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2011

Open to Public  
Inspection

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

## 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  
CENTRAL MAINE MEDICAL CENTER COLLEGE OF  
NURSING AND HEALTH PROFESSIONS

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite  
PO BOX 4500City or town, state or country, and ZIP + 4  
LEWISTON, ME 042434500F Name and address of principal officer  
SUSAN BALTRUS  
29 LOVELL STREET  
LEWISTON, ME 04240D Employer identification number  
01-0356077E Telephone number  
(207) 795-2972

G Gross receipts \$ 5,006,786

I Tax-exempt status  501(c)(3)  501(c) ( ) (insert no)  4947(a)(1) or  527H(a) Is this a group return for  
affiliates?  Yes  NoH(b) Are all affiliates included?  Yes  No  
If "No," attach a list (see instructions)

H(c) Group exemption number ►

J Website: ► WWW.CMMCSON.ORG

K Form of organization  Corporation  Trust  Association  Other ►

L Year of formation 1977

M State of legal domicile ME

## Part I Summary

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

THE COLLEGE PROVIDES A FORMAL COURSE OF TRAINING IN NURSING EDUCATION AT THE ASSOCIATE DEGREE  
LEVEL THERE WERE 292 STUDENTS ENROLLED DURING THE 2011-2012 ACADEMIC YEAR

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

3 Number of voting members of the governing body (Part VI, line 1a) . . . . .

3 14

4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . .

4 9

5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) . . . . .

5 0

6 Total number of volunteers (estimate if necessary) . . . . .

6 14

7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .

7a 0

b Net unrelated business taxable income from Form 990-T, line 34 . . . . .

7b 0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h) . . . . .	1,865,900	2,463,355
9	Program service revenue (Part VIII, line 2g) . . . . .	2,599,367	2,498,567
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	16,052	42,396
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . .	0	0
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	4,481,319	5,004,318

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11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . .	0	0
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	4,481,319	5,004,318

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16) . . . . .	7,235,350	7,853,642
21	Total liabilities (Part X, line 26) . . . . .	802,365	1,144,649
22	Net assets or fund balances Subtract line 21 from line 20 . . . . .	6,432,985	6,708,993

## 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	2013-04-22
	PETER CHALKE PRESIDENT Type or print name and title	Date

Paid Preparer's Use Only	Preparer's signature Firm's name (or yours if self-employed), address, and ZIP + 4	Date	Check if self- employed Preparer's taxpayer identification number (see instructions)
	BKD LLP 910 E ST LOUIS 200/PO BOX 1190 SPRINGFIELD, MO 658062523	EIN ► Phone no ► (417) 865-8701	

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

### **Part III Statement of Program Service Accomplishments**

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

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**1** Briefly describe the organization's mission

THE MISSION OF THE COLLEGE IS TO DEVELOP LEADERS IN NURSING AND ALLIED HEALTH PROFESSIONS

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No

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

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

**3** Did the organization cease conducting, or make significant changes in how it conducts, any programs or services?

If "Yes," describe these changes on Schedule C

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code ) (Expenses \$ 4,121,729 including grants of \$ 1,673,295 ) (Revenue \$ 2,498,567

THE COLLEGE OFFERS THREE DEGREE PROGRAMS WHICH INCLUDES NURSING PROGRAM, RADIOLOGIC TECHNOLOGY PROGRAM AND NUCLEAR MEDICINE. ALL OF THESE PROGRAMS GRANT A GRADUATE AN ASSOCIATE DEGREE IN APPLIED SCIENCES AFTER COMPLETION. SEE SCHEDULE O FOR ADDITIONAL INFORMATION.

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

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

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

(Expenses \$**1,000,000**) including grants of \$**1,000,000**) (Revenue \$**1,000,000**)

4e Total program service expenses \$ 4,121,729

**Part IV Checklist of Required Schedules**

- 1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A
- 2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?
- 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
- 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
- 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
- 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
- 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
- 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III
- 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
- 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
- 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
- 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
- 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
- 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
- e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X
- f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part XI
- 12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII
- 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
- 13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E
- 14a Did the organization maintain an office, employees, or agents outside of the United States?
- 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
- 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
- 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
- 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
- 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
- 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
- 20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H
- 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

	Yes	No
1	Yes	
2	Yes	
3		No
4		No
5		No
6		No
7		No
8		No
9		No
10	Yes	
11a	Yes	
11b		No
11c		No
11d	Yes	
11e	Yes	
11f		No
12a	Yes	
12b	Yes	
13	Yes	
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a		No
20b		

**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? If "Yes," complete Schedule I, Parts I and II	21		No
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? If "Yes," complete Schedule I, Parts I and III	22	Yes	
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? If "Yes," complete Schedule J	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? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part 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? If "Yes," complete Schedule L, Part 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? If "Yes," complete Schedule L, Part II	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? If "Yes," complete Schedule L, Part III	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)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c		No
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? If "Yes," complete Schedule L, Part IV	29		No
30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
31	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31		No
32	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32		No
33	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	33		No
34	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	34	Yes	
35a	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	35a		No
b	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35b		No
36	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	36		No
37	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	37		No
38	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	38	Yes	
<b>Note.</b> All Form 990 filers are required to complete Schedule O				

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

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

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	268
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
<b>2a</b>	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	0
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	
<p><b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)</p>			
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	
<b>4a</b>	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>b</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		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
<b>6a</b>	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>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>	7a	No
<b>a</b>	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?	7b	
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c	No
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d	
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year	7e	No
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g	
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	9a	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>	9b	
<b>a</b>	Did the organization make any taxable distributions under section 4966?	10a	
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	10b	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12	11a	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	11b	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter	12a	
<b>a</b>	Gross income from members or shareholders	11a	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12b	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>	13a	
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> 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	13b	
<b>b</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	13c	
<b>c</b>	Enter the aggregate amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
<b>b</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

- 1a Enter the number of voting members of the governing body at the end of the tax year . . . . . **1a** 14
- 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** Yes
- 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** Yes
- 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** Yes
- 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.)

