ultimately yielded 1,477 completed surveys. There were 112 respondents representing Washington County. The respondents represent the following sectors:

50% Healthcare

20% Other

12% Other Non-Profit

6% Government

6% Private Sector/Business

6% Social Services

Down East Community Hospital:

Part V, Section B, Line 6a: The Hospital conducted its community health needs assessment along with the following hospital facilities:

EMHS Member Organizations: Acadia Hospital; Blue Hill Memorial Hospital; Charles A Dean Memorial Hospital; Eastern Maine Medical Center, Inland Hospital, Mercy Hospital; and Sebesticook Valley Health; TAMC; Affiliated;

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc.) and name of hospital facility.

Beacon Health; Eastern Maine HomeCare; EMHS Foundations; Rosscare; VNA

Home Health Hospice

Partnering hospitals: Cary Medical Center, Houlton Regional Hospital;

Maine Coast Memorial Hospital; Mayo Regional Hospital; Millinocket

Regional Hospital; Mount Desert Island Hospital; Northern Maine Medical

Center, and Redington-Fairview General Hospital.

Down East Community Hospital:

Part V, Section B, Line 6b: The Hospital's CHNA was conducted with the following non-hospital organizations:

Local Public Health Coordinating Councils: Aroostook District Coordinating

Council; Central District Coordination Council; Cumberland District

Coordinating Council; Downeast Public Coordinating Council; Penquis

District Coordinating Council; Wabanaki Public Health

Healthy Maine Partnerships: Bangor Region Public Health & Wellness;

Healthy Acadia, Healthy Aroostook, Healthy Casco Bay, Healthy Communities

of the Capital Area, Healthy Lakes, Healthy Northern Kennebec, Healthy

Portland, Healthy Rivers, Healthy Sebecook Valley, Healthy Wabanaki,

Healthy Waldo County, Partnership for a Healthy Northern Penobscot,

Piscataquis Public Health Council, Power of Prevention, Somerset Public

Health, Washington County: One Community.

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc.) and name of hospital facility.

Down East Community Hospital:

Part V, Section B, Line 11: DECH addressed the needs in its most recent CHNA by preparing and adopting an implementation strategy. DECH plans to address all priorities identified through the management and budget of community benefit activities. In addition, DECH also takes advantage of partnering with other community plans by participating, supporting or promoting programs which support community health needs. No needs are not addressed. DECH's detailed implementation strategy can be found on the hospital website, www.dech.org.

Down East Community Hospital:

Part V, Section B, Line 22d: No amount is billed to free care eligible individuals. Discounted care is offered at 75% of gross charges for all eligible individuals.

Part VI Supplemental Information

Provide the following information.

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

Part I, Line 6a:

The senior leadership team, with approval by the board of trustees, manages the community benefit activities of the Hospital. An expense budget is identified annually for community benefit activities. Community benefit activities are reported each year in the Hospital's annual report.

Part III, Line 4:

See Pages 7 & 8 of audited financial statements for footnote disclosure.

Bad debt expense represents actual and estimated write-offs as identified by the Hospital. Actual write-offs represent accounts that have exceeded 90 days in Accounts Receivable with no payment plans established.

Estimated write-offs represent bad debts that are expected based on payment percentage assumptions as determined by the age and payor type of the receivable.

Part VI, Line 2:

Down East Community Hospital partners with EMHS Systems and varying other

Part VI Supplemental Information (Continuation)

partnering hospitals to develop its Community Health Needs Assessment.

Part VI, Line 3:

Each private pay patient that receives a bill from the Hospital will receive a copy of the Hospital's free care guidelines and application with their bill. The free care guidelines are posted throughout the hospital in patient waiting areas and the application is also available on the Hospital's website. At every opportunity, billing personnel will communicate to patients the free care policy and encourage patients to apply.

Part VI, Line 4:

Down East Community Hospital provides services to rural communities of Washington County, Maine. The population of 32,856 for the Hospital Service Area (HSA) has an average household income of \$37,236, compared to \$48,453 for the State of Maine. Of the HSA population, approximately 19.5% fall below the poverty level and 21.8% of the population is over age 65.

Part VI, Line 5:

The Hospital furthers its exempt purpose by promoting the health of the community. The board consists of volunteer community members that are elected by the Corporators of the Hospital.

The Hospital has an open medical staff where all applicants have the opportunity to obtain membership as long as the guidelines as determined by the medical staff bylaws are met.

**SCHEDULE I
(Form 990)**

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990.**

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

OMB No. 1545-0047

2014

**Open to Public
Inspection**

Name of the organization **Down East Community Hospital** Employer identification number **01-0263198**

Part I General Information on Grants and Assistance

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? **Yes** **No**
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

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

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Women's Health Resource Library P.O. Box 463 Milbridge, ME 04658	55-0880014	501(c)(3)	9,711.	0.			To support that Womens' Health Resource Library.

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

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

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

Schedule I (Form 990) (2014)

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

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

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

Part I, Line 2:

The Organization only awards grants to qualifying public charities exempt under 501(c)(3) or municipalities. Additional monitoring is not deemed necessary.

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

2014

Open to Public Inspection

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.

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

Department of the Treasury
Internal Revenue Service

Name of the organization **Down East Community Hospital** Employer identification number **01-0263198**

Part I Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?	2	
3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <input checked="" type="checkbox"/> Compensation committee <input type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations <input checked="" type="checkbox"/> Written employment contract <input type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:		
a Receive a severance payment or change-of-control payment?	4a	X
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	X
c Participate in, or receive payment from, an equity-based compensation arrangement?	4c	X
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.		
Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.		
5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
a The organization?	5a	X
b Any related organization?	5b	X
If "Yes" to line 5a or 5b, describe in Part III.		
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
a The organization?	6a	X
b Any related organization?	6b	X
If "Yes" to line 6a or 6b, describe in Part III.		
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	X
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8	X
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

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

Schedule J (Form 990) 2014

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Douglas Jones Past CEO	(i)	303,917.	0.	11,624.	6,837.	4,557.	326,935.	0.
	(ii)	2,641.	0.	0.	57.	34.	2,732.	0.
(2) Rita Ten, M.D. Trustee	(i)	438,370.	0.	0.	8,118.	15,159.	461,647.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) Ralph Gabarro Interim CEO	(i)	146,779.	0.	13,839.	0.	0.	160,618.	0.
	(ii)	1,344.	0.	0.	0.	0.	1,344.	0.
(4) Rodney Sparks, M.D. Trustee	(i)	243,185.	0.	0.	0.	0.	243,185.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) Lynnette Parr CFO	(i)	174,148.	20,000.	1,070.	7,942.	12,720.	215,880.	0.
	(ii)	1,634.	0.	0.	66.	78.	1,778.	0.
(6) Dhanvant Rathod Physician	(i)	475,192.	0.	0.	10,400.	11,754.	497,346.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) John Joseph Physician	(i)	413,516.	0.	0.	6,740.	9,254.	429,510.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) Stephen Madigan Physician	(i)	465,488.	0.	0.	7,800.	11,061.	484,349.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) Thomas Crowe Physician	(i)	470,254.	0.	0.	9,377.	13,910.	493,541.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(10) Colin Coor Physician	(i)	442,598.	0.	0.	6,587.	17,456.	466,641.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(11) Aziz Massaad, M.D. Former Trustee	(i)	307,000.	0.	0.	0.	0.	307,000.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

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

Part I, Line 4a:

Douglas Jones, Former CEO, received a severance payment in the amount of \$146,852 during calendar year 2014.

