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Form 990



Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

Millinocket Regional Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

200 Somerset Street

Room/suite

City or town, state or country, and ZIP + 4

Millinocket, ME 04462

F Name and address of principal officer

Marie Vienneau
200 Somerset Street
Millinocket, ME 04462

H(a) Is this a group return for affiliates?

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ☐ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website:

www.mrhme.org

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1952

M State of legal domicile

ME

Part I

Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities Critical Access Hospital			
Revenue	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3 Number of voting members of the governing body (Part VI, line 1a)	3	16	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	9	
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	282	
	6 Total number of volunteers (estimate if necessary)	6	1	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Expenses			Prior Year	Current Year
	8 Contributions and grants (Part VIII, line 1h)		59,243	146,101
	9 Program service revenue (Part VIII, line 2g)		26,780,666	27,163,666
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		202,841	270,536
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		3,548	-9,637
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)		27,046,298	27,570,666
Net Assets or Fund Balances	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)		36,900	39,800
	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)		16,617,176	17,103,221
	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)		9,696,489	10,601,799
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		26,350,565	27,744,820
	19 Revenue less expenses Subtract line 18 from line 12		695,733	-174,154
			Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)		21,802,981	23,423,125
	21 Total liabilities (Part X, line 26)		7,215,364	8,949,790
	22 Net assets or fund balances Subtract line 21 from line 20		14,587,617	14,473,335

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

2013-02-26

Date

Christine McLaughlin Chief Financial Officer

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

Barbara J McGuan CPA

Date

2013-02-26

Check if self-employed

☐

Preparer's taxpayer identification number (see instructions)

P00219457

Firm's name (or yours if self-employed), address, and ZIP + 4

Berry Dunn McNeil & Parker LLC
PO Box 1100
Portland, ME 041041100

EIN

01-0523282

Phone no

(207) 775-2387

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Check if Schedule O contains a response to any question in this Part III ☒

Millinocket Regional Hospital is a 25 bed critical access hospital that serves as the primary care facility for the communities of Millinocket, Milo, Sherman, Staceyville, Patten, Island Falls and their surrounding territories

If "Yes," describe these new services on Schedule O

If "Yes," describe these changes on Schedule O

4a (Code) (Expenses \$ 25,743,425 including grants of \$ 39,800) (Revenue \$ 27,163,666)

Millinocket Regional Hospital is a critical access hospital in Millinocket, ME. The hospital provided a wide range of medical services to its patients, 1,023 inpatients served, 1,367 operating room patients served, 22,847 laboratory patients served, 12,124 radiology patients served, 7,239 pharmacy patients served, 11,700 therapy patients served, 7,018 emergency room patients served, 16,829 clinic patients served. The following seminars, promotions, advertisements, and clinics were provided to the community throughout fiscal 2012: 1. MRH held multiple flu shot and H1N1 flu shot clinics in October of 2012. 2. MRH sponsored a Jr. Pro Hoop Classic in January of 2012. 3. MRH provided a public awareness program about mammograms on KAT TV in September of 2011. 4. MRH provided mammograms at a reduced rate during the Breast Cancer Awareness week in October 2011. 5. MRH paid a sponsorship to Millinocket Little League in May of 2012 which paid for a team, the Yankees, and also a scoreboard sign. 6. MRH sponsored a Cardiac Support Group the first Wednesday of each month. 7. MRH sponsors a Diabetes Support Group, the first Tuesday of every month. 8. MRH sponsored the Northern Timber Cruiser's Truck Pull in July of 2011. 9. MRH sponsored the Stearns-Schenck Musical in October of 2011. 10. MRH sponsored Millinocket School System Art Program and displayed the student's pumpkins in October of 2011. 11. MRH sponsored the Millinocket Community Christmas Party. 12. MRH sponsored East Millinocket's 2011 Summer Fest. 13. MRH sponsored a chem-free party for Schenck's HS Winter Carnival in March of 2012. 14. MRH sponsored a chem-free post prom party at Stearns HS in April 2012. 15. MRH purchased ad space to raise money for multiple causes including Schenck and Stearns' High School yearbook, Millinocket Historical Society 2012 calendars, VFW Convention Ad Book, and also ads for special sections of the Bangor Daily News that covered area football and basketball teams. 16. MRH operates a grant-funded Healthy Maine Partnership organization which provides education services to the community on alcohol misuse, tobacco cessation, proper nutrition and physical activity. The staff works with businesses, clubs and the schools to extend the message of healthy living and good wellness choices. The organization uses local media to reach the large region. 17. MRH provides meeting space for non-profits at no cost, for example to the American Cancer Society, Eastern Area on Aging, Martin's Point, Diabetic Support Group, Caring Connections, AA, and Weight Watchers. 18. MRH participates in disaster preparedness regional committee with several other agencies including doctors' groups, other hospitals, local police and fire departments, schools and other organizations. The goal is to prepare for pandemic flu, natural disasters or other incidents that could affect our communities and work together to share resources to protect the community.

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

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

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

4e	Total program service expenses	\$ 25,743,425
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Part IV Checklist of Required Schedules

		Yes	No	
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Part II and IV	15		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Part III and IV	16		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	20b	Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 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>	23	Yes	
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 questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
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>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
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>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
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 owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
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>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
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>	32		No
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>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	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>	35b		No
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>	36		No
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>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V ☐						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	85			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	282			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a				No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b				
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a				No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a				No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b				
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10	Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11	Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a				
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13	Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a				
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the aggregate amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b				

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response to any question 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	1a	16	
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Did the organization have members or stockholders?	6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

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

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 Form 1023 (or 1024 if applicable), 990, and 990-T (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	
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. See Additional Data Table.	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	Christine McLaughlin 200 Somerset Street Millinocket, ME 04462 (207) 723-5161

Part VII

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

Check if Schedule O contains a response to any question 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, and **current** key employees 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, or 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 organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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) Ronald Brown Past President	5 00	X						0	0	0
(2) Thomas Malcolm President	5 00	X		X				0	0	0
(3) Mellissa Edwards Vice President	5 00	X		X				0	0	0
(4) Don Casko Secretary/Treasurer	5 00	X		X				0	0	0
(5) Kwaku Owusu MD Med Staff President	60 00	X		X				166,374	0	21,829
(6) Herbert Clark Director	5 00	X						0	0	0
(7) Barry Davis Director	5 00	X						0	0	0
(8) Jack Dinsmore Director	5 00	X						0	0	0
(9) Gail Fanjoy Director	5 00	X						0	0	0
(10) Joyce Given Hospital Aux President	5 00	X						0	0	0
(11) Patrick Hunt Esq Director	5 00	X						0	0	0
(12) Lee Lamson Director	5 00	X						0	0	0
(13) Fred Lewis Director	5 00	X						0	0	0
(14) Wallace Tapley Director	5 00	X						0	0	0
(15) Jason Campbell Med Staff Vice President	60 00	X		X				375,339	0	50,284
(16) Venkataraman Munusamy Med Staff Secretary	60 00	X		X				179,565	0	35,777
(17) Marie Vienneau CEO	40 00			X				203,274	0	38,390

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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) Chrstine McLaughlin CFO	40 00			X				103,700	0	28,202
(19) Daniel Herbert MD Hospitalist	60 00					X		253,749	0	34,171
(20) David Wexler Surgeon	60 00					X		424,596	0	38,674
(21) Mark Kowalski Surgeon	60 00					X		419,361	0	52,765
(22) Edward Dunstan Family Practice M.D	60 00					X		176,569	0	35,116
(23) Joswph Aquilina ER PA	48 00					X		179,103	0	29,862
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								2,481,630	0	365,070