- 10a Did the organization have local chapters, branches, or affiliates? . . . . . **10a** No
- 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**
- 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** Yes
- 12a Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . . **12b** Yes
- b Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . **12c** 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 . . . . . **13** Yes
- 13 Did the organization have a written whistleblower policy? . . . . . **14** Yes
- 14 Did the organization have a written document retention and destruction policy? . . . . . **15** 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** No
- b Other officers or key employees of the organization . . . . . **15b** No
- If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions) . . . . . **16a** No
- b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . . . . **16b**

### Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed **ME**
- 18 Section 6104 requires an organization to make its 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 **PHIL MORISSETTE  
29 LOWELL STREET  
LEWISTON, ME 04240  
(207) 795-2972**

**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
		Or director	Indi- vidual trustee	Institutional Trustee	Officer	Key employee			
(1) PETER E CHALKE CHAIRMAN/PRESIDENT OF CMHC	10	X		X			0	811,982	439,996
(2) MARGARET ROSS SECRETARY	10	X		X			0	0	0
(3) MARSHA AUSTER TRUSTEE	10	X					0	0	0
(4) PAMELA J BAKER MD TRUSTEE	10	X					0	0	0
(5) EDMUND CLAXTON MD TRUSTEE	10	X					0	195,004	21,673
(6) GILLIAN A CURTIS TRUSTEE	10	X					0	0	0
(7) DOROTHY GILCHREST TRUSTEE BEGINNING 10/2011	10	X					0	0	0
(8) DAVID LAUVER MD TRUSTEE	10	X					0	274,205	35,566
(9) GERALD MARTEL TRUSTEE	10	X					0	0	0
(10) BARBARA RANDALL TRUSTEE	10	X					0	0	0
(11) ERIN PENDEXTER TRUSTEE	10	X					0	27,499	11,745
(12) JEANNETTE PELLETIER TRUSTEE	10	X					0	0	0
(13) PHILIPPE MORISSETTE TREASURER	10	X		X			0	117,275	8,648
(14) WILLIAM WEBSTER JR TRUSTEE BEGINNING 10/2011	10	X					0	0	0
(15) SUSAN C BALTRUS PRESIDENT	10			X			0	128,787	10,924

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

2 Total number of individuals (including but not limited to those listed above) who received more than £100,000 of reportable compensation from the organisation: 0

	<b>Yes</b>	<b>No</b>
<b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>3</b>	No
<b>4</b> 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> . . . . .	<b>4</b>	Yes
<b>5</b> 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> . . . . .	<b>5</b>	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
HERBERT CONSTRUCTION LLC	CONSTRUCTION	102,504

## 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	334,152		
	e Government grants (contributions)	1e	1,567,473		
	f All other contributions, gifts, grants, and similar amounts not included above	1f	561,730		
	g Noncash contributions included in lines 1a-1f \$				
	h Total. Add lines 1a-1f . . . . .		2,463,355		
Program Service Revenue	2a TUITION AND FEES	Business Code 611600	2,498,567	2,498,567	
	b				
	c				
	d				
	e				
	f All other program service revenue				
	g Total. Add lines 2a-2f . . . . .		2,498,567		
	3 Investment income (including dividends, interest and other similar amounts) . . . . .		30,489		30,489
4 Income from investment of tax-exempt bond proceeds . . . . .		0			
5 Royalties . . . . .		0			
6a Gross rents	(I) Real	(II) Personal			
b Less rental expenses					
c Rental income or (loss)					
d Net rental income or (loss) . . . . .					
7a Gross amount from sales of assets other than inventory	(I) Securities	(II) Other			
b Less cost or other basis and sales expenses	14,375				
c Gain or (loss)	2,468				
d Net gain or (loss) . . . . .	11,907		11,907		11,907
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		0		
c Net income or (loss) from fundraising events . . . . .					
9a Gross income from gaming activities See Part IV, line 19 . . . . .	a				
b Less direct expenses . . . . .	b		0		
c Net income or (loss) from gaming activities . . . . .					
10a Gross sales of inventory, less returns and allowances . . . . .	a				
b Less cost of goods sold . . . . .	b		0		
c Net income or (loss) from sales of inventory . . . . .					
11a Miscellaneous Revenue	Business Code				
b					
c					
d All other revenue . . . . .					
e Total. Add lines 11a-11d . . . . .		0			
12 Total revenue. See Instructions . . . . .		5,004,318	2,498,567		42,396

**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
<b>1</b> Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
<b>2</b> Grants and other assistance to individuals in the United States See Part IV, line 22	1,673,295	1,673,295		
<b>3</b> Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
<b>4</b> Benefits paid to or for members	0			
<b>5</b> Compensation of current officers, directors, trustees, and key employees . . . . .	0			
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0			
<b>7</b> Other salaries and wages	0			
<b>8</b> Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	0			
<b>9</b> Other employee benefits . . . . .	0			
<b>10</b> Payroll taxes . . . . .	0			
<b>11</b> Fees for services (non-employees)				
<b>a</b> Management . . . . .	0			
<b>b</b> Legal . . . . .	15,765		15,765	
<b>c</b> Accounting . . . . .	17,936		17,936	
<b>d</b> Lobbying . . . . .	0			
<b>e</b> Professional fundraising See Part IV, line 17 . . . . .	0			
<b>f</b> Investment management fees . . . . .	1,544		1,544	
<b>g</b> Other . . . . .	1,920,811	1,727,991	192,820	
<b>12</b> Advertising and promotion . . . . .	2,968	2,670	298	
<b>13</b> Office expenses . . . . .	124,822	112,292	12,530	
<b>14</b> Information technology . . . . .	6,706	6,033	673	
<b>15</b> Royalties . . . . .	0			
<b>16</b> Occupancy . . . . .	480,012	431,826	48,186	
<b>17</b> Travel . . . . .	27,859	25,062	2,797	
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0			
<b>19</b> Conferences, conventions, and meetings . . . . .	0			
<b>20</b> Interest . . . . .	0			
<b>21</b> Payments to affiliates . . . . .	0			
<b>22</b> Depreciation, depletion, and amortization . . . . .	97,600	87,802	9,798	
<b>23</b> Insurance . . . . .	12,597	11,332	1,265	0
<b>24</b> 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 )				
<b>a</b> MEDICAL SUPPLIES & DRUGS	21,290	21,290		
<b>b</b> LICENSES, DUES, SUBSCRIPTIONS	18,749	16,867	1,882	
<b>c</b> REPAIRS & MAINTENANCE	3,144	2,828	316	
<b>d</b> BAD DEBT	10	10		
<b>e</b>				
<b>f</b> All other expenses	2,702	2,431	271	
<b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24f	4,427,810	4,121,729	306,081	0
<b>26</b> <b>Joint costs.</b> Check here <input checked="" type="checkbox"/> 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**