Part I, Line 7:

Lynette Parr, CFO received a bonus payment during calendar year 2014. The bonus payment was tied to meeting certain organizational goals and objectives, none of which were contingent upon revenues or net earnings 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.** ▶ **Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.**

Name of the organization **Down East Community Hospital** Employer identification number **01-0263198**

Part I	Bond Issues	See Part VI for Columns (a) and (f) Continuations											
		(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
								Yes	No	Yes	No	Yes	No
A	Maine Health and Higher Educational Facilities	A01-0314384	560425V80	11/01/07	1,035,000.	Finance New Construction and Refinance 1998		X		X	X		
B	Maine Health and Higher Educational Facilities	A01-0314384	560427JA5	06/24/10	5,480,000.	Bond		X		X	X		
C													
D													

Part II	Proceeds								
		A		B		C		D	
1	Amount of bonds retired	495,498.		2,806,280.					
2	Amount of bonds legally defeased								
3	Total proceeds of issue	1,040,241.		5,865,921.					
4	Gross proceeds in reserve funds	47,144.		341,888.					
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	33,641.		65,460.					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	969,739.							
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2007		2010					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

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

Part IV Arbitrage (Continued)

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

Part V Procedures To Undertake Corrective Action

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

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

Schedule K, Part I, Bond Issues:

(a) Issuer Name: Maine Health and Higher Educational Facilities Authority

(f) Description of Purpose: Finance New Construction and Equipment

(a) Issuer Name: Maine Health and Higher Educational Facilities Authority

Part II, Line 3

The total proceeds of issue listed on line 3 differ from the issue prices listed on Part I due to the amount of premiums of each bond.

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
Downeast Medical Associate	Entity more than 35	307,000.	Dr. Aziz Ma		X
Rita Ten, M.D.	Family member of Dr	461,647.	Dr. Rita Te		X

Part V Supplemental Information

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

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

(a) Name of Person: Downeast Medical Associates

(b) Relationship Between Interested Person and Organization:

Entity more than 35% owned by Aziz Massaad, former director

(c) Amount of Transaction \$ 307,000.

(d) Description of Transaction: Dr. Aziz Massaad provided on-call physician services through his medical practice Downeast Medical Associates, to the Organization.

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Rita Ten, M.D.

(b) Relationship Between Interested Person and Organization:

Family member of Dr. Aziz Massaad, former board member

(c) Amount of Transaction \$ 461,647.

(d) Description of Transaction: Dr. Rita Ten provided anesthesia and Pain Management services to the Organization.

(e) Sharing of Organization Revenues? = No

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

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

OMB No. 1545-0047

2014

Open to Public
Inspection

Name of the organization

Down East Community Hospital

Employer identification number

01-0263198

Form 990, Part III, Line 1, Description of Organization Mission:

expectations.

Form 990, Part III, Line 4d, Other Program Services:

Various other medical services supplied to patients.

Expenses \$ 24,495,593. incl grants of \$ 9,711. Revenue \$ 18,676,242.

Form 990, Part VI, Section A, line 2:

Michael and Patricia Hennessey, both board members, have a family
relationship.

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

The members of the Organization, known as "Corporators," shall be those
individuals who are Corporators of Down East Community Hospital as of
January 1, 2011, and such other individuals as may be elected to membership
in this Corporation by a majority vote of

- (i) those Corporators present at the Annual Meeting of this Corporation; or
- (ii) the Board of Trustees.

A Corporator is elected for life, unless the Corporator voluntarily
resigns, or the Corporator fails to attend two successive annual meetings of
the Corporation.

Additionally, those individuals who are appointed as members of the Active
Medical Staff of Down East Community Hospital are eligible to serve as
Corporators during the period of their appointment to the Active Medical

Name of the organization

Down East Community Hospital

Employer identification number

01-0263198

Staff if so desired.

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

The Corporators shall elect the Trustees of this Corporation from a slate of nominees presented by the Nominating Committee in accordance with the provisions of the Bylaws.

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

The 990 is reviewed by the CEO and CFO and a copy is provided to the full board before filing.

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

In order to monitor compliance with the conflict of interest policy for the Organization, each member of the board of trustees is required annually to submit a conflict of interest document and the compliance officer verifies the receipt of these documents. The compliance officer also reviews payments issued to the board of trustees and any contracts in effect with board members. All new employees sign a conflict of interest statement at the time of hire.

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

Compensation for the Organization's CEO is set by the Executive Compensation Committee made up of independent board members.

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

The financial statements and annual report are made available to the public upon request. The Organization's governing documents and conflict of interest policy are not made available to the public.

Name of the organization

Down East Community Hospital

Employer identification number

01-0263198

Form 990, Part IX, Line 11g, Other Fees:

Purchased Services:

Program service expenses	2,473,399.
Management and general expenses	271,414.
Fundraising expenses	0.
Total expenses	2,744,813.

Professional Fees:

Program service expenses	2,127,634.
Management and general expenses	0.
Fundraising expenses	0.
Total expenses	2,127,634.

Collection Fees:

Program service expenses	0.
Management and general expenses	56,213.
Fundraising expenses	0.
Total expenses	56,213.

Total Other Fees on Form 990, Part IX, line 11g, Col A	4,928,660.
---	-------------------

Form 990, Part X, Line 10: Land, Buildings, and Equipment

Section 1.263(a)-3(n) Election:

Down East Community Hospital

11 Hospital Drive

Machias, ME 04654

EIN: 01-0263198

Name of the organization Down East Community Hospital	Employer identification number 01-0263198
--	--

Down East Community Hospital is electing to capitalize repair and maintenance costs under Regulation Section 1.263(a)-3(n).

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

Unfunded Pension Liability Adjustment for Actuarial Losses -1,938,414.

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990.