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▶19

		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>		No
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>	Yes	
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>		No

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
Sullivan & Merntt Inc 153 US Route 1 Scarborough, ME 04074	Engineering	1,385,586
NEHE-MRI LLC PO Box 6600 Newport, CA 92658	MRI Radiology	307,638
Katahdin Shared Services Inc 200 Somerset Street Millinocket, ME 04462	Ultrasound Services	299,557
CPSI PO Box 850309 Mobile, AL 36685	Computer Services	237,901
Eastern Maine Medical Center 489 State Street Bangor, ME 04401	Professional Services	236,740
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		

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e	124,346				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	21,755				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f		146,101				
Program Service Revenue			Business Code					
	2a	Ancillary Services	621400	42,112,510	42,112,510			
	b	Routine Services	621400	2,660,815	2,660,815			
	c	Miscellaneous Income	621400	128,789	94,802		33,987	
	d	Provision for Bad Debt	621400	-1,113,522	-1,113,522			
	e	Contractual/Char Adj	621400	-16,624,926	-16,624,926			
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		27,163,666				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		206,991			206,991	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	(i) Real						
		(ii) Personal						
		36,000						
		19,180						
	b	Less rental expenses						
	c	Rental income or (loss)		16,820				
	d	Net rental income or (loss)		16,820			16,820	
	7a	(i) Securities						
		(ii) Other						
		2,615,416						22,000
		2,532,104						41,767
	b	Less cost or other basis and sales expenses						
	c	Gain or (loss)		83,312	-19,767			
	d	Net gain or (loss)		63,545			63,545	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18						
	a							
	b	Less direct expenses						
b								
c	Net income or (loss) from fundraising events . .							
c								
9a	Gross income from gaming activities See Part IV, line 19							
a								
b	Less direct expenses							
b								
c	Net income or (loss) from gaming activities . .							
c								
10a	Gross sales of inventory, less returns and allowances							
a								
b	Less cost of goods sold							
b								
c	Net income or (loss) from sales of inventory . .							
c								
Miscellaneous Revenue		Business Code						
11a	Loss on Investment of		531120	-26,457			-26,457	
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d			-26,457				
12	Total revenue. See Instructions			27,570,666	27,129,679	0	294,886	

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) but are not required to complete columns (B), (C), and (D)

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	39,800	39,800		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,202,734	829,168	373,566	
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	12,657,777	12,102,903	554,874	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	352,248	339,347	12,901	
9	Other employee benefits	2,020,130	1,941,890	78,240	
10	Payroll taxes	870,332	815,525	54,807	
11	Fees for services (non-employees)				
a	Management				
b	Legal	36,689		36,689	
c	Accounting	34,429		34,429	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees	36,008		36,008	
g	Other	3,158,094	2,762,322	395,772	
12	Advertising and promotion	60,266		60,266	
13	Office expenses	447,519	286,659	160,860	
14	Information technology	17,644		17,644	
15	Royalties				
16	Occupancy	700,863	677,502	23,361	
17	Travel	44,198	24,858	19,340	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	243,008	243,008		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	738,368	738,368		
23	Insurance	326,172	326,172		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Medical Supplies	4,107,148	3,980,766	126,382	
b	Medicaid Tax	564,704	564,704		
c	Dues & Subscriptions	57,245	47,294	9,951	
d	Miscellaneous Expenses	29,444	23,139	6,305	
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	27,744,820	25,743,425	2,001,395	0
26	Joint costs. Check here ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			880	1	930
	2	Savings and temporary cash investments			2,901,353	2	2,658,392
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			2,917,038	4	2,609,103
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net			64,139	7	70,941
	8	Inventories for sale or use			454,836	8	404,073
	9	Prepaid expenses and deferred charges			453,756	9	476,887
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	18,405,913			
	b	Less: accumulated depreciation	10b	11,692,968	5,245,319	10c	6,712,945
	11	Investments—publicly traded securities			8,049,837	11	8,681,763
	12	Investments—other securities. See Part IV, line 11			1,684,497	12	1,600,469
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets			31,326	14	28,820
	15	Other assets. See Part IV, line 11			0	15	178,802
	16	Total assets. Add lines 1 through 15 (must equal line 34)			21,802,981	16	23,423,125
Liabilities	17	Accounts payable and accrued expenses			3,122,937	17	2,860,539
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			1,545,434	20	1,443,780
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	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			1,617,348	23	4,645,471
	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			929,645	25	0
	26	Total liabilities. Add lines 17 through 25			7,215,364	26	8,949,790
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ☒ and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			14,484,815	27	14,365,302
	28	Temporarily restricted net assets			97,802	28	103,033
	29	Permanently restricted net assets			5,000	29	5,000
	Organizations that do not follow SFAS 117, check here ☐ and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			14,587,617	33	14,473,335
	34	Total liabilities and net assets/fund balances			21,802,981	34	23,423,125

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	27,570,666
2	Total expenses (must equal Part IX, column (A), line 25)	2	27,744,820
3	Revenue less expenses Subtract line 2 from line 1	3	-174,154
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	14,587,617
5	Other changes in net assets or fund balances (explain in Schedule O)	5	59,872
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	14,473,335

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separated basis		
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?		No
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		

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization Millinocket Regional Hospital	Employer identification number 01-0223482
---	--

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

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

- 1

☐

A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in IRC 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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage						
14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))		14				
15 Public Support Percentage for 2010 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						
b 33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						
17a 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization						
b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization						
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions						

Part IIIPart III

Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15		
16 Public support percentage from 2010 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17		
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2011. 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—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization			
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions			

Part IV

Supplemental Information. Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization Millinocket Regional Hospital	Employer identification number 01-0223482
---	--

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

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable 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)).

		(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?			No
	b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			No
	c	Media advertisements?			No
	d	Mailings to members, legislators, or the public?			No
	e	Publications, or published or broadcast statements?			No
	f	Grants to other organizations for lobbying purposes?			No
	g	Direct contact with legislators, their staffs, government officials, or a legislative body?			No
	h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			No
	i	Other activities? If "Yes," describe in Part IV	Yes		
	j	Total lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	7,760	
b	If "Yes," enter the amount of any tax incurred under section 4912			7,760	
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 carryover 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) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible 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

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1.
Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Explanation of Lobbying Activities	Part II-B, Line 1	The Organization pays dues to various organizations, a portion of which are attributable to lobbying expenses

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Millinocket Regional Hospital

Employer identification number
01-0223482

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

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

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

1

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

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

2

Complete lines 2a–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 Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9

In Part XIV, 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, 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 XIV, the text of the footnote to its financial statements that describes these items

b

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

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

► \$ _____

(ii) Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2011

Part III

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

3

Using the organization's 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 XIV

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

1b

If "Yes," explain the arrangement in Part XIV and complete the following table

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

2b

If "Yes," explain the arrangement in Part XIV

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				
1b	Contributions				
1c	Investment earnings or losses				
1d	Grants or scholarships				
1e	Other expenditures for facilities and programs				
1f	Administrative expenses				
1g	End of year balance				

2

Provide the estimated percentage of the year end balance held as

2a

Board designated or quasi-endowment ▶

2b

Permanent endowment ▶

2c

Term endowment ▶

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

3a(i)

Yes

No

3a(ii)

Yes

No

3b

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

☐ Yes

☐ No

4

Describe in Part XIV the intended uses of the organization's endowment funds

Part VI

Land, Buildings, and Equipment. 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		49,951		49,951
1b Buildings		9,055,719	5,320,786	3,734,933
1c Leasehold improvements				
1d Equipment		7,896,428	5,894,010	2,002,418
1e Other		1,403,815	478,172	925,643
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				6,712,945

Part XI

Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

Complete this part to 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, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Millinocket Regional Hospital

Employer identification number
01-0223482

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☒ 150% ☐ 200% ☐ Other _____% b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other _____% c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care	3a	Yes	
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			1,366,779		1,366,779	4 930 %
b Medicaid (from Worksheet 3, column a)			755,798	180,000	575,798	2 080 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			2,122,577	180,000	1,942,577	7 010 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			1,410,526	916,620	493,906	1 780 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			39,800		39,800	0 140 %
j Total Other Benefits			1,450,326	916,620	533,706	1 920 %
k Total. Add lines 7d and 7j			3,572,903	1,096,620	2,476,283	8 930 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

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

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	2	631,884	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3		
4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.			