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
Assets	1 Cash—non-interest-bearing	0	1 0
	2 Savings and temporary cash investments	102,055	2 763,455
	3 Pledges and grants receivable, net	4,155	3 2,625
	4 Accounts receivable, net	69,461	4 171,208
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	5 0
	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	0	6 0
	7 Notes and loans receivable, net	0	7 0
	8 Inventories for sale or use	0	8 0
	9 Prepaid expenses and deferred charges	16,901	9 33,594
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	1,180,709	
	10a		
	b Less accumulated depreciation	724,699	10b 351,722 10c 456,010
	11 Investments—publicly traded securities	289,330	11 642,746
	12 Investments—other securities See Part IV, line 11	0	12 0
	13 Investments—program-related See Part IV, line 11	0	13 0
	14 Intangible assets	0	14 0
	15 Other assets See Part IV, line 11	6,401,726	15 5,784,004
	16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	7,235,350	16 7,853,642
Liabilities	17 Accounts payable and accrued expenses	15,729	17 27,320
	18 Grants payable	0	18 0
	19 Deferred revenue	0	19 65,630
	20 Tax-exempt bond liabilities	0	20 0
	21 Escrow or custodial account liability Complete Part IV of Schedule D	0	21 0
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22 0
	23 Secured mortgages and notes payable to unrelated third parties	0	23 0
	24 Unsecured notes and loans payable to unrelated third parties	0	24 0
	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	786,636	25 1,051,699
	26 <b>Total liabilities.</b> Add lines 17 through 25	802,365	26 1,144,649
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>		
	27 Unrestricted net assets	-361,508	27 -476,377
	28 Temporarily restricted net assets	1,014,717	28 735,708
	29 Permanently restricted net assets	5,779,776	29 6,449,662
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>		
	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	6,432,985	33 6,708,993
	34 Total liabilities and net assets/fund balances	7,235,350	34 7,853,642

**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	5,004,318
2	Total expenses (must equal Part IX, column (A), line 25)	2	4,427,810
3	Revenue less expenses Subtract line 2 from line 1	3	576,508
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	6,432,985
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-300,500
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	6,708,993

**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	<input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O	
2a Were the organization's financial statements compiled or reviewed by an independent accountant?		<b>2a</b>
2b Were the organization's financial statements audited by an independent accountant?	<b>2b</b> Yes	No
2c 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		<b>2c</b> Yes
2d 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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> 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?	<b>3a</b> Yes	
3b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	<b>3b</b> Yes	

2011

Open to Public  
Inspection**SCHEDULE A**  
(Form 990 or 990EZ)**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.

Department of the Treasury  
Internal Revenue ServiceName of the organization  
CENTRAL MAINE MEDICAL CENTER COLLEGE OF  
NURSING AND HEALTH PROFESSIONS

Employer identification number

01-0356077

**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
- 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	
<b>Total</b>									

**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 (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 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 <b>Total.</b> 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 <b>Public Support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in)	(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 <b>Total support</b> (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 <b>First Five Years</b> 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 <b>stop here</b>						►

**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 <b>33 1/3% support test—2011.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization	►
b <b>33 1/3% support test—2010.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization	►
17a <b>10%-facts-and-circumstances test—2011.</b> 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 <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization	►
b <b>10%-facts-and-circumstances test—2010.</b> 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 <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization	►
18 <b>Private Foundation</b> If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions	►

**Part III Support Schedule for Organizations Described in 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 <b>Total.</b> 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 <b>Public Support</b> (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 <b>Total support</b> (Add lines 9, 10c, 11 and 12 )						
14 <b>First Five Years</b> 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 <b>stop here</b>						

**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 <b>33 1/3% support tests—2011.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization	
b <b>33 1/3% support tests—2010.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization	
20 <b>Private Foundation</b> 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**

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2011

Open to Public  
Inspection**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.

**Name of the organization**CENTRAL MAINE MEDICAL CENTER COLLEGE OF  
NURSING AND HEALTH PROFESSIONS**Employer identification number**

01-0356077

**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
2a	
2b	
2c	
2d	

- 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 ► \$ \_\_\_\_\_

**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)

- |   |   |
|---|---|
| <b>a</b> <input type="checkbox"/> Public exhibition                   | <b>d</b> <input type="checkbox"/> Loan or exchange programs |
| <b>b</b> <input type="checkbox"/> Scholarly research                  | <b>e</b> <input type="checkbox"/> Other                     |
| <b>c</b> <input type="checkbox"/> Preservation for future generations |   |