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

Name of the organization **Down East Community Hospital** Employer identification number **01-0263198**

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
Sunrise Nursing Care Facility - 22-2582949 11 Hospital Drive Machias, ME 04645	Nursing Care Facility	Maine	501(c)(3)	Line 9	Down East Community Hospital	X	

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No

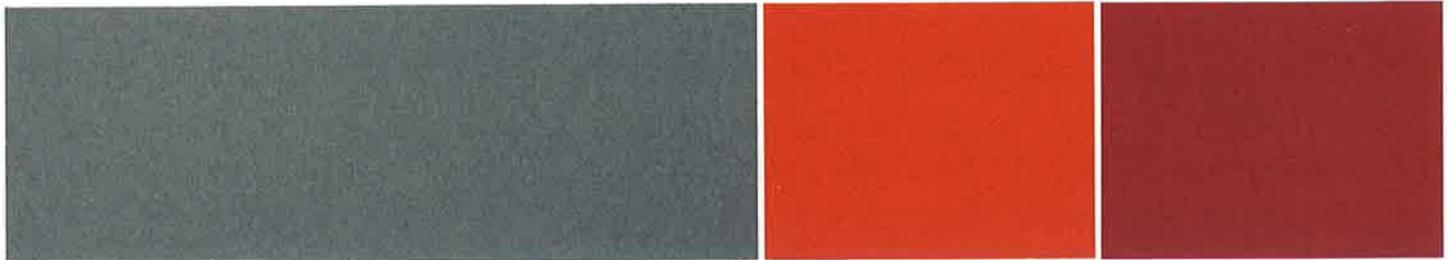
Part V Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Sunrise Nursing Care Facility	Q	107,060.	Fair Market Value
(2) Sunrise Nursing Care Facility	A	16,200.	Fair Market Value
(3)			
(4)			
(5)			
(6)			



DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

FINANCIAL STATEMENTS

with

SUPPLEMENTARY INFORMATION

December 31, 2014 and 2013

With Independent Auditor's Report



DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Consolidated Financial Statements

December 31, 2014 and 2013

Table of Contents

	<u>Page(s)</u>
Independent Auditor's Report	1 - 2
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 22
Supplementary Information	
Consolidating Balance Sheets	23 - 26
Consolidating Statements of Operations	27 - 28



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Down East Community Hospital and Subsidiary

We have audited the accompanying financial statements of Down East Community Hospital and Subsidiary (the Hospital), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the 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 consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Down East Community Hospital and Subsidiary as of December 31, 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.

The Board of Trustees
Down East Community Hospital and Subsidiary

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Schedules 1 through 4 are presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual entities, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
March 18, 2015

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2014 and 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents	\$ 2,268,172	\$ 4,299,628
Certificate of deposit	-	6,691
Patient accounts receivable, net of estimated uncollectibles of \$3,162,822 in 2014 and \$2,776,391 in 2013	3,521,003	3,271,938
Assets limited as to use, current portion	418,363	414,220
Other receivables	5,683	994,291
Supplies	468,621	433,019
Prepaid expenses and other assets	<u>363,664</u>	<u>337,549</u>
Total current assets	7,045,506	9,757,336
Assets limited as to use, excluding current portion	3,733,957	3,412,169
Property and equipment, net	11,499,265	11,844,058
Deferred financing costs, less accumulated amortization of \$43,353 in 2014 and \$34,934 in 2013	<u>55,748</u>	<u>64,167</u>
Total assets	<u>\$ 22,334,476</u>	<u>\$ 25,077,730</u>

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

LIABILITIES AND NET ASSETS

	<u>2014</u>	<u>2013</u>
Current liabilities		
Current portion of long-term debt	\$ 669,323	\$ 640,167
Accounts payable and accrued expenses	1,406,668	2,152,830
Accrued payroll and amounts withheld	862,499	1,482,661
Estimated third-party payor settlements	<u>4,463,015</u>	<u>3,933,146</u>
Total current liabilities	7,401,505	8,208,804
Unfunded pension liability	3,188,864	1,284,195
Long-term debt, excluding current portion	<u>3,120,228</u>	<u>3,643,326</u>
Total liabilities	<u>13,710,597</u>	<u>13,136,325</u>
Net assets		
Unrestricted	7,174,552	10,558,685
Temporarily restricted	55,731	39,485
Permanently restricted	<u>1,393,596</u>	<u>1,343,235</u>
Total net assets	<u>8,623,879</u>	<u>11,941,405</u>
Total liabilities and net assets	<u>\$ 22,334,476</u>	<u>\$ 25,077,730</u>

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Consolidated Statements of Operations

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenues, gains, and other support		
Patient service revenue		
(net of contractual allowances and discounts)	\$37,903,793	\$ 35,950,111
Less provision for bad debts	<u>2,839,474</u>	<u>2,003,573</u>
Net patient service revenue	35,064,319	33,946,538
Investment income	186,846	600,828
Other revenue	806,714	850,167
Electronic health record incentives	82,329	561,505
Net assets released from restrictions for operations	<u>1,857</u>	<u>10,485</u>
Total revenues, gains, and other support	<u>36,142,065</u>	<u>35,969,523</u>
Expenses		
Salaries	18,456,562	17,414,659
Employee benefits	3,972,929	3,842,083
Purchased services	2,092,291	2,286,610
Temporary personnel	1,035,175	1,079,613
Professional fees	2,127,634	2,720,829
Supplies	3,553,741	3,315,965
Other	4,692,500	4,544,959
Depreciation and amortization	1,632,834	1,574,026
Interest	<u>157,626</u>	<u>182,258</u>
Total expenses	<u>37,721,292</u>	<u>36,961,002</u>
Deficiency of revenues, gains, and other support over expenses	(1,579,227)	(991,479)
Change in net unrealized gains (losses) on investments	133,508	(80,674)
Unfunded pension liability adjustment for actuarial (losses) gains	<u>(1,938,414)</u>	<u>1,573,225</u>
(Decrease) increase in unrestricted net assets	<u>\$ (3,384,133)</u>	<u>\$ 501,072</u>

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

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Consolidated Statements of Changes in Net Assets

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted net assets		
Deficiency of revenues, gains, and other support over expenses	\$ (1,579,227)	\$ (991,479)
Change in net unrealized gains (losses) on investments	133,508	(80,674)
Unfunded pension liability adjustment	<u>(1,938,414)</u>	<u>1,573,225</u>
(Decrease) increase in unrestricted net assets	<u>(3,384,133)</u>	<u>501,072</u>
Temporarily restricted net assets		
Contributions, net	18,099	11,954
Investment income	4	4
Net assets released from restrictions	<u>(1,857)</u>	<u>(10,485)</u>
Increase in temporarily restricted net assets	<u>16,246</u>	<u>1,473</u>
Permanently restricted net assets		
Contributions	<u>50,361</u>	<u>-</u>
Increase in permanently restricted net assets	<u>50,361</u>	<u>-</u>
(Decrease) increase in net assets	(3,317,526)	502,545
Net assets, beginning of year	<u>11,941,405</u>	<u>11,438,860</u>
Net assets, end of year	<u>\$ 8,623,879</u>	<u>\$ 11,941,405</u>