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME)	5	11,035,043
6Enter Medicare allowable costs of care relating to payments on line 5	6	11,675,257
7Subtract line 6 from line 5. This is the surplus or (shortfall).	7	-640,214
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: ☒ Cost accounting system ☐ Cost to charge ratio ☐ Other		

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
9bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.	9b		No

Part IVManagement Companies and Joint Ventures (see instructions)

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

Section A. Hospital Facilities

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

1	Millinocket Regional Hospital 200 Somerset Street Millinocket, ME 04462
---	---

[illegible]

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

Millinocket Regional Hospital

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a ☐ A definition of the community served by the hospital facility b ☐ Demographics of the community c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community d ☐ How data was obtained e ☐ The health needs of the community f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g ☐ The process for identifying and prioritizing community health needs and services to meet those needs h ☐ The process for consulting with persons representing the community's interests i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs j ☐ Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a ☐ Hospital facility's website b ☐ Available upon request from the hospital facility c ☐ Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community b ☐ Execution of the implementation strategy c ☐ Development of a community-wide community benefit plan for the facility d ☐ Participation in community-wide community benefit plan e ☐ Inclusion of a community benefit section in operational plans f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA g ☐ Prioritization of health needs in the community h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community i ☐ Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 150 0000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 0000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a ☒ Income level b ☐ Asset level c ☐ Medical indigency d ☐ Insurance status e ☐ Uninsured discount f ☐ Medicaid/Medicare g ☐ State regulation h ☐ Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12		No
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a ☐ The policy was posted at all times on the hospital facility's web site b ☒ The policy was attached to all billing invoices c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms d ☒ The policy was posted in the hospital facility's admissions offices e ☒ The policy was provided, in writing, to patients upon admission to the hospital facility f ☒ The policy was available upon request g ☐ Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a ☒ Reporting to credit agency b ☒ Lawsuits c ☒ Liens on residences d ☐ Body attachments or arrests e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a ☒ Reporting to credit agency b ☒ Lawsuits c ☒ Liens on residences d ☐ Body attachments e ☐ Other similar actions (describe in Part VI)	16	Yes	
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a ☒ Notified patients of the financial assistance policy upon admission b ☒ Notified patients of the financial assistance policy prior to discharge c ☒ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d ☒ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e ☐ Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☐ Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? _____

Name and address		Type of Facility (Describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments 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

Identifier	ReturnReference	Explanation
		Part I, Line 3c Income guidelines as set by Hospital Finance Rules will be used in determining eligibility Percentage of balance discounted will be determined based on patient's income level relative to the Federal Poverty Level guidelines These guidelines are updated annually by the Financial Counselor Up to 150% FPL 100% Balance Discounted151% to 200% FPL 50% Balance Discounted201% to 250% FPL 25% Balance Discounted251% to 300% FPL 10% Balance Discounted301% to 400% FPL 5% Balance Discounted

Identifier	ReturnReference	Explanation
		Part I, Line 7 Expenses calculated on Lines 7a & 7b were calculated using a cost-to-charge ratio while actual expenses were used in calculating the amount reported on line 7i

Identifier	ReturnReference	Explanation
		Part I, Line 7g Subsidized health services include laboratory and physician services

Identifier	ReturnReference	Explanation
		Part III, Line 4 Patient accounts receivable are stated at the amount management expects to collect from outstanding balances Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments Balances that are still outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to patient accounts receivable In evaluating the collectability of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purposes of estimating the appropriate amounts of the allowance for doubtful accounts and the provision for bad debts Data in each major payor source are regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts Specifically, for receivables relating to services provided to patients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for bad debts are established at varying levels based on the age of the receivables and payor source For receivables relating to self-pay patients, a provision for bad debts is made in the period services are rendered based on experience indicating the inability or unwillingness of patients to pay amounts for which they are financially responsible

Identifier	ReturnReference	Explanation
		Part III, Line 8 The Organization used accounting methodology prescribed by the Medicare cost report as its costing methodology to determine the amount of Medicare allowable costs

Identifier	ReturnReference	Explanation
Millinocket Regional Hospital		Part V, Section B, Line 19d The Hospital billed amounts to individuals who did not have insurance at cost

Identifier	ReturnReference	Explanation
		Part VI, Line 2 A formal community needs assessment is done every 2-3 years These assessments are conducted to obtain information on successes, failures, weaknesses and strengths to be used for guidance in the vision for the future of healthcare delivery in our service areas

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Inpatients In order to identify those patients who would be eligible for financial assistance, all uninsured inpatients are referred to the Financial Counselor by pre-registration or registration personnel The Financial Counselor will do an initial screening for payment options prior to the patient leaving the hospital, if possible If the patient has left the hospital, the Financial Counselor will attempt to contact the patient for information All inpatients are given a copy of Patient Free Care and Discount Arrangements guidelines at time of admission Surgical outpatients The Financial Counselor will provide information about Patient Free Care, Discount Arrangements and term payment arrangements to all uninsured surgical outpatients All surgical outpatients are provided a copy of Patient Free Care and Discount Arrangements guidelines at time of registration Emergency room patients All emergency room patients are provided a copy of Patient Free Care and Discount Arrangements guidelines at time of registration All other outpatients All other outpatients are provided a copy of the Patient Free Care/Discount Arrangements guidelines at time of registration All patients will receive notice of availability of financial assistance included in their first-time statement Patient Financial Services employees and Physician Practice employees receive training on patient free care and discount arrangements guidelines and are expected to be able to provide contact information about free care and discount arrangements

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Millinocket Regional Hospital serves a tri town community, which consists of Millinocket, East Millinocket and Medway The total population of these three communities is 8,074 and is projected to decrease 3% by 2012 The communities are rural, aging and economically challenged The senior population is projected to grow 7.4% for our service area by 2012 The average median household income is 42% behind the state average The largest employers in the communities are the hospital, paper mill and school system The percent of population with post secondary education is lower than the state or nation

**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

2011

Open to Public Inspection

Name of the organization
Millinocket Regional Hospital

01-0223482

Part I General Information on Grants and Assistance

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

Part II **Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed.