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

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

	<b>Amount</b>
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

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

**b** 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.

	<b>(a) Current Year</b>	<b>(b) Prior Year</b>	<b>(c) Two Years Back</b>	<b>(d) Three Years Back</b>	<b>(e) Four Years Back</b>
<b>1a</b> Beginning of year balance . . . . .	6,794,493	5,710,428	635,358	769,404	
<b>b</b> Contributions . . . . .	674,772	235,299	5,504,239	11,445	
<b>c</b> Investment earnings or losses . . . . .	-259,363	1,128,623	77,006	-129,341	
<b>d</b> Grants or scholarships . . . . .	19,845	31,800	33,060		
<b>e</b> Other expenditures for facilities and programs . . . . .	4,686			16,150	
<b>f</b> Administrative expenses . . . . .					
<b>g</b> End of year balance . . . . .	7,185,371	7,042,550	6,183,543	635,358	

2 Provide the estimated percentage of the year end balance held as

**a** Board designated or quasi-endowment ► 0 %

**b** Permanent endowment ► 89.761 %

**c** Term endowment ► 10.239 %

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

	<b>Yes</b>	<b>No</b>
<b>3a(i)</b>		No
<b>3a(ii)</b>	Yes	

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

**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.

	<b>Description of property</b>	<b>(a) Cost or other basis (investment)</b>	<b>(b) Cost or other basis (other)</b>	<b>(c) Accumulated depreciation</b>	<b>(d) Book value</b>
<b>1a</b> Land . . . . .					
<b>b</b> Buildings . . . . .					
<b>c</b> Leasehold improvements . . . . .		248,764	17,907	230,857	
<b>d</b> Equipment . . . . .		927,327	705,638	221,689	
<b>e</b> Other . . . . .		4,618	1,154	3,464	
<b>Total.</b> Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .				456,010	

**Part VII Investments—Other Securities.** See Form 990, Part X, line 12

<b>(a) Description of security or category (including name of security)</b>	<b>(b) Book value</b>	<b>(c) Method of valuation</b>
(1) Financial derivatives		Cost or end-of-year market value
(2) Closely-held equity interests		
Other		
<b>Total</b> (Column (b) should equal Form 202, Part X, col (B) line 12.)		

**Total.** (Column (b) should equal Form 990, Part X, col (B) line 12)

**Part VIII Investments—Program Related.** See Form 990, Part X, line 13

**Total.** (Column (b) should equal Form 990, Part X, col (B) line 13 )

**Part IX Other Assets.** See Form 990, Part X, line 15

**Total.** (Column (b) should equal Form 990, Part X, col.(B) line 15.)

**Part X Other Liabilities.** See Form 990, Part X, line 25

**2. Fin 48 (ASC 740) Footnote** In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740)

**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	5,004,318
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	4,427,810
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	576,508
4	Net unrealized gains (losses) on investments	4	317,222
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-617,722
9	Total adjustments (net) Add lines 4 - 8	9	-300,500
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	276,008

**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	3,028,979
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments . . . . .	2a	317,222
b	Donated services and use of facilities . . . . .	2b	
c	Recoveries of prior year grants . . . . .	2c	
d	Other (Describe in Part XIV) . . . . .	2d	-2,292,561
e	Add lines 2a through 2d . . . . .	2e	-1,975,339
3	Subtract line 2e from line 1 . . . . .	3	5,004,318
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	5,004,318

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1	Total expenses and losses per audited financial statements . . . . .	1	2,752,971
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	2,752,971
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	1,544
b	Other (Describe in Part XIV) . . . . .	4b	1,673,295
c	Add lines 4a and 4b . . . . .	4c	1,674,839
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 ) . . . . .	5	4,427,810

**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
ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4	MOST OF THE COLLEGE'S ENDOWMENT FUNDS ARE USED FOR STUDENT AID PURPOSES. SOME ENDOWMENT FUNDS ARE USED TO SUPPORT OPERATIONAL EXPENSES.
UNCERTAIN TAX POSITION	SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS.
OTHER CHANGE IN NET ASSETS	SCHEDULE D, PART XI, LINE 8	(\$ 617,722) CHANGE IN INTEREST IN CMHC
OTHER AMOUNTS INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART VIII, LINE 12	SCHEDULE D, PART XII, LINE 2D	(\$ 617,722) CHANGE IN INTEREST IN CMHC (1,673,295) GRANTS & SCHOLARSHIPS (1,544) INVESTMENT MANAGEMENT FEES ----- (\$2,292,561) NET ADJUSTMENT
OTHER AMOUNTS INCLUDED ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1	SCHEDULE D, PART XIII, LINE 4B	\$1,673,295 GRANTS & SCHOLARSHIPS

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(Form 990 or 990-EZ)**Schools**

►Complete if the organization answered "Yes" to Form 990, Part IV, line 13,  
or Form 990-EZ, Part VI, line 48.

► Attach to Form 990 or Form 990-EZ.

Department of the Treasury  
Internal Revenue ServiceName of the organization  
CENTRAL MAINE MEDICAL CENTER COLLEGE OF  
NURSING AND HEALTH PROFESSIONS

Employer identification number

01-0356077

**Part I**

- 1 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?
- 2 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?
- 3 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe. If "No," please explain. If you need more space use Part II

	YES	NO
1	Yes	
2	Yes	
3	Yes	
4a	Yes	
4b	Yes	
4c	Yes	
4d	Yes	
5a		No
5b		No
5c		No
5d		No
5e		No
5f		No
5g		No
5h		No
6a	Yes	
6b		No
7	Yes	

- 4 Does the organization maintain the following?

- a Records indicating the racial composition of the student body, faculty, and administrative staff?
- b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?
- c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?
- d Copies of all material used by the organization or on its behalf to solicit contributions?

If you answered "No" to any of the above, please explain. If you need more space, use Part II

- 5 Does the organization discriminate by race in any way with respect to

- a Students' rights or privileges?
- b Admissions policies?
- c Employment of faculty or administrative staff?
- d Scholarships or other financial assistance?
- e Educational policies?
- f Use of facilities?
- g Athletic programs?
- h Other extracurricular activities?