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

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ (3,317,526)	\$ 502,545
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Unfunded pension liability adjustment	1,938,414	(1,573,225)
Depreciation and amortization	1,632,834	1,574,026
Provision for bad debts	2,839,474	2,003,573
Loss on sale of property	16,072	-
Net realized and unrealized gains on investments	(113,298)	(392,950)
Restricted contributions and income	(68,464)	(11,958)
Changes in assets and liabilities		
Patient accounts receivable	(3,088,539)	(727,225)
Estimated third-party payor settlements	529,869	399,102
Other receivables	988,608	(290,551)
Other current assets	(61,717)	25,128
Accounts payable and accrued expenses	(1,366,324)	277,307
Pension accrual	<u>(33,745)</u>	<u>25,336</u>
Net cash (used) provided by operating activities	<u>(104,342)</u>	<u>1,811,108</u>
Cash flows from investing activities		
Proceeds from maturity of certificate of deposit	6,691	717,418
Purchase of property and equipment	(1,295,694)	(692,593)
Purchase of assets limited as to use	(2,587,185)	(7,253,081)
Proceeds from sale of assets limited as to use	<u>2,374,552</u>	<u>7,204,885</u>
Net cash used by investing activities	<u>(1,501,636)</u>	<u>(23,371)</u>
Cash flows from financing activities		
Proceeds from restricted contributions and investment income	68,464	11,958
Proceeds from issuance of long-term debt	213,185	-
Repayment of long-term debt	<u>(707,127)</u>	<u>(790,343)</u>
Net cash used by financing activities	<u>(425,478)</u>	<u>(778,385)</u>
Net (decrease) increase in cash and cash equivalents	<u>(2,031,456)</u>	1,009,352
Cash and cash equivalents, beginning of year	<u>4,299,628</u>	<u>3,290,276</u>
Cash and cash equivalents, end of year	\$ <u>2,268,172</u>	\$ <u>4,299,628</u>
Supplemental disclosure of cash flow information		
Cash paid during year for interest	\$ <u>168,276</u>	\$ <u>190,983</u>

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

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

Nature of Operations

Down East Community Hospital (the Hospital) is a not-for-profit entity located in Machias, Maine, established to provide health care services through its acute care facility to residents of Washington County in the Eastern Maine area. Sunrise Nursing Care (Sunrise) is a wholly-owned subsidiary of the Hospital. The Hospital is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code.

1. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements represent the parent and subsidiary activities after the elimination of all material intercompany balances and activity.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. 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. At December 31, 2014, the Hospital had cash and money market account balances in financial institutions that exceeded federal depository insurance limits; however, management believes the credit risk related to these investments is minimal. The Hospital has not experienced any losses in such accounts.

To mitigate risk, the Hospital utilizes a sweep account. On a daily basis after activity has been posted to the operating account, the bank will withdraw excess funds from the account and invest the monies in U.S. government securities. The bank then repurchases the securities at the beginning of the next banking day.

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.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Data for each major payor source is regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. For receivables relating to services provided to patients having third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a corresponding provision for bad debts at varying levels based on the age of the receivables and payor source. For receivables relating to self-pay patients and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a provision for bad debts in the period of service based on past experience, which indicates that many patients are unable or unwilling to pay amounts for which they are financially responsible. Actual write-offs are charged against the allowance for doubtful accounts.

The allowance for doubtful accounts was \$3,162,822 and \$2,776,391 at December 31, 2014 and 2013, respectively. Gross self-pay accounts receivable were approximately \$3,047,000 and \$2,628,000 at December 31, 2014 and 2013, respectively. During 2014 and 2013, self-pay write-offs were \$4,023,000 and \$3,590,000, respectively, which include accounts written off to charity care.

Supplies

Supplies are carried at average cost.

Assets Limited As To Use

Assets limited as to use are primarily cash, equity securities and debt securities. Investments in equity securities with readily determinable fair values, and all investments in debt securities, are recorded at fair value.

Realized gains or losses on the sale of investments are determined by use of average cost. Unrealized gains and losses on investments are excluded from the deficiency of revenues, gains, and other support over expenses, and reported as an increase or decrease in net assets, except that declines in fair value that are judged to be other than temporary are reported within the deficiency of revenues, gains, and other support over expenses. Interest and dividends are reported as unrestricted other revenue or as increases in temporarily restricted net assets, as appropriate.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets and statements of operations. Investments are periodically reviewed for impairment to determine if such declines are other than temporary. At December 31, 2014 and 2013, fair value exceeded historical costs for substantially all investments.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from operating income, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Deferred Financing Costs and Premiums

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

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments at amounts different from its established rates. Payment arrangements include cost reimbursement, 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.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 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.

Donor-Restricted Gifts

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

Deficiency of Revenues, Gains, and Other Support Over Expenses

The consolidated statement of operations includes deficiency of revenues, gains, and other support over expenses. Changes in unrestricted net assets which are excluded from this measure include unrealized gains and temporary unrealized losses on investments, permanent transfers of assets, and unfunded pension liability adjustments.

Reclassifications

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

Subsequent Events

The Hospital has considered transactions or events occurring through March 18, 2015, which was the date the financial statements were available to be issued.

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 was granted Critical Access Hospital (CAH) status, effective August 1, 2005. Under CAH designation, the Hospital is reimbursed 101% of its allowable cost for inpatient and outpatient services rendered to Medicare patients.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

The Hospital's Medicare cost reports have been audited by the fiscal intermediary through December 31, 2009, and final settlements completed through December 31, 2009.

- MaineCare - As a CAH, services rendered to MaineCare recipients are reimbursed at 109% of allowable cost.

The Hospital's MaineCare cost reports have been audited through December 31, 2008, and final settlements completed through July 31, 2005.

- Sunrise Nursing Care - Under the MaineCare program, Sunrise is reimbursed for the care of qualified residents at specified interim contractual rates during the year. Differences between these interim contractual rates and the "cost" of this care, as defined and limited by the Principles of Reimbursement governing the respective programs, are determined and settled on a retroactive basis. Sunrise's cost reports have been audited through December 31, 2012.

Revenue from the Medicare and MaineCare programs accounted for approximately 43% and 20%, respectively, of the Hospital's gross patient service revenue for the year ended December 31, 2014 and 43% and 22%, respectively, for the year ended December 31, 2013. Approximately 83% of Sunrise's residents served during 2014, and approximately 82% served during 2013, were beneficiaries of the MaineCare or federal Medicare programs. Laws and regulations governing the Medicare and MaineCare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Patient service revenue (net of contractual allowances and discounts) for the years ended December 31 is as follows:

	<u>2014</u>	<u>2013</u>
Medicare and MaineCare revenue	\$ 21,002,129	\$ 20,983,108
Commercial insurance revenue	12,865,568	11,447,052
Self-pay revenue (net of charity care)	2,099,632	1,650,200
Sunrise revenue	<u>1,936,464</u>	<u>1,869,751</u>
	<u>\$ 37,903,793</u>	<u>\$ 35,950,111</u>

Net patient service revenue decreased approximately \$100,751 and \$72,539 in 2014 and 2013, respectively, due to adjustments to previously estimated settlements as a result of final settlements and years that are no longer subject to audits, reviews, and investigations.