[illegible]

- | | | |
|----------|---|----------|
| 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 |

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Use Schedule I-1 (Form 990) 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. Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 Assistance provided was in the form of rent forgiveness No additional monitoring of funds was required

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
Millinocket Regional Hospital

Employer identification number

01-0223482

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)		
1b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?		
3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☒ Compensation committee ☒ Independent compensation consultant ☐ Form 990 of other organizations ☒ Written employment contract ☒ Compensation survey or study ☒ 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		
4a Receive a severance payment or change-of-control payment?		No
4b Participate in, or receive payment from, a supplemental nonqualified retirement plan?		No
4c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
Only 501(c)(3) and 501(c)(4) organizations only 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		
5a The organization?		No
5b Any related organization? If "Yes," to line 5a or 5b, describe in Part III		No
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		
6a The organization?		No
6b Any related organization? If "Yes," to line 6a or 6b, describe in Part III		No
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		No
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 Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III		No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space 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, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Kwaku Owusu MD	(i)	166,374	0	0	6,718	15,111	188,203	0
	(ii)	0	0	0	0	0	0	0
(2) Jason Campbell	(i)	375,339	0	0	12,163	38,121	425,623	0
	(ii)	0	0	0	0	0	0	0
(3) Venkataraman Munusamy	(i)	179,565	0	0	7,600	28,177	215,342	0
	(ii)	0	0	0	0	0	0	0
(4) Marie Vienneau	(i)	203,274	0	0	7,665	30,725	241,664	0
	(ii)	0	0	0	0	0	0	0
(5) Daniel Herbert MD	(i)	221,649	32,100	0	7,839	26,332	287,920	0
	(ii)	0	0	0	0	0	0	0
(6) David Wexler	(i)	424,596	0	0	11,162	27,512	463,270	0
	(ii)	0	0	0	0	0	0	0
(7) Mark Kowalski	(i)	419,361	0	0	12,553	40,212	472,126	0
	(ii)	0	0	0	0	0	0	0
(8) Edward Dunstan	(i)	176,569	0	0	7,247	27,869	211,685	0
	(ii)	0	0	0	0	0	0	0
(9) Joswph Aquilina	(i)	179,103	0	0	6,982	22,880	208,965	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
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Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Millinocket Regional Hospital

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Employer identification number
01-0223482

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A Maine Health and Higher Educational Facilities Authority	01-0314384	560425QS2	09-01-2003	2,320,000	To repay balance of outstanding bonds, to fund certain capital expenditures		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	876,220							
2	Amount of bonds defeased								
3	Total proceeds of issue	2,320,000							
4	Gross proceeds in reserve funds	364,321							
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	50,151							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	2,269,849							
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2003							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?	X							
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III

Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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?		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						
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	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		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?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

Part V

Procedures To Undertake Corrective Action

Check the box if 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 ☐ Yes ☒ No

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
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Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Millinocket Regional Hospital

Employer identification number

01-0223482

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ► \$ _____

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ► \$ _____

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c)Original principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?		(g)Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total ► \$ _____										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b)Relationship between interested person and the organization	(c)Amount of grant or type of assistance

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Julie Brown	Family Member of Ronald Brown, Past Board President	37,537	Employment		No
(2) Rose Ann Hunt	Family Member of Patrick Hunt, member of Board of Directors	129,069	Employment		No
(3) Dale McLaughlin	Family Member of Christine McLaughlin, CFO of Organization	95,667	Employment		No
(4) Ona McAvoy	Family Member of Mellissa Edwards, Board Vice President	61,844	Employment		No
(5) Cynthia Morneault	Family Member of Joyce Given, member of Board of Directors	29,718	Employment		No

Part V

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

Identifier	Return Reference	Explanation
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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 to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization Millinocket Regional Hospital	Employer identification number 01-0223482
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Identifier	Return Reference	Explanation
	Form 990, Part I, Lines 8-18	Prior year amounts have been adjusted to reflect revenue net of provision for bad debts
	Form 990, Part VI, Section B, line 11	Prior to the document's filing, the Organization's finance department reviews the initial draft. After any necessary changes, the Organization's board members are presented with a copy. The finalized document is subject to the board's approval.
	Form 990, Part VI, Section B, line 12c	Each board member is required to sign a conflict of interest disclosure form on an annual basis. In connection with any actual or possible conflicts of interest, an interested individual must disclose the existence of his or her conflict annually and whenever the conflict arises for action at a meeting. After receiving all annual attestations, the CEO will provide the signed statements to the Hospital's attorney for review. After review, the attorney will determine if a conflict exists and inform the CEO and Board chair of the conflicted individuals. There is a listing of Board, Medical Staff and Manager conflicts available at all meetings for reference. The Agenda for every Board, Medical Staff or Department meeting will clearly list the discussion items that require action during the meeting. At the beginning of the meeting, the President will ask the members to review the list of action items and declare whether or not they have a conflict. All conflicted members will be required to excuse themselves and leave the room during the discussion and vote. If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
	Form 990, Part VI, Section B, line 15	The Organization works with an independent compensation consultant to determine appropriate compensation levels. The Organization's executive committee reviews data used to determine compensation for its respective members. Any compensation related changes must be approved by the board of directors or the executive board.
	Form 990, Part VI, Section C, line 19	The Organization makes its governing documents, conflict of interest policy, and financial statements available to the public upon request.
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments: 59,872
Oversight of Audit	Form 990, Part XI, Line 2c	The audit process has not changed from the prior year.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Millinocket Regional Hospital

Employer identification number
01-0223482

Part I

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

(a) Name, address, and EIN 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 organization	
						Yes	No

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
(1) First Millinocket Regional Investment Corp 200 Somerset Street Millinocket, ME 04462 01-0396196	Physician Program Operations	ME	N/A	C	211,842	1,564,342	100 000 %

Part V

Transactions With Related Organizations

(Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

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

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 (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Sale of assets to related organization(s)

g Purchase of assets from related organization(s)

h Exchange of assets with related organization(s)

i Lease of facilities, equipment, or other assets to related organization(s)

j Lease of facilities, equipment, or other assets from related organization(s)

k Performance of services or membership or fundraising solicitations for related organization(s)

l Performance of services or membership or fundraising solicitations by related organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n Sharing of paid employees with related organization(s)

o Reimbursement paid to related organization(s) for expenses

p Reimbursement paid by related organization(s) for expenses

q Other transfer of cash or property to related organization(s)

r Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

Yes

No

No

No

No

No

Yes

No

No

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 other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) First Millinocket Regional Investment Corp	J	173,660	FMV
(2) First Millinocket Regional Investment Corp	P	173,660	FMV
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

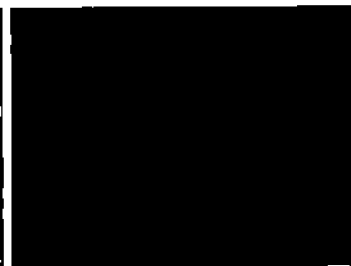
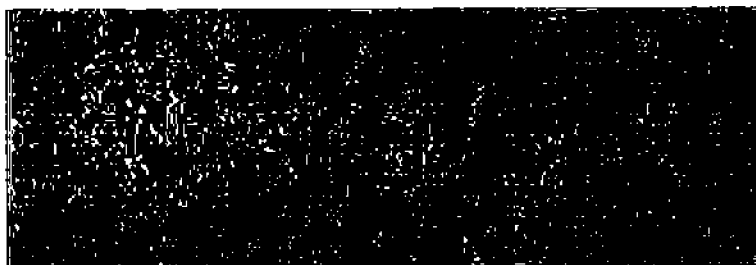
[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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MILLINOCKET REGIONAL HOSPITAL

CONSOLIDATED FINANCIAL STATEMENTS

and

ADDITIONAL INFORMATION

June 30, 2012 and 2011

With Independent Auditors' Report



MILLINOCKET REGIONAL HOSPITAL

Consolidated Financial Statements

June 30, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Millinocket Regional Hospital

We have audited the accompanying consolidated balance sheets of Millinocket Regional Hospital as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Millinocket Regional Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Millinocket Regional Hospital as of June 30, 2012 and 2011, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2012, on our consideration of Millinocket Regional Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information contained in Schedules I - III is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
August 31, 2012