If you answered "Yes" to any of the above, please explain. If you need more space, use Part II

- 6a Does the organization receive any financial aid or assistance from a governmental agency?

- b Has the organization's right to such aid ever been revoked or suspended?

If you answered "Yes" to either line 6a or line 6b, explain on Part II

- 7 Does the organization certify that it has complied with the applicable requirements of sections 401 through 405 of Rev. Proc. 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," explain on Part II

**Part II Supplemental Information**

Complete this part to provide the explanations required by Part I, lines 3, 4d, 5h, 6b, and 7, as applicable. Also complete this part to provide any other additional information (see instructions)

Identifier	Return Reference	Explanation
NON-DISCRIMINATION POLICY	SCHEDULE E, PART I, LINE 3	ALL PUBLICATIONS AND ANNOUNCEMENTS INCLUDE THE SCHOOL'S POLICY OF NON-DISCRIMINATION
RECEIPT OF FINANCIAL AID	SCHEDULE E, PART I, LINE 6A	THE COLLEGE RECEIVES MEDICARE FUNDS AS PART OF A TEACHING HOSPITAL (CENTRAL MAINE MEDICAL CENTER). THE COLLEGE ALSO RECEIVES PELL GRANTS AND OTHER FEDERAL FUNDS TO AWARD TO STUDENTS BASED ON THE APPLICABLE GUIDELINES

**Schedule I  
(Form 990)**

## **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

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Internal Revenue Service

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**Name of the organization**

**CENTRAL MAINE MEDICAL CENTER COLLEGE OF  
NURSING AND HEALTH PROFESSIONS**

**Employer identification number**

01-0356077

**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.

**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
(1) FEDERAL PELL GRANTS	101	282,179			
(2) FEDERAL SEOG	101	20,450			
(3) STATE OF MAINE GRANTS	80	44,058			
(4) IN HOUSE	225	105,822			
(5) STAFFORD LOANS	155	1,220,786			

**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
MONITORING USE OF GRANT FUNDS	SCHEDULE I, PART I, LINE 2	GRANT FUNDS AWARDED TO STUDENTS ARE USED FOR TUITION AND ALLOWABLE EDUCATIONAL EXPENSES AWARDS ARE BASED UPON NEED DETERMINED FROM A FEDERAL FAFSA APPLICATION GRANT FUNDS ARE APPLIED DIRECTLY AGAINST THE TUITION AND FEES OF THE AWARDEE AND DO NOT LEAVE POSSESSION OF THE COLLEGE, THEREFORE NO MONITORING IS NECESSARY

**Schedule J**  
(Form 990)**Compensation Information**

OMB No 1545-0047

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Internal Revenue Service

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**

CENTRAL MAINE MEDICAL CENTER COLLEGE OF NURSING AND HEALTH PROFESSIONS

**Employer identification number**

01-0356077

**Part I Questions Regarding Compensation**

Yes No

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

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

**b** If any of the boxes 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

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

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

- a** Receive a severance payment or change-of-control payment?  
**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?  
**c** Participate in, or receive payment from, an equity-based compensation arrangement?  
 If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**Only 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

**a** The organization?

**b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

**a** The organization?

**b** Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

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

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

<b>1b</b>		
<b>2</b>		
<b>4a</b>		No
<b>4b</b>	Yes	
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>		No
<b>6b</b>		No
<b>7</b>		No
<b>8</b>		No
<b>9</b>		

**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.

**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
CEO COMPENSATION	SCHEDULE J, PART I, LINE 3	THE COMPENSATION OF THE ORGANIZATION'S PRESIDENT IS DETERMINED BY THE PARENT CORPORATION'S BOARD OF DIRECTORS' EXECUTIVE COMPENSATION COMMITTEE USING THE FOLLOWING -COMPENSATION SURVEY OR STUDY
PARTICIPATION IN A NON- QUALIFIED PLAN	SCHEDULE J, PART I, LINE 4B	A PARTICIPANT'S ENTITLEMENT TO BENEFITS WILL VEST ON THE PARTICIPANT'S VESTING DATE PROVIDED THE PARTICIPANT HAS REMAINED IN CONTINUOUS EMPLOYMENT IN THE SAME POSITION WHILE PARTICIPATING IN THIS PLAN. A PARTICIPANT WILL HAVE ONLY ONE VESTING DATE FOR ALL ELECTIVE DEFERRALS AND OTHER PLAN CONTRIBUTIONS MADE ON THE PARTICIPANT'S BEHALF DURING ALL PLAN YEARS. A PARTICIPANT'S ENTITLEMENT TO BENEFITS WILL ALSO VEST (A) IF THE PARTICIPANT DIES WHILE STILL EMPLOYED BY THE EMPLOYER, (B) IF THE PARTICIPANT'S EMPLOYMENT TERMINATES DUE TO TOTAL DISABILITY, OR (C) IF THE EMPLOYER TERMINATES THE PARTICIPANT'S EMPLOYMENT FOR ANY REASON OTHER THAN FOR "CAUSE". ANY PORTION OF THE PARTICIPANT'S ENTITLEMENT TO BENEFITS THAT IS NOT VESTED WHEN THE PARTICIPANT'S EMPLOYMENT WITH THE EMPLOYER TERMINATES, INCLUDING ELECTIVE DEFERRALS, WILL BE FORFEITED. THE EMPLOYER WILL DISTRIBUTE A PARTICIPANT'S BENEFITS UNDER THE PLAN AS SOON AS PRACTICABLE AFTER THE PARTICIPANT'S ENTITLEMENT BECOMES VESTED. THE FOLLOWING INDIVIDUALS PARTICIPATED IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN THROUGH CENTRAL MAINE HEALTHCARE CORPORATION, A RELATED ENTITY: \$ 127,213 PETER CHALKE (PAYOUT) \$ 405,206 PETER CHALKE (DEFERRAL)
COMPENSATION REPORTED IN PRIOR FORM 990	SCHEDULE J, PART II, COLUMN F	COMPENSATION IS REPORTED ON THE FORM 990 IN THE YEAR THAT THE COMPENSATION IS EARNED BY OR AWARDED TO AN INDIVIDUAL, EVEN IF THE COMPENSATION IS NOT PAID TO THE INDIVIDUAL, IS NOT FULLY VESTED, OR IS SUBJECT TO SUBSTANTIAL RISK OF FORFEITURE. IF COMPENSATION IS EARNED OR AWARDED IN ONE YEAR BUT PAID IN A LATER YEAR, THEN THE COMPENSATION IS REPORTED A SECOND TIME ON THE FORM 990 IN THE YEAR THE COMPENSATION IS VESTED OR PAID TO THE INDIVIDUAL