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

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

The Hospital's patient service revenue, contractual, and other allowances consisted of the following for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Gross patient service revenue		
Inpatient	\$ 12,410,035	\$ 12,538,771
Outpatient	52,702,783	47,417,857
Sunrise Nursing Care	<u>2,532,150</u>	<u>2,560,439</u>
	67,644,968	62,517,067
Less Medicare/Medicaid allowances	20,445,967	18,367,082
Less other allowances	7,518,897	6,312,064
Less charity care	<u>1,776,311</u>	<u>1,887,810</u>
	29,741,175	<u>26,566,956</u>
Patient service revenue (net of contractual allowances and discounts)	37,903,793	35,950,111
Less provision for bad debts	<u>2,839,474</u>	<u>2,003,573</u>
Net patient service revenue	\$ <u>35,064,319</u>	\$ <u>33,946,538</u>

3. Charity Care

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 December 31:

	<u>2013</u>	<u>2012</u>
Charges forgone, based on established rates	\$ <u>1,776,311</u>	\$ <u>1,887,810</u>
Estimated costs and expenses incurred to provide charity care	\$ <u>954,000</u>	\$ <u>1,076,000</u>
Equivalent percentage of charity care charges to all Hospital patient charges	3.29%	3.15%

Costs of providing charity care services have been estimated based on an overall ratio of costs to charges for cost report preparation purposes.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

4. Assets Limited As to Use

Assets limited as to use are cash and investments stated at fair value and restricted for the following purposes:

	<u>2014</u>	<u>2013</u>
Under Board designation for capital improvements and operating purposes	\$ 2,284,630	\$ 2,029,449
Funds held for residents and others	29,331	25,157
Under debt agreements - held by trustee	389,032	389,063
Temporarily restricted	55,731	39,485
Permanently restricted	<u>1,393,596</u>	<u>1,343,235</u>
	4,152,320	3,826,389
Less current portion	<u>418,363</u>	<u>414,220</u>
	<u>\$ 3,733,957</u>	<u>\$ 3,412,169</u>

Investment income for 2014 and 2013 is comprised of the following:

	<u>2014</u>	<u>2013</u>
Interest and dividend income	\$ 207,056	\$ 127,204
Realized (loss) gain on investments	<u>(20,210)</u>	<u>473,624</u>
	<u>\$ 186,846</u>	<u>\$ 600,828</u>

5. Temporarily and Permanently Restricted Net Assets

The Hospital's permanently restricted net assets consist of endowment funds and investments held in perpetuity, the income on which is unrestricted. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Earnings in excess of 7% are retained as temporarily restricted until released by direction of the Board.

Temporarily restricted net assets are held in the form of cash and are available for capital and medical library expenditures.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

6. Property and Equipment

The details of property and equipment at December 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 1,164,100	\$ 1,092,714
Building	17,676,825	17,494,762
Equipment	11,508,966	11,643,041
Construction in progress	<u>389,815</u>	<u>16,818</u>
	30,739,706	30,247,335
Less accumulated depreciation	<u>19,240,441</u>	<u>18,403,277</u>
Property and equipment, net	<u>\$11,499,265</u>	<u>\$11,844,058</u>

7. Long-Term Debt

Long-term debt consists of:

	<u>2014</u>	<u>2013</u>
Maine Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds, Series 2010B, interest rates varying from 3.00% to 5.00%, principal due in amounts ranging from \$530,000 in 2015 to \$650,000 in 2020.	\$ 2,844,169	\$ 3,354,169
Plus original issue premium, net of accumulated amortization of \$170,449 and \$131,856 at December 31, 2014 and 2013, respectively.	215,472	254,065
Machias Savings Bank loan, interest rate 4.125%, payable in monthly installments of \$6,312, through July 2017; collateralized by equipment.	185,167	-
MHHEFA Revenue Bonds, Series 2007B, interest rates varying from 4.0% to 4.25%, principal due in amounts ranging from \$70,000 in 2015 to \$80,000 in 2022.	542,005	607,005
Plus original issue premium, net accumulated amortization of \$2,503 and \$2,154 at December 31, 2014 and 2013, respectively.	2,738	3,087
Bangor Savings Bank loan at 5.75%, payable in monthly installments of \$16,734 including interest, balance was paid in full in 2014.	-	65,167
	3,789,551	4,283,493
Less current portion	<u>(669,323)</u>	<u>(640,167)</u>
Long-term debt, excluding current installments	<u>\$ 3,120,228</u>	<u>\$ 3,643,326</u>

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

The Series 2007B and 2010B 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. The revenue bond indentures also place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain restrictive covenants as long as the bonds are outstanding.

Under its note agreements with MHHEFA, the Hospital must meet certain restrictive loan covenants for 2014 and 2013, the Hospital was not 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. Noncompliance with this covenant does not constitute an event of default, but requires the Hospital to retain a consultant to make recommendations to increase such ratio for subsequent fiscal years. Management has retained a consultant in accordance with the covenant.

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. Included in assets limited as to use is \$389,032 and \$389,063 at December 31, 2014 and 2013, respectively, which will be used to make future principal and interest payments.

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

2015	\$ 669,323
2016	697,000
2017	694,000
2018	680,000
2019	700,000
Thereafter	<u>349,228</u>
	<u>\$ 3,789,551</u>

8. Contingencies

Malpractice Insurance

The Hospital insures its medical malpractice risks on a claims-made basis under a policy which covers all employees. A claims-made policy provides specified coverage for claims reported during the policy term. The policy contains a provision which allows the Hospital to purchase "tail" coverage for an indefinite period of time to avoid any lapse in insurance coverage. The Hospital intends to renew coverage on a claims-made basis and anticipates that such coverage will be available.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of doing business. GAAP 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. There were no amounts accrued under this provision in 2014. During 2013, amounts accrued under this provision are included in other receivables and accrued expenses in the balance sheet and were \$917,000.

Litigation

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

9. Employee Benefit Plans

Defined Benefit Pension Plan

Obligations and Funded Status

The Hospital sponsors a non-contributory defined benefit pension plan. The benefits are based on years of service and the employees' compensation during employment. The Hospital's funding policy is to contribute the amount recommended by the Hospital's actuary to fulfill requirements of the Employee Retirement Income Security Act of 1974.

On July 24, 2006, the Board of Trustees voted to curtail benefits under the plan effective September 30, 2006. All benefits for active employees became fully vested at that time. The projected benefit obligation at December 31, 2006 has been adjusted to reflect a curtailment gain of \$635,985, which is primarily due to the elimination of deferred losses. There are no immediate plans to settle the benefit obligation.