MILLINOCKET REGIONAL HOSPITAL**Consolidated Balance Sheets****June 30, 2012 and 2011**

ASSETS		<u>2012</u>	<u>2011</u>
Current assets			
Cash and equivalents		\$ 966,432	\$ 1,436,052
Accounts receivable, less allowances for doubtful accounts and contractual allowances of \$4,497,370 in 2012 and \$4,550,798 in 2011		2,515,593	2,838,736
Estimated third-party payor settlements		178,802	-
Assets limited as to use, current portion		844,863	879,296
Supplies		404,073	454,836
Prepaid expenses and other current assets		616,272	563,132
Due from related parties		70,941	64,139
Total current assets		5,596,976	6,236,191
Assets limited as to use, net of current portion		9,548,937	8,648,528
Property and equipment, net		8,212,259	6,838,235
Other assets		69,376	84,015
Total assets		<u>\$23,427,548</u>	<u>\$21,806,969</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Current installments of long-term debt		\$ 465,351	\$ 260,441
Accounts payable		560,123	961,787
Accrued payroll and amounts withheld		342,209	200,219
Accrued benefit time payable		1,054,443	1,012,739
Accrued retirement payable		828,460	867,287
Other accrued expenses		79,727	84,893
Estimated third-party payor settlements		-	929,645
Total current liabilities		3,330,313	4,317,011
Long-term debt, less current installments		5,623,900	2,902,341
Total liabilities		8,954,213	7,219,352
Contingencies (Notes 7, 10, and 14)			
Net assets			
Unrestricted		14,365,302	14,484,815
Temporarily restricted		103,033	97,802
Permanently restricted		5,000	5,000
Total net assets		14,473,335	14,587,617
Total liabilities and net assets		<u>\$23,427,548</u>	<u>\$21,806,969</u>

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

MILLINOCKET REGIONAL HOSPITAL
Consolidated Statements of Operations
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted revenues, gains and other support		
Patient service revenue (net of contractual allowances and discounts)	\$ 28,148,399	\$27,752,132
Less provision for bad debts	<u>1,113,522</u>	<u>1,152,330</u>
Net patient service revenue	27,034,877	26,599,802
Other revenue	159,999	209,075
Net assets released from restrictions for operating purposes	<u>37,284</u>	<u>27,938</u>
Total revenues, gains and other support	27,232,160	26,836,815
Expenses		
Salaries and wages	13,692,183	13,304,616
Employee benefits	3,417,192	3,119,310
Professional fees	521,208	354,137
Supplies and other expenses	9,041,993	8,751,013
Depreciation and amortization	823,729	706,089
Interest	<u>243,008</u>	<u>118,522</u>
Total expenses	<u>27,739,313</u>	<u>26,353,687</u>
Operating (loss) income	<u>(507,153)</u>	<u>483,128</u>
Other gains (losses)		
Investment income	247,733	178,202
Gain (loss) on investment in affiliate	(12,133)	8,395
Other, net	<u>(11,423)</u>	<u>(5,303)</u>
Other gains, net	<u>224,177</u>	<u>181,294</u>
(Deficiency) excess of revenues, gains and other support over expenses and losses	(282,976)	664,422
Net assets released from restrictions for purchase of property and equipment	103,591	8,098
Net unrealized gains on investments	<u>59,872</u>	<u>987,387</u>
(Decrease) increase in unrestricted net assets	<u>\$ (119,513)</u>	<u>\$ 1,659,907</u>

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

MILLINOCKET REGIONAL HOSPITAL

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted net assets		
Operating (loss) income	\$ (507,153)	\$ 483,128
Other gains, net	224,177	181,294
Net assets released from restrictions for purchase of property and equipment	103,591	8,098
Net unrealized gains on investments	<u>59,872</u>	<u>987,387</u>
(Decrease) increase in unrestricted net assets	<u>(119,513)</u>	<u>1,659,907</u>
Temporarily restricted net assets		
Contributions	146,101	59,243
Investment income	5	6
Net assets released from restrictions	<u>(140,875)</u>	<u>(36,036)</u>
Increase in temporarily restricted net assets	<u>5,231</u>	<u>23,213</u>
(Decrease) increase in net assets	(114,282)	1,683,120
Net assets, beginning of year	<u>14,587,617</u>	<u>12,904,497</u>
Net assets, end of year	<u>\$ 14,473,335</u>	<u>\$ 14,587,617</u>

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

MILLINOCKET REGIONAL HOSPITAL
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
(Decrease) increase in net assets	\$ (114,282)	\$ 1,683,120
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and amortization	823,729	706,089
Provision for bad debts	1,118,243	1,157,701
Loss on disposal of property and equipment	27,440	22,333
Net realized and unrealized gains on investments	(143,184)	(1,019,979)
Loss (gain) on investment in affiliate	12,133	(8,395)
Changes in assets and liabilities		
Accounts receivable	(795,100)	(1,653,336)
Estimated third-party payor settlements	(1,108,447)	(1,168,275)
Supplies	50,763	(17,899)
Prepaid expenses and other current assets	(53,140)	(138,125)
Due from related parties	(6,802)	-
Accounts payable	(401,664)	453,553
Accrued payroll and amounts withheld	141,990	(532,596)
Accrued benefit time payable	41,704	136,616
Accrued retirement payable	(38,827)	220,160
Other accrued expenses	(5,166)	(2,622)
Net cash used by operating activities	(450,610)	(161,655)
Cash flows from investing activities		
Purchases of property and equipment	(1,485,464)	(2,749,821)
Proceeds from sale of property and equipment	22,569	9,724
Proceeds from sale of investments	2,615,416	2,253,905
Purchases of investments	(3,338,208)	(3,228,391)
Net cash used by investing activities	(2,185,687)	(3,714,583)
Cash flows from financing activities		
Repayment of long-term debt	(333,323)	(249,340)
Proceeds from issuance of long-term debt	2,500,000	-
Net cash provided (used) by financing activities	2,166,677	(249,340)
Net decrease in cash and equivalents	(469,620)	(4,125,578)
Cash and equivalents, beginning of year	1,436,052	5,561,630
Cash and equivalents, end of year	\$ 966,432	\$ 1,436,052
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 244,707	\$ 156,007

Noncash transactions

During 2012, the Hospital entered into two capital lease obligations acquiring assets with values totaling \$759,792. The lease commitments and the acquired assets have been treated as a noncash transaction.

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

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Nature of Operations

Millinocket Regional Hospital (the Hospital) is a not-for-profit entity located in Millinocket, Maine, established to provide health care services through its acute care facility and its primary care practices to the Millinocket area. First Millinocket Regional Investment Company (FMRIC) operates as a lessor. The Hospital is the sole incorporator in FMRIC.

1. Financial Reporting

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital and its wholly-owned for-profit subsidiary, FMRIC. All significant intercompany balances and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Equivalents

Cash and equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. The Hospital maintains its cash in deposit accounts which, at times, may exceed federal depository insurance limits. Management believes the credit risk related to these investments is minimal. The Hospital has not experienced any losses in such accounts.

To minimize 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 above \$300,000 from the account and invest the funds in U.S. government securities. The bank then repurchases the securities at the beginning of the next banking day.

Patient Accounts Receivable

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

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

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

Supplies

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

Assets Limited as to Use and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues, gains and other support over expenses and losses unless the income or loss is restricted by donor or law.

Unrealized gains and losses on investments are excluded from the excess of revenues, gains, and other support over expenses and losses, and are reported as an increase or decrease in net assets, except that declines in fair value that are judged to be other than temporary are reported as realized losses. These losses are recorded as other than temporary declines in investments, and included in other gains (losses) in the statements of operations.