**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.

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Inspection**

Name of the organization

CENTRAL MAINE MEDICAL CENTER COLLEGE OF  
NURSING AND HEALTH PROFESSIONS**Employer identification number**

01-0356077

Identifier	Return Reference	Explanation
PROGRAM ACHIEVEMENTS	FORM 990, PART III, LINE 4A	NURSING STUDENTS ATTEND CLASSES AND TAKE CARE OF PATIENTS OF ALL AGES IN A VARIETY OF SETTINGS BEFORE THEY CARE FOR PATIENTS, NURSING STUDENTS SPEND TIME IN THE CAMPUS LABORATORY LEARNING AND PRACTICING THE SKILLS NEEDED TO PROVIDE SAFE CARE CMMC COLLEGE OF NURSING AND HEALTH PROFESSIONS STUDENTS MAY HAVE EXPERIENCES IN THE FOLLOWING AREAS MATERNITY, LONG-TERM CARE, PEDIATRICS, SURGERY, CRITICAL CARE, REHABILITATION, MENTAL HEALTH, CARDIAC CARE AND POST-SURGERY THE COLLEGES STATE OF THE ART SIMULATION LABORATORY PROVIDES A REALISTIC CLINICAL EXPERIENCE THE CLARK F MILLER SCHOOL OF RADIOLOGIC TECHNOLOGY AT THE CENTRAL MAINE MEDICAL CENTER COLLEGE OF NURSING AND HEALTH PROFESSIONS OFFERS A CHALLENGING AND REWARDING CAREER EDUCATIONAL OPPORTUNITY THE COLLEGES TWO YEAR ASSOCIATE OF APPLIED SCIENCE DEGREE PROGRAM PROVIDES INSTRUCTION AND CLINICAL EXPERIENCE THROUGH A BLEND OF CLASSROOM AND CLINICAL EDUCATION THE SCHOOL OF NUCLEAR MEDICINE TECHNOLOGY AT THE CENTRAL MAINE MEDICAL CENTER COLLEGE OF NURSING AND HEALTH PROFESSIONS OFFERS A CHALLENGING AND REWARDING CAREER EDUCATIONAL OPPORTUNITY THE COLLEGES TWO YEAR ASSOCIATE OF APPLIED SCIENCE DEGREE PROGRAM PROVIDES INSTRUCTION AND CLINICAL EXPERIENCE THROUGH A BLEND OF CLASSROOM AND CLINICAL EDUCATION

Identifier	Return Reference	Explanation
MEMBERS AND STOCKHOLDERS	FORM 990, PART VI, SECTION A, LINES 6, 7A, & 7B	THE MEMBER OF THE CORPORATION SHALL BE CENTRAL MAINE MEDICAL CENTER, A CORPORATION DULY ORGANIZED UNDER THE LAWS OF THE STATE OF MAINE. THE MEMBER SHALL HAVE THE RIGHT TO ELECT TRUSTEES UPON NOMINATION BY THE BOARD OF TRUSTEES. THE MEMBER HAS THE SOLE RIGHT TO APPOINT THE CHAIRMAN AND TREASURER OF THE BOARD OF TRUSTEES. IN ADDITION, THE MEMBER HAS THE SOLE DECISION IN DETERMINING TO APPROVE OR DISAPPROVE PROPOSED AMENDMENTS TO THE ORGANIZATION'S BYLAWS. THE MEMBER SHALL HAVE THE RIGHT TO APPROVE CERTAIN DECISIONS OF THE BOARD OF DIRECTORS, DETAILED IN THE BYLAWS OF THE CORPORATION.

Identifier	Return Reference	Explanation
FORM 990 REVIEW PROCESS	FORM 990, PART VI, SECTION B, LINE 11B	<p>ALL AFFILIATED FORM 990's AND APPLICABLE SCHEDULES ARE PREPARED BY AN INDEPENDENT PUBLIC ACCOUNTING FIRM IN COOPERATION WITH THE FINANCE DEPARTMENT. THE COMPLETED RETURNS ARE REVIEWED WITH THE DIRECTOR OF FINANCE THEN WITH THE CFO FOLLOWING THAT REVIEW, THEY ARE PRESENTED TO THE FINANCE COMMITTEE OF THE CENTRAL MAINE HEALTHCARE BOARD OF DIRECTORS, WHICH HAS REPRESENTATIVES FROM ALL AFFILIATED BOARDS. ONCE THIS REVIEW IS COMPLETED, ANY NECESSARY CHANGES ARE MADE AND THE FINAL RETURN IS PRESENTED TO ITS RESPECTIVE BOARD WITH THE FINANCE COMMITTEE MEMBER TAKING AND ANSWERING QUESTIONS. A FINANCE DEPARTMENT REPRESENTATIVE, KNOWLEDGEABLE OF THE RETURN, IS AVAILABLE TO ASSIST DURING PRESENTATIONS, IF REQUESTED BY THE FINANCE COMMITTEE MEMBER. IN THE EVENT THAT THE NEXT BOARD MEETING IS NOT SCHEDULED UNTIL AFTER THE FILING DATE, THE FINAL RETURN IS MAILED TO ALL BOARD MEMBERS AND THE PRESENTATION OCCURS AT THE NEXT SCHEDULED BOARD MEETING.</p>