Financial Accounting Standards Board Accounting Standards Codification Topic 715, *Compensation - Retirement Benefits*, requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multi-employer plan) as an asset or liability in its balance sheet and to recognize changes in the funded status in the year in which the changes occur. The funded status of a plan should be measured as of the date of the Hospital's year-end balance sheet, with limited exceptions.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

The following table sets forth the funded status of the defined benefit plan and amounts recognized in the Hospital's financial statements:

	<u>2014</u>	<u>2013</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 7,501,308	\$ 8,410,400
Interest cost	353,784	321,577
Actuarial loss (gain)	1,894,221	(960,528)
Benefits paid	<u>(289,916)</u>	<u>(270,141)</u>
Benefit obligation at end of year	\$ <u>9,459,397</u>	\$ <u>7,501,308</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 6,217,113	\$ 5,578,316
Actual return on plan assets	285,836	828,438
Employer contributions	57,500	80,500
Benefits paid	<u>(289,916)</u>	<u>(270,141)</u>
Fair value of plan assets at end of year	\$ <u>6,270,533</u>	\$ <u>6,217,113</u>
Funded status		
Benefit obligation	\$ (9,459,397)	\$ (7,501,308)
Fair value of plan assets	<u>6,270,533</u>	<u>6,217,113</u>
	\$ <u>(3,188,864)</u>	\$ <u>(1,284,195)</u>
Components of net periodic benefit cost		
Interest cost	\$ 353,784	\$ 321,577
Expected return on plan assets	(453,079)	(419,199)
Amortization of net loss	<u>123,050</u>	<u>203,458</u>
Net periodic benefit cost	\$ <u>23,755</u>	\$ <u>105,836</u>

Included in unrestricted net assets at December 31, 2014 and 2013, are unrecognized actuarial losses of \$4,368,786 and \$2,430,372, respectively, which have not been recognized in net periodic pension cost. The portion of those expected to be recognized in net periodic pension cost in 2015 is \$251,000.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

Assumptions

The weighted average assumptions used in the measurement of the Hospital's benefit obligation at December 31 are shown in the following table:

	<u>2014</u>	<u>2013</u>
Discount rate	3.88 %	4.81 %

The weighted average assumptions used in the measurement of the Hospital's benefit net periodic benefit cost for the years ended December 31, 2014 and 2013 are shown in the following table:

	<u>2014</u>	<u>2013</u>
Discount rate	4.81 %	3.90 %
Expected long-term return on plan assets	7.50 %	7.50 %

The Hospital adopted the RP-2014 mortality table for the year ended December 31, 2014. Of the \$1,894,221 actuarial loss incurred in 2014, \$1,009,000 is attributed to the change in the discount rate and the balance is attributed to the new mortality table and other actuarial experience.

The Hospital considers various factors in estimating the expected long-term rate of return on plan assets. Among the factors considered are the historical long-term returns on plan assets, the current and expected allocation of plan assets, input from actuaries and investment consultants, and long-term inflation assumptions. The expected allocation of plan assets is based on a diversified portfolio consisting of various mutual funds and investments with insurance companies.

Plan Assets

The Hospital's investment policy for its pension plan is to balance risk and return using a diversified portfolio consisting primarily of high quality equity and fixed income securities. To accomplish this goal, the plan's assets are actively managed by outside investment managers with the objective of optimizing long-term return while maintaining a high standard of portfolio quality and proper diversification. The Hospital monitors the maturities of fixed income securities so that there is sufficient liquidity to meet current payment obligations. The Hospital's Finance Committee provides oversight of the plan investments and the performance of the investment managers. The Hospital's pension plan asset allocation at December 31 is as follows:

<u>Asset Category</u>	<u>2014</u>	<u>2013</u>	<u>Target Range</u>
Equity securities	60 %	62 %	55 - 65%
Cash and fixed income securities	<u>40</u>	<u>38</u>	31 - 50%
Total	<u>100 %</u>	<u>100 %</u>	

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

Investment values are based on quoted prices for identical assets. Fixed income securities include an investment contract with an insurance company that pays a guaranteed rate of return. The contract is carried at fair value, which was \$1,474,037 and \$1,432,903 at December 31, 2014 and 2013, respectively. All other plan investments are in mutual funds.

Cash Flows

Contributions

The Hospital expects to contribute \$53,352 to its pension plan in 2015.

Estimated Future Benefit Payments

The following benefit payments are expected to be paid:

2015	\$ 337,000
2016	362,000
2017	366,000
2018	402,000
2019	443,000
Years 2020 - 2024	2,532,000

401(k) Plan

In October 2006, the Hospital established a 401(k) Plan (the "Plan") which is available to all employees. Employees may participate in the Plan if they are 21 years of age, are full-time or part-time employees with 1,000 or more service hours, and have completed one continuous year of service. Employees have full and immediate rights to all funds set aside for them under the Plan. The Hospital will match 50% of the first 2% of employee contributions. Eligible employees will receive a core contribution ranging from 3% to 5% of salary, depending on years of service. A separate Plan was established for Sunrise which also matches 50% of the first 2% of employee deferrals and provides for a 2% base contribution. Employer contribution expense for the Plans was approximately \$537,800 and \$539,200 in 2014 and 2013, respectively.

10. 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 \$110,000 per individual with an aggregate deductible based on the number of covered lives. The aggregate cost of the Plan was \$2,085,322 and \$1,852,067 in 2014 and 2013, respectively.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

11. Concentrations

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	27.5 %	31.9 %
MaineCare	13.7	12.6
Blue Cross	5.1	5.9
Commercial	22.3	18.4
Patients and other	<u>31.4</u>	<u>31.2</u>
	<u>100.0 %</u>	<u>100.0 %</u>

Labor Force

The Hospital's unionized labor workforce are members of the Maine State Nurses Association Local Unit #124 and Local Unit #210. The union contract has been negotiated through April 25, 2015.

12. Electronic Health Records Incentive Program

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 meaningful use attestation is subject to audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation, and could result in return of a portion or all of the incentive payments received by the Hospital.

The Medicaid program will provide incentive payments to hospitals and eligible professionals as they adopt, implement, upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to five remaining participation years. There will be no payment adjustments under the Medicaid EHR incentive program.

During 2014 and 2013, the Hospital recorded meaningful use revenues of \$82,329 and \$462,460, respectively, from the Medicare EHR program. During 2013, the Hospital recorded meaningful use revenues of \$99,045 from the Medicaid EHR program.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

13. Functional Expenses

The Hospital provides general health care services to residents within its geographic location and of its nursing facility. Expenses related to providing these services in 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Health care services	\$ 33,214,838	\$ 32,688,554
General and administrative	<u>4,506,454</u>	<u>4,272,448</u>
	<u>\$ 37,721,292</u>	<u>\$ 36,961,002</u>

14. Fair Value Measurement

GAAP 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. GAAP also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

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

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

The fair value of Corporate bonds is primarily based on quoted market prices of underlying assets, comparable securities, interest rates and credit risks. Those techniques are significantly affected by the assumptions used, including discount rate and estimates of future cash flows.

Contract value is considered equivalent to fair value for the group annuity contract held by the defined benefit plan, because the crediting interest rate approximates current market rates.