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets and statements of operations. Investments are periodically reviewed for impairment to determine if such declines are other than temporary. Investments were evaluated for impairment as of June 30, 2012 and 2011, and all impairments were considered temporary. At June 30, 2012, historical cost exceeded market value by approximately \$12,140 for stocks purchased within the past 12 months and \$12,880 for stocks held greater than 12 months.

Assets limited as to use primarily include assets designated by the Board for capital improvements and assets held by trustees under debt agreements. Amounts required to meet current liabilities of the Hospital have been classified as current assets in the balance sheet.

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Property and Equipment

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

Gifts of long-lived assets, such as land, buildings or equipment, are reported as unrestricted support 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.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital 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 to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharges, reimbursed costs, fee schedules, discounted charges, and capitation. 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.

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.

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Employee Benefit Plans

The Hospital has a defined contribution retirement plan which covers all employees who have met certain eligibility requirements. Each eligible employee receives a 50% match up to 3% of their salary. There is also a 1% base contribution at year-end for employees over 21, who are employed at year-end and have worked at least 416 hours during the fiscal year. Contributions of \$390,413 and \$391,720 were made to the plan in 2012 and 2011, respectively.

The Hospital has a nonqualified deferred compensation plan which was established for a select group of management or highly compensated employees. The plan's assets are invested in mutual funds and were valued at \$702,438 and \$740,172 at June 30, 2012 and 2011, respectively and are reported in the current portion of assets limited as to use and accrued retirement payable on the balance sheet.

Donor-Restricted Gifts

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

Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income. The Hospital's subsidiary, FMRIC, files a federal income tax return and a Maine income tax return.

FMRIC has net operating losses which are expected to offset future taxable income. A 100% valuation allowance has been established against the deferred tax asset associated with such carryforward due to the uncertainty as to whether the loss carryforwards will be utilized in the future.

(Deficiency) Excess of Revenues, Gains and Other Support Over Expenses and Losses

The consolidated statements of operations include (deficiency) excess of revenues, gains and other support over expenses and losses. Changes in unrestricted net assets which are excluded from this measure, consistent with industry practice, include unrealized gains and losses on investments and net assets released from restrictions used for purchase of property and equipment.

MILLINOCKET REGIONAL HOSPITAL
Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Reclassification

Certain prior year balances have been reclassified to conform to the current year presentation

New Accounting Pronouncement

In July 2011, the Financial Accounting Standards Board (FASB) amended Accounting Standards Codification (ASC) 954, Health Care Entities, to require health care entities to change the presentation of the statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, enhanced disclosures are required about the policies for recognizing revenues and assessing bad debts. The amendments also require disclosure of qualitative and quantitative information about significant changes in the allowance for doubtful accounts. The amendments to ASC 954 are effective for the first annual period ending after December 15, 2012. The Hospital elected to early adopt these amendments for fiscal year ended June 30, 2012.

Subsequent Events

For purposes of the preparation of these financial statements, the Hospital has considered transactions or events occurring through August 31, 2012, which was the date that the financial statements were available to be issued.

3. Net Patient Service Revenue and Accounts Receivable

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

- **Medicare** - The Hospital is a Critical Access Hospital (CAH) and is reimbursed at 101% of allowable costs for its inpatient and outpatient services provided to Medicare patients. The Hospital is reimbursed at tentative rates with final determination after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports under this program have been audited through June 30, 2004, and tentatively settled by the fiscal intermediary through June 30, 2010.

MaineCare - As a CAH, services rendered to MaineCare recipients are reimbursed at 109% of allowable costs for inpatient and outpatient services. The Hospital's cost reports have been audited through June 30, 2004, and tentatively settled by the MaineCare fiscal intermediary through June 30, 2009.

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Revenue from the Medicare and MaineCare programs accounted for approximately 50% and 15%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2012, and for approximately 49% and 13%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2011. 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. Net patient service revenue increased by approximately \$10,000 and \$550,000 in 2012 and 2011, respectively, due to differences in retroactive adjustments compared to amounts previously estimated.

The Hospital also has entered into payment agreements with certain commercial insurance carriers. The payment to the Hospital under these agreements is primarily based on discounts from established charges.

The allowance for doubtful accounts was \$1,629,100 and \$1,343,900 at June 30, 2012 and 2011, respectively, and relates almost entirely to self-pay accounts. Gross self-accounts receivable were \$2,165,513 and \$1,838,407 at June 30, 2012 and 2011, respectively. During 2012, self-pay write-offs increased from \$738,011 to \$787,507.

Revenue related to self-pay patients was \$1,857,000 and \$1,671,400 for the years ended June 30, 2012 and 2011, respectively.

4. Charity Care

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

	<u>2012</u>	<u>2011</u>
Charges forgone, based on established rates	\$ 1,289,639	\$ 1,079,671
Estimated costs and expenses incurred to provide charity care	798,117	632,440
Equivalent percentage of charity care charges to all Hospital patient charges	2.88 %	2.40 %

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

MILLINOCKET REGIONAL HOSPITAL
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

5. Assets Limited as to Use

The composition of assets limited as to use at June 30, 2012 and 2011, is shown below

	<u>2012</u>	<u>2011</u>
Under Board designation for capital improvements		
Cash and cash equivalents	\$ 1,195,689	\$ 1,116,967
U.S. Government bonds	598,117	534,089
Corporate bonds	1,184,526	1,151,325
Equity securities	5,167,624	4,204,093
Mutual funds	<u>1,029,058</u>	<u>1,420,158</u>
	9,175,014	8,426,632
Under debt agreements		
Cash and cash equivalents	516,348	361,020
Deferred compensation plan		
Mutual funds	<u>702,438</u>	<u>740,172</u>
	10,393,800	9,527,824
Less current portion	<u>844,863</u>	<u>879,296</u>
	<u>\$ 9,548,937</u>	<u>\$ 8,648,528</u>

Investment income and gains (losses) for assets limited as to use and long-term investments are comprised of the following:

	<u>2012</u>	<u>2011</u>
Interest and dividend income	\$ 164,421	\$ 158,885
Realized gain on sales of securities	<u>83,312</u>	<u>32,591</u>
	247,733	178,202
Unrealized gain on securities	<u>59,872</u>	<u>987,387</u>
	<u>\$ 307,605</u>	<u>\$ 1,165,589</u>

6. Line of Credit

On November 10, 2011, the Hospital extended the maturity date of its \$700,000 line of credit with a bank to October 30, 2012. The line of credit has a variable rate equal to the Wall Street Journal prime, with a rate floor of 3.75%. There was no outstanding balance as of June 30, 2012 and 2011.

MILLINOCKET REGIONAL HOSPITAL
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

7. Property and Equipment

The details of property and equipment at June 30, 2012 and 2011, were as follows:

	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 810,779	\$ 813,731
Buildings and fixed equipment	13,506,329	11,170,574
Major movable equipment	5,931,436	6,375,473
Construction in progress	<u>767,172</u>	<u>2,246,771</u>
	21,015,716	20,606,549
Less accumulated depreciation and amortization	<u>12,803,457</u>	<u>13,768,314</u>
	<u>\$ 8,212,259</u>	<u>\$ 6,838,235</u>

Construction in progress at June 30, 2011 consisted of amounts expended for general building renovations. Renovations began in July 2010, and were completed in September 2011 with a total cost of approximately \$2,440,000. The Hospital financed \$2,500,000 of the renovations with a Rural Development loan that closed on August 4, 2011. The loan is being repaid over a 30-year period at a rate of 4.25%.