Identifier	Return Reference	Explanation
MONITORING COMPLIANCE WITH CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	OFFICERS AND TRUSTEES COMPLETE AN ANNUAL CONFLICT OF INTEREST STATEMENT WHICH IS REVIEWED BY THE CHAIRMAN OF THE BOARD AND CONFORMS TO THE CONDITIONS CONTAINED WITHIN THE CORPORATION'S BYLAWS, WHICH MEET OR EXCEED THE CURRENT IRS REPORTING THRESHOLDS IN AREAS OF CONFLICT BY THE CHAIRMAN, THE VICE-CHAIRMAN REVIEWS ADDITIONALLY, AS PART OF THE ANNUAL FORM 990 PREPARATION PROCESS, A SEPARATE QUESTIONNAIRE IS PROVIDED, WHICH INCLUDES DISTRIBUTION TO KEY EMPLOYEES, COVERING REPORTING AREAS OF LOANS, GRANTS, BUSINESS RELATIONSHIPS, AND OTHER CONFLICTS THESE QUESTIONNAIRES ARE REVIEWED BY THE FINANCE DEPARTMENT FOR REPORTABLE ITEMS FOR THE FORM 990 IN THE CASE OF A POSSIBLE CONFLICT, THE BOARD WOULD REVIEW THE SITUATION AND TAKE ACTIONS DEEMED APPROPRIATE FOR THE POSSIBLE OR ACTUAL CONFLICTS OF MEMBERS OF THE BOARD OR THE EXECUTIVE OFFICERS IN THE CASE OF KEY EMPLOYEES, THE REVIEW AND ACTIONS TAKEN WOULD BE PERFORMED BY THEIR DIRECT SUPERVISOR

Identifier	Return Reference	Explanation
EXECUTIVE COMPENSATION REVIEW	FORM 990, PART VI, SECTION B, LINES 15A & 15B	<p>A STANDING EXECUTIVE COMPENSATION COMMITTEE (ECC), COMPRISED OF INDEPENDENT MEMBERS OF BOARD LEADERSHIP, EXISTS TO UNDERTAKE THE PROCESS OF DETERMINING COMPENSATION FOR THE CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, CHIEF MEDICAL OFFICER, PRESIDENT OF CENTRAL MAINE MEDICAL CENTER, PHYSICIAN PRACTICE EXECUTIVE, AND THE PRESIDENT OF RUMFORD AND BRIDGTON HOSPITALS. THE PROCESS GUIDELINES AND AUTHORITY OF THE ECC ARE SET OUT IN THE EXECUTIVE COMPENSATION PHILOSOPHY AND RESPONSIBILITIES CHARTER WHICH WAS APPROVED BY THE CMHC BOARD. THE ENTIRE CMHC BOARD PARTICIPATES IN THE ANNUAL PERFORMANCE EVALUATION OF EACH EXECUTIVE, INCLUDING A REVIEW OF ACCOMPLISHMENTS RELATIVE TO GOALS AND OBJECTIVES DERIVED FROM THE STRATEGIC PLAN. THE ECC REVIEWS THE RESULTS OF THE ANNUAL PERFORMANCE EVALUATION AND APPROPRIATE COMPARABILITY DATA BASED ON SEVERAL FACTORS RECOMMENDED BY AN INDEPENDENT EXECUTIVE COMPENSATION CONSULTANT, WHO SPECIALIZES IN NOT-FOR-PROFIT HOSPITALS AND HEALTH SYSTEMS, AND OUR ATTORNEYS. FACTORS USED IN DETERMINING COMPARABILITY TO THE ORGANIZATION INCLUDE SIZE, GEOGRAPHY, ORGANIZATIONAL COMPLEXITY, FACILITY TYPE, OWNERSHIP TYPE, AND ANY OTHER FACTORS DEEMED RELEVANT BY THE COMMITTEE, ITS CONSULTANTS, OR ITS ATTORNEYS. USING THIS INFORMATION, THE ECC ANNUALLY REVIEWS THE EXECUTIVES' COMPENSATION TO DETERMINE IF MODIFICATION TO BASE SALARY IS WARRANTED, AND REVIEWS THE EXECUTIVES' ACCOMPLISHMENTS TO DETERMINE IF ANY VARIABLE PAY IS TO BE AWARDED. THE ENTIRE PROCESS IS THEN DOCUMENTED CONTEMPORANEOUSLY WITH THE DECISION-MAKING PROCESS AND APPROVED THEREAFTER IN ACCORDANCE WITH THE REQUIREMENTS OF THE IRS.</p>

Identifier	Return Reference	Explanation
PUBLIC DISCLOSURE	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE AVAILABLE UPON REQUEST IN THE ORGANIZATION'S ADMINISTRATIVE OFFICES. THE FINANCIAL STATEMENTS OF THE ORGANIZATION ARE INCLUDED IN THE MOST RECENTLY FILED FORM 990 AND PROVIDED, UPON REQUEST, IN THAT FORMAT UNLESS THE SPECIFIC REQUEST DEEMS A DIFFERENT FORMAT MORE APPROPRIATE.