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

Assets measured at fair value on a recurring basis are summarized below:

<u>Fair Value Measurements at December 31, 2014, Using</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>
Assets:				
Assets limited as to use				
Cash and cash equivalents	\$ 544,033	\$ 544,033	\$ -	\$ -
Marketable equity securities	2,568,080	2,568,080	-	-
Corporate bonds	704,666	-	704,666	-
Mutual funds	<u>335,541</u>	<u>335,541</u>	-	-
Total	<u>\$ 4,152,320</u>	<u>\$ 3,447,654</u>	<u>\$ 704,666</u>	<u>\$ -</u>
Investments - held by defined benefit pension plan (Note 9)				
Fixed income contract	\$ 1,474,037	\$ -	\$ 1,474,037	\$ -
Mutual funds	<u>4,796,496</u>	<u>4,796,496</u>	-	-
Total	<u>\$ 6,270,533</u>	<u>\$ 4,796,496</u>	<u>\$ 1,474,037</u>	<u>\$ -</u>
<u>Fair Value Measurements at December 31, 2013, Using</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>
Assets:				
Certificate of deposit	\$ 6,691	\$ 6,691	\$ -	\$ -
Assets limited as to use				
Cash and cash equivalents	704,842	704,842	-	-
Marketable equity securities	2,122,660	2,122,660	-	-
Corporate bonds	628,997	-	628,997	-
Mutual funds	<u>369,890</u>	<u>369,890</u>	-	-
Total	<u>\$ 3,833,080</u>	<u>\$ 3,204,083</u>	<u>\$ 628,997</u>	<u>\$ -</u>
Investments - held by defined benefit pension plan (Note 9)				
Fixed income contract	\$ 1,432,903	\$ -	\$ 1,432,903	\$ -
Mutual funds	<u>4,784,210</u>	<u>4,784,210</u>	-	-
Total	<u>\$ 6,217,113</u>	<u>\$ 4,784,210</u>	<u>\$ 1,432,903</u>	<u>\$ -</u>

ADDITIONAL INFORMATION

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Consolidating Balance Sheet

December 31, 2014

ASSETS

	Down East Community Hospital	Sunrise Nursing Care	Eliminations	Consolidated
Current assets				
Cash and cash equivalents	\$ 2,032,597	\$ 235,575	\$ -	\$ 2,268,172
Patient accounts receivable, net of estimated uncollectibles	3,371,538	149,465	-	3,521,003
Assets limited as to use, current portion	410,366	7,997	-	418,363
Other receivables	19,602	-	(13,919)	5,683
Supplies	468,621	-	-	468,621
Prepaid expenses and other assets	<u>325,270</u>	<u>38,394</u>	<u>-</u>	<u>363,664</u>
Total current assets	6,627,994	431,431	(13,919)	7,045,506
Assets limited as to use, excluding current portion	3,733,957	-	-	3,733,957
Long-term receivables, net	34,991	-	(34,991)	-
Property and equipment, net	11,188,153	311,112	-	11,499,265
Deferred financing costs, less accumulated amortization	<u>55,748</u>	<u>-</u>	<u>-</u>	<u>55,748</u>
Total assets	<u>\$ 21,640,843</u>	<u>\$ 742,543</u>	<u>\$ (48,910)</u>	<u>\$ 22,334,476</u>

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Consolidating Balance Sheet (Concluded)

December 31, 2014

LIABILITIES AND NET ASSETS

	Down East Community Hospital	Sunrise Nursing Care	Eliminations	Consolidated
Current liabilities				
Current portion of long-term debt	\$ 669,323	\$ -	\$ -	\$ 669,323
Accounts payable and accrued expenses	1,359,732	60,855	(13,919)	1,406,668
Accrued payroll and amounts withheld	762,948	99,551	-	862,499
Estimated third-party payor settlements	<u>4,472,044</u>	<u>(9,029)</u>	<u>-</u>	<u>4,463,015</u>
Total current liabilities	7,264,047	151,377	(13,919)	7,401,505
Advances from affiliate	-	34,991	(34,991)	-
Unfunded pension liability	3,188,864	-	-	3,188,864
Long-term debt, excluding current portion	<u>3,120,228</u>	<u>-</u>	<u>-</u>	<u>3,120,228</u>
Total liabilities	<u>13,573,139</u>	<u>186,368</u>	<u>(48,910)</u>	<u>13,710,597</u>
Net assets				
Unrestricted	6,618,377	556,175	-	7,174,552
Temporarily restricted	55,731	-	-	55,731
Permanently restricted	<u>1,393,596</u>	<u>-</u>	<u>-</u>	<u>1,393,596</u>
Total net assets	<u>8,067,704</u>	<u>556,175</u>	<u>-</u>	<u>8,623,879</u>
Total liabilities and net assets	<u>\$ 21,640,843</u>	<u>\$ 742,543</u>	<u>\$ (48,910)</u>	<u>\$ 22,334,476</u>

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Consolidating Balance Sheet

December 31, 2013

ASSETS

	Down East Community Hospital	Sunrise Nursing Care	Eliminations	Consolidated
Current assets				
Cash and cash equivalents	\$ 4,019,659	\$ 279,969	\$ -	\$ 4,299,628
Certificate of deposit	6,691	-	-	6,691
Patient accounts receivable, net of estimated uncollectibles	3,124,911	147,027	-	3,271,938
Assets limited as to use, current portion	409,986	4,234	-	414,220
Other receivables	1,010,381	-	(16,090)	994,291
Supplies	433,019	-	-	433,019
Prepaid expenses and other assets	<u>318,380</u>	<u>19,169</u>	<u>-</u>	<u>337,549</u>
Total current assets	9,323,027	450,399	(16,090)	9,757,336
Assets limited as to use, excluding current portion	3,412,169	-	-	3,412,169
Long-term receivables, net	69,983	-	(69,983)	-
Property and equipment, net	11,548,213	295,845	-	11,844,058
Deferred financing costs, less accumulated amortization	<u>64,167</u>	<u>-</u>	<u>-</u>	<u>64,167</u>
Total assets	<u>\$ 24,417,559</u>	<u>\$ 746,244</u>	<u>\$ (86,073)</u>	<u>\$ 25,077,730</u>

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Consolidating Balance Sheet (Concluded)

December 31, 2013

LIABILITIES AND NET ASSETS

	Down East Community Hospital	Sunrise Nursing Care	Eliminations	Consolidated
Current liabilities				
Current portion of long-term debt	\$ 640,167	\$ -	\$ -	\$ 640,167
Accounts payable and accrued expenses	2,121,252	47,668	(16,090)	2,152,830
Accrued payroll and amounts withheld	1,391,252	91,409	-	1,482,661
Estimated third-party payor settlements	<u>3,961,446</u>	<u>(28,300)</u>	<u>-</u>	<u>3,933,146</u>
Total current liabilities	8,114,117	110,777	(16,090)	8,208,804
Advances from affiliate	-	69,983	(69,983)	-
Unfunded pension liability	1,284,195	-	-	1,284,195
Long-term debt, excluding current portion	<u>3,643,326</u>	<u>-</u>	<u>-</u>	<u>3,643,326</u>
Total liabilities	<u>13,041,638</u>	<u>180,760</u>	<u>(86,073)</u>	<u>13,136,325</u>
Net assets				
Unrestricted	9,993,201	565,484	-	10,558,685
Temporarily restricted	39,485	-	-	39,485
Permanently restricted	<u>1,343,235</u>	<u>-</u>	<u>-</u>	<u>1,343,235</u>
Total net assets	<u>11,375,921</u>	<u>565,484</u>	<u>-</u>	<u>11,941,405</u>
Total liabilities and net assets	<u>\$ 24,417,559</u>	<u>\$ 746,244</u>	<u>\$ (86,073)</u>	<u>\$ 25,077,730</u>