8. Long-Term Debt

Long-term debt at June 30, 2012 and 2011, consisted of the following

	<u>2012</u>	<u>2011</u>
4.25% mortgage note payable to the U.S. Department of Agriculture, Rural Development due in monthly principal and interest payments of \$12,300 through August 2041, collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital.	\$ 2,464,987	\$ -
4.25% mortgage note payable to the U.S. Department of Agriculture, Rural Development due in monthly principal and interest payments of \$5,658 through July 2037; collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital.	1,046,196	1,069,097

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

5% mortgage note payable to the U.S. Department of Agriculture, Rural Development due in monthly principal and interest payments of \$12,828 through July 2015; collateralized by property and equipment, contract rights, accounts receivable and general intangibles of the Hospital.	400,043	529,632
Maine Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds, Series 2003D (average coupon rate 4.4%), requiring annual debt service payments ranging from \$105,000 to \$170,000 through July 2023, including original issue premium of \$18,899 in 2012; collateralized by a security interest in the Hospital's gross receipts, equipment, and a mortgage lien on its facility	1,443,780	1,545,434
Capital lease bearing fixed interest of 5.35%, in monthly installments of \$10,778, including interest through June 2017; collateralized by equipment.	566,283	-
Capital lease bearing fixed interest of 5.25%, in monthly installments of \$4,478, including interest through August 2015; collateralized by equipment.	156,466	-
Other	11,496	18,619
	6,089,251	3,162,782
Less current installments	465,351	260,441
Long-term debt, excluding current installments	<u>\$ 5,623,900</u>	<u>\$ 2,902,341</u>

A debt service fund of \$154,000 is maintained in accordance with the provisions of the 5% mortgage note payable maturing in 2015. A debt service fund in accordance with the provisions of the 4.25% mortgage note payable, maturing in 2037, was \$67,896, and a debt service fund in accordance with the provisions of the 4.25% mortgage note payable, maturing in 2041, was \$147,600 at June 30, 2012. Additional debt and interest funds of \$142,425 are recorded as current portion of assets limited as to use

The indentures related to the revenue bond contain provisions regarding debt service coverage ratios, limitations on additional indebtedness, liens on property and equipment and restrictions on encumbering revenues. At June 30, 2012, the Hospital was in compliance with these covenants.

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Maturities of long-term debt and capital leases for the five years subsequent to June 30, 2012, are as follows:

	Long-term debt	Capital leases
2013	\$ 317,213	\$ 183,066
2014	324,000	183,066
2015	302,000	183,066
2016	195,000	138,286
2017	205,000	129,330
Thereafter	<u>4,023,289</u>	<u>-</u>
	<u>\$ 5,366,502</u>	816,814
Less amount representing interest under capital leases obligations		<u>94,065</u>
		<u>\$ 722,749</u>

9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes.

	<u>2012</u>	<u>2011</u>
Health care services		
Health services	<u>\$ 103,033</u>	<u>\$ 97,802</u>

Permanently restricted net assets are restricted as follows

Investments to be held in perpetuity, the income from which is expendable for the benefit of crippled and otherwise handicapped children in the Millinocket area	<u>\$ 5,000</u>	<u>\$ 5,000</u>
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10. Malpractice Insurance

The Hospital maintains malpractice insurance coverage on a claims made basis. The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of 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. The Hospital has evaluated its exposure to losses arising from potential claims and determined no such accrual is necessary for the year ended June 30, 2012. The Hospital intends to renew coverage on a claims made basis and anticipates that such coverage will be available.

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

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

11. Investment in Affiliate

The Hospital is a member of a shared services not-for-profit corporation, Katahdin Shared Services, Inc. (the "Affiliate"), which provides ultrasound, occupational therapy, and nutritional services to Millinocket Regional Hospital and another member hospital. The Hospital's share of the loss of the Affiliate, which is based proportionately on charges to each member for the year ended June 30, 2012 was \$12,133 and the Hospital's share of the gain of the Affiliate at June 30, 2011 was \$8,395. The Hospital's investment in the Affiliate is included in other assets and amounted to \$40,556 and \$52,689 at June 30, 2012 and 2011, respectively.

Ultrasound services purchased from the Affiliate by the Hospital for the years ended June 30, 2012 and 2011, were approximately \$299,600 and \$285,000, respectively, and are included as operating expenses in the consolidated statements of operations.

12. 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 gross receivables from patients and third-party payors was as follows:

	<u>2012</u>	<u>2011</u>
Medicare	24.6 %	25.9 %
MaineCare	27.6	24.8
Blue Cross	3.6	5.2
Other third-party payors	15.0	20.0
Patients	<u>29.2</u>	<u>24.1</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 #1082. The union contract is in effect through May 14, 2014. Renegotiations will begin three months prior to the expiration date.

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

13. Functional Expenses

The Hospital and FMRIC provide general health care services to residents within their geographic location. Expenses related to providing these services are as follows:

	<u>2012</u>	<u>2011</u>
Health care services	\$ 25,758,357	\$ 24,318,410
General and administrative	<u>2,015,756</u>	<u>2,067,177</u>
	<u>\$ 27,774,113</u>	<u>\$ 26,385,587</u>

14. Operating Lease

On September 17, 2008, the Hospital entered into a four-year operating lease commitment with Celtic Leasing Corp. for a PACS system. The Hospital is obligated to make monthly payments of \$10,958 through August 2012, at which time they have the option to purchase the system at fair market value.

15. Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, 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. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

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

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

MILLINOCKET REGIONAL HOSPITAL
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

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

Fair Value Measurements at June 30, 2012, Using				
	<u>Total</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Cash and cash equivalents	\$ 1,712,037	\$ 1,712,037	\$ -	\$ -
U S Government bonds	598,117	598,117	-	-
Corporate bonds	1,184,526	-	1,184,526	-
Equity securities				
Consumer discretionary	602,494	602,494	-	-
Consumer staples	592,766	592,766	-	-
Energy	419,692	419,692	-	-
Financials	649,367	649,367	-	-
Healthcare	702,876	702,876	-	-
Industrials	502,368	502,368	-	-
Information technology	1,081,936	1,081,936	-	-
Materials	295,911	295,911	-	-
Telecommunication services	189,478	189,478	-	-
Utilities	130,736	130,736	-	-
Total equity securities	5,167,624	5,167,624	-	-
Mutual funds				
Index funds	241,975	241,975	-	-
Growth funds	315,812	315,812	-	-
Fixed income funds	471,271	471,271	-	-
Total mutual funds	1,029,058	1,029,058	-	-
Investments to fund deferred compensation	702,438	702,438	-	-
Total	\$ 10,393,800	\$ 9,209,274	\$ 1,184,526	\$ -

MILLINOCKET REGIONAL HOSPITAL

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Fair Value Measurements at June 30, 2011, Using				
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets.				
Cash and cash equivalents	\$ 1,477,987	\$ 1,477,987	\$ -	\$ -
U S Government bonds	534,089	534,089	-	-
Corporate bonds	1,151,325	-	1,151,325	-
Equity securities				
Consumer discretionary	499,214	499,214	-	-
Consumer staples	414,268	414,268	-	-
Energy	576,524	576,524	-	-
Financials	424,002	424,002	-	-
Healthcare	510,760	510,760	-	-
Industrials	518,577	518,577	-	-
Information technology	756,034	756,034	-	-
Materials	279,814	279,814	-	-
Telecommunication services	111,964	111,964	-	-
Utilities	112,936	112,936	-	-
Total equity securities	4,204,093	4,204,093	-	-
Mutual funds				
Index funds	288,721	288,721	-	-
Growth funds	378,977	378,977	-	-
International funds	210,732	210,732	-	-
Real estate investment trusts	108,180	108,180	-	-
Fixed income funds	433,548	433,548	-	-
Total mutual funds	1,420,158	1,420,158	-	-
Investments to fund deferred compensation	740,172	740,172	-	-
Total	\$ 9,527,824	\$ 8,376,499	\$ 1,151,325	\$ -

Corporate bonds are valued based on the yields currently available on comparable securities of issuers with similar credit ratings.

MILLINOCKET REGIONAL HOSPITAL
Consolidating Statement of Operations
Year Ended June 30, 2012

	Millinocket Regional Hospital	First Millinocket Regional Investment Company	Eliminations	Consolidated
Unrestricted revenues, gains and other support				
Routine service	\$ 2,660,815	\$ -	\$ -	\$ 2,660,815
Ancillary services				
Inpatient	9,289,523	-	-	9,289,523
Outpatient	<u>32,822,987</u>	<u>-</u>	<u>-</u>	<u>32,822,987</u>
	44,773,325	-	-	44,773,325
Deductions from revenue				
Contractual adjustments	15,335,287	-	-	15,335,287
Charity care	<u>1,289,639</u>	<u>-</u>	<u>-</u>	<u>1,289,639</u>
Patient service revenue (net of contractual allowances and discounts)	28,148,399	-	-	28,148,399
Less provision for bad debts	<u>1,113,522</u>	<u>-</u>	<u>-</u>	<u>1,113,522</u>
Net patient service revenue	27,034,877	-	-	27,034,877
Other revenue	121,155	212,504	(173,660)	159,999
Net assets released from restrictions for operating purposes	<u>37,284</u>	<u>-</u>	<u>-</u>	<u>37,284</u>
Total revenues, gains and other support	27,193,316	212,504	(173,660)	27,232,160
Expenses				
Salaries and wages	13,692,183	-	-	13,692,183
Employee benefits	3,417,192	-	-	3,417,192
Professional fees	521,208	-	-	521,208
Supplies and other expenses	9,062,053	153,600	(173,660)	9,041,993
Depreciation and amortization	738,368	85,361	-	823,729
Interest	<u>243,008</u>	<u>-</u>	<u>-</u>	<u>243,008</u>
Total expenses	<u>27,674,012</u>	<u>238,961</u>	<u>(173,660)</u>	<u>27,739,313</u>
Operating loss	<u>(480,696)</u>	<u>(26,457)</u>	<u>-</u>	<u>(507,153)</u>
Other gains (losses)				
Investment income	247,733	-	-	247,733
Loss on investment in affiliate	(12,133)	-	-	(12,133)
Loss of subsidiary (FMRIC)	(26,457)	-	26,457	-
Other, net	<u>(11,423)</u>	<u>-</u>	<u>-</u>	<u>(11,423)</u>
Other gains, net	<u>197,720</u>	<u>-</u>	<u>26,457</u>	<u>224,177</u>
Deficiency of revenues, gains and other support over expenses and losses	(282,976)	(26,457)	26,457	(282,976)
Net assets released from restrictions for purchase of property and equipment	103,591	-	-	103,591
Net unrealized gains on investments	<u>59,872</u>	<u>-</u>	<u>-</u>	<u>59,872</u>
Decrease in unrestricted net assets	<u>\$ (119,513)</u>	<u>\$ (26,457)</u>	<u>\$ 26,457</u>	<u>\$ (119,513)</u>

MILLINOCKET REGIONAL HOSPITAL

Schedule of Net Patient Service Revenue
(Hospital Only)

Year Ended June 30, 2012

	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
Adults and pediatrics	\$ 2,660,815	\$ -	\$ 2,660,815
Operating room	1,147,666	3,181,317	4,328,983
Recovery room	54,518	186,091	240,609
Anesthesiology	674,100	933,117	1,607,217
Radiology - diagnostic	881,985	6,252,659	7,134,644
Laboratory	831,197	4,498,439	5,329,636
Respiratory therapy	152,971	553,292	706,263
Physical therapy	205,893	877,914	1,083,807
Occupational therapy	90,126	92,619	182,745
Medical supplies charged to patients	3,496,798	1,958,294	5,455,092
Drugs charged to patients	1,701,408	2,973,353	4,674,761
Other ancillary services	-	127,426	127,426
Provider-based clinics	219	5,824,239	5,824,458
Emergency	39,136	5,126,478	5,165,614
Observation beds	8,138	230,705	238,843
Speech	<u>5,368</u>	<u>7,044</u>	<u>12,412</u>
Total gross patient revenue	<u>\$ 11,950,338</u>	<u>\$ 32,822,987</u>	44,773,325
Contractual allowances			15,335,287
Charity care			<u>1,289,639</u>
Patient service revenue (net of contractual allowances and discounts)			28,148,399
Less provision for bad debts			<u>1,113,522</u>
Net patient service revenue			<u>\$ 27,034,877</u>

MILLINOCKET REGIONAL HOSPITAL

Schedule of Operating Expenses
(Hospital Only)

Year Ended June 30, 2012

	<u>Salaries</u>	<u>Non-salary</u>	<u>Total</u>
Employee benefits	\$ 142,405	\$ 3,417,192	\$ 3,559,597
Administrative and general	1,506,071	2,133,793	3,639,864
Maintenance and repairs	272,437	195,337	467,774
Operation of plant	-	544,799	544,799
Laundry and linen	40,497	15,874	56,371
Housekeeping	231,495	88,315	319,810
Dietary	243,252	126,189	369,441
Nursing administration	593,542	153,425	746,967
Central services and supply	-	(1,935)	(1,935)
Medical records	290,888	79,401	370,289
Social services	127,771	8,800	136,571
Adults and pediatrics	1,785,941	202,486	1,988,427
Operating room	492,148	224,540	716,688
Recovery room	89,944	-	89,944
Anesthesiology	471,681	22,330	494,011
Radiology	612,730	1,556,875	2,169,605
Laboratory	859,616	836,370	1,695,986
Cardio-pulmonary therapy	98,439	53,886	152,325
Physical therapy	457,966	19,487	477,453
Occupational therapy	52,153	1,749	53,902
Electrocardiology	20,793	100,946	121,739
Electroencephalography	591,443	78,712	670,155
Medical supplies charged to patients	-	1,138,921	1,138,921
Drugs charged to patients	202,213	1,490,027	1,692,240
Other ancillary services	118,512	8,407	126,919
Provider-based clinics	2,875,592	372,093	3,247,685
Emergency	1,495,544	86,477	1,582,021
Speech	9,480	1,020	10,500
Nonreimbursable cost centers			
Occupational health	(1,991)	-	(1,991)
Community relations	-	44,937	44,937
Other non-reimbursable services	<u>11,621</u>	<u>-</u>	<u>11,621</u>
	<u>\$13,692,183</u>	<u>\$ 13,000,453</u>	26,692,636
Depreciation and amortization			738,368
Interest			<u>243,008</u>
Total operating expenses			<u>\$ 27,674,012</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Millinocket Regional Hospital

We have audited the consolidated financial statements of Millinocket Regional Hospital as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Millinocket Regional Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Millinocket Regional Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Millinocket Regional Hospital's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Millinocket Regional Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management, and the U.S. Department of Agriculture, Rural Development, and is not intended to be, and should not be, used by anyone other than these specified parties.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
August 31, 2012



Additional Data

Software ID:
Software Version:
EIN: 01-0223482
Name: Millinocket Regional Hospital

Form 990, Special Condition Description:

Special Condition Description