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Consolidating Statement of Operations

Year Ended December 31, 2014

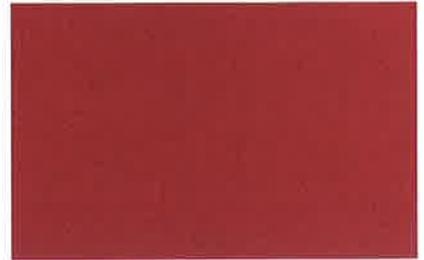
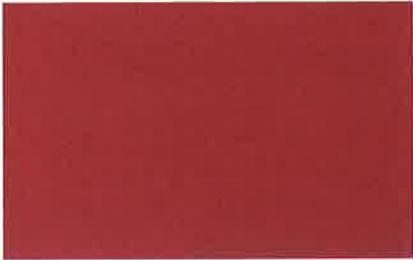
	Down East Community Hospital	Sunrise Nursing Care	Eliminations	Consolidated
Unrestricted revenues, gains, and other support				
Patient service revenue (net of contractual allowances and discounts)	\$ 35,967,329	\$ 1,936,464	\$ -	\$ 37,903,793
Less provision for bad debts	<u>2,822,935</u>	<u>16,539</u>	<u>-</u>	<u>2,839,474</u>
Net patient service revenue	33,144,394	1,919,925	-	35,064,319
Investment income	186,846	-	-	186,846
Other revenue	303,292	503,422	-	806,714
Electronic health record incentives	82,329	-	-	82,329
Net assets released from restrictions for operations	<u>1,857</u>	<u>-</u>	<u>-</u>	<u>1,857</u>
Total revenues, gains, and other support	<u>33,718,718</u>	<u>2,423,347</u>	<u>-</u>	<u>36,142,065</u>
Expenses				
Salaries	16,970,634	1,485,928	-	18,456,562
Employee benefits	3,777,836	195,093	-	3,972,929
Purchased services	1,943,031	149,260	-	2,092,291
Temporary personnel	1,035,175	-	-	1,035,175
Professional fees	2,127,634	-	-	2,127,634
Supplies	3,347,829	205,912	-	3,553,741
Other	4,388,321	304,179	-	4,692,500
Depreciation and amortization	1,577,502	55,332	-	1,632,834
Interest	<u>157,626</u>	<u>-</u>	<u>-</u>	<u>157,626</u>
Total expenses	<u>35,325,588</u>	<u>2,395,704</u>	<u>-</u>	<u>37,721,292</u>
(Deficiency) excess of revenues, gains, and other support over expenses	(1,606,870)	27,643	-	(1,579,227)
Change in net unrealized gains and losses on investments	133,508	-	-	133,508
Unfunded pension liability adjustment for actuarial losses	(1,938,414)	-	-	(1,938,414)
Transfers (to) from affiliate	<u>36,952</u>	<u>(36,952)</u>	<u>-</u>	<u>-</u>
Decrease in unrestricted net assets	<u>\$ (3,374,824)</u>	<u>\$ (9,309)</u>	<u>\$ -</u>	<u>\$ (3,384,133)</u>

DOWN EAST COMMUNITY HOSPITAL AND SUBSIDIARY

Consolidating Statement of Operations

Year Ended December 31, 2013

	Down East Community Hospital	Sunrise Nursing Care	Eliminations	Consolidated
Unrestricted revenues, gains, and other support				
Patient service revenue (net of contractual allowances and discounts)	\$ 34,080,360	\$ 1,869,751	\$ -	\$ 35,950,111
Less provision for bad debts	<u>1,998,937</u>	<u>4,636</u>	<u>-</u>	<u>2,003,573</u>
Net patient service revenue	32,081,423	1,865,115	-	33,946,538
Investment income	600,828	-	-	600,828
Other revenue	339,133	511,034	-	850,167
Electronic health record incentives	561,505	-	-	561,505
Net assets released from restrictions for operations	<u>10,485</u>	<u>-</u>	<u>-</u>	<u>10,485</u>
Total revenues, gains, and other support	<u>33,593,374</u>	<u>2,376,149</u>	<u>-</u>	<u>35,969,523</u>
Expenses				
Salaries	15,993,633	1,421,026	-	17,414,659
Employee benefits	3,563,778	278,305	-	3,842,083
Purchased services	2,106,975	179,635	-	2,286,610
Temporary personnel	1,079,613	-	-	1,079,613
Professional fees	2,720,829	-	-	2,720,829
Supplies	3,080,093	235,872	-	3,315,965
Other	4,238,191	306,768	-	4,544,959
Depreciation and amortization	1,514,904	59,122	-	1,574,026
Interest	<u>182,258</u>	<u>-</u>	<u>-</u>	<u>182,258</u>
Total expenses	<u>34,480,274</u>	<u>2,480,728</u>	<u>-</u>	<u>36,961,002</u>
Deficiency of revenues, gains, and other support over expenses	(886,900)	(104,579)	-	(991,479)
Change in net unrealized gains and losses on investments	(80,674)	-	-	(80,674)
Unfunded pension liability adjustment for actuarial gains	1,573,225	-	-	1,573,225
Transfers (to) from affiliate	<u>(185,305)</u>	<u>185,305</u>	<u>-</u>	<u>-</u>
Increase in unrestricted net assets	<u>\$ 420,346</u>	<u>\$ 80,726</u>	<u>\$ -</u>	<u>\$ 501,072</u>



Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

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

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

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

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

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

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

Part I only

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

Enter filer's identifying number

Type or print	Name of exempt organization or other filer, see instructions. Down East Community Hospital	Employer identification number (EIN) or 01-0263198
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 11 Hospital Drive	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Machias, ME 04654	

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

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

Lynnette Parr

- The books are in the care of ▶ **11 Hospital Drive - Machias, ME 04654**
Telephone No. ▶ **207-255-3356** Fax No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

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

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

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

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

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

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

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

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

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions. Down East Community Hospital	Employer identification number (EIN) or 01-0263198
	Number, street, and room or suite no. If a P.O. box, see instructions. 11 Hospital Drive	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Machias, ME 04654	

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

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

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

Lynnette Parr

• The books are in the care of **11 Hospital Drive - Machias, ME 04654**

Telephone No. **207-255-3356**

Fax No.

• If the organization does not have an office or place of business in the United States, check this box

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until **November 15, 2015.**

5 For calendar year **2014**, or other tax year beginning _____, and ending _____.

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

Change in accounting period

7 State in detail why you need the extension

Information from third parties has not yet been received. Therefore, additional time is necessary to file a complete and accurate return.

8a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$	0.
b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$	0.
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$	0.

Signature and Verification must be completed for Part II only.

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

Signature **Barbara McCuan** Title **CPA**

Date **07/29/15**