Identifier	Return Reference	Explanation
BOARD MEMBER COMPENSATION	FORM 990, PART VII, SECTION A, COLUMN B	PETER CHALKE, PHILIPPE MORISSETTE, EDMUND CLAXTON, DAVID LAUVER AND ERIN PENDEXTER ARE ALL EMPLOYED BY CENTRAL MAINE HEALTHCARE OR CENTRAL MAINE MEDICAL CENTER AND THEIR COMPENSATED TIME IS SPENT IN THAT CAPACITY

Identifier	Return Reference	Explanation
HOURS WORKED FOR RELATED ORGANIZATIONS	FORM 990, PART VII, LINE 1A, COLUMN B	THE CENTRAL MAINE HEALTHCARE SYSTEM, WHICH INCLUDES THE FOLLOWING ENTITIES REPORTABLE AS RELATED ORGANIZATIONS ON SCHEDULE R OF THE FORM 990, SHARES EXECUTIVE MANAGEMENT AND GOVERNING BOARD MEMBERS CENTRAL MAINE HEALTHCARE CORPORATION, CENTRAL MAINE MEDICAL CENTER, CENTRAL MAINE MEDICAL CENTER COLLEGE OF NURSING AND HEALTH PROFESSIONS, RUMFORD HOSPITAL, RUMFORD COMMUNITY FAMILY HEALTH CENTER, RUMFORD COMMUNITY HOME CORPORATION, BRIDGTON HOSPITAL, BRIDGTON HOSPITAL PHYSICIAN'S GROUP, CENTRAL MAINE COMMUNITY HEALTH CORPORATION, CENTRAL MAINE REAL ESTATE MANAGEMENT CORPORATION, CENTRAL MAINE HEART AND VASCULAR INSTITUTE, GARD W TWADDLE NURSES ENDOWMENT, ELIAS E TUCKER TRUST FUND, CENTRAL MAINE HEALTH VENTURES AND SUBSIDIARIES, AND CWM INSURANCE, LTD THE PRESIDENT OF CENTRAL MAINE HEALTHCARE SYSTEM, PETER E CHALKE, ALSO SERVES ON THE BOARDS OF OTHER RELATED ORGANIZATIONS DAVID LAUVER, M D , A PHYSICIAN DIVISION CHIEF AT CENTRAL MAINE MEDICAL CENTER, SERVES ON THE BOARDS OF OTHER RELATED ORGANIZATIONS BOARD MEMBERS EDMUND CLAXTON, ERIN PENDEXTER, AND PHILIPPE MORISSETTE, AND SUSAN C BALTRUS, PRESIDENT, ARE EMPLOYED BY CENTRAL MAINE HEALTHCARE CORPORATION

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 5	(\$ 617,722) CHANGE IN INTEREST IN CMHC 317,222 NET UNREALIZED GAINS ----- (\$ 300,500) NET ADJUSTMENT

## **SCHEDULE R (Form 990)**

## Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

**Name of the organization**

## CENTRAL MAINE MEDICAL CENTER COLLEGE OF NURSING AND HEALTH PROFESSIONS

**Employer identification number**

01-0356077

**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.)

**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.)

**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.)

<b>(a)</b> Name, address, and EIN of related organization	<b>(b)</b> Primary activity	<b>(c)</b> Legal domicile (state or foreign country)	<b>(d)</b> Direct controlling entity	<b>(e)</b> Type of entity (C corp, S corp, or trust)	<b>(f)</b> Share of total income	<b>(g)</b> Share of end-of-year assets	<b>(h)</b> Percentage ownership
<b>(1)</b> CENTRAL MAINE HEALTH VENTURES INC							
300 MAIN STREET	HEALTHCARE	ME	NA	C CORP			
LEWISTON, ME 04240							
01-0430016							
<b>(2)</b> CWM INSURANCE LTD							
GENESIS BUILDING PO BOX 1363	INSURANCE	CJ	NA	C CORP			
GRAND CAYMAN, BWI							
CJ							
98-0220891							

**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
<b>1a</b>		No
<b>1b</b>		No
<b>1c</b>	Yes	
<b>1d</b>		No
<b>1e</b>		No
<b>1f</b>		No
<b>1g</b>		No
<b>1h</b>		No
<b>1i</b>		No
<b>1j</b>	Yes	
<b>1k</b>		No
<b>1l</b>	Yes	
<b>1m</b>		No
<b>1n</b>	Yes	
<b>1o</b>	Yes	
<b>1p</b>		No
<b>1q</b>		No
<b>1r</b>		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)			
(2)			
(3)			
(4)			
(5)			
(6)			

**Part VI Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

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

**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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**Software ID:**  
**Software Version:**  
**EIN:** 01-0356077  
**Name:** CENTRAL MAINE MEDICAL CENTER COLLEGE OF  
 NURSING AND HEALTH PROFESSIONS

## Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

<b>(a)</b> Name, address, and EIN of related organization	<b>(b)</b> Primary Activity	<b>(c)</b> Legal Domicile (State or Foreign Country)	<b>(d)</b> Exempt Code section	<b>(e)</b> Public charity status (if 501(c) (3))	<b>(f)</b> Direct Controlling Entity	<b>g</b> Section 512 (b)(13) controlled organization
CENTRAL MAINE HEALTHCARE CORPORATION  PO BOX 4500 LEWISTON, ME 04243 01-0386913	HEALTHCARE	ME	501(C) (3)	11 B II	NA	No
CENTRAL MAINE MEDICAL CENTER  PO BOX 4500 LEWISTON, ME 04243 01-0211494	HEALTHCARE	ME	501(C) (3)	3	CMHC	No
CENTRAL MAINE COMMUNITY HEALTH CORPORATION  PO BOX 4500 LEWISTON, ME 04243 01-0386912	PUBLIC ED	ME	501(C) (3)	7	CMHC	No
CENTRAL MAINE REAL ESTATE MGMT CORP  PO BOX 4500 LEWISTON, ME 04243 01-0387674	REAL ESTATE	ME	501(C) (2)		CMHC	No
BRIDGTON HOSPITAL  10 HOSPITAL DRIVE BRIDGTON, ME 04009 01-0130427	HEALTHCARE	ME	501(C) (3)	3	CMHC	No
BRIDGTON HOSPITAL PHYSICIANS GROUP  SOUTH HIGH STREET BRIDGTON, ME 04009 01-0493083	HEALTHCARE	ME	501(C) (3)	9	CMHC	No
RUMFORD HOSPITAL  420 FRANKLIN STREET RUMFORD, ME 04276 01-0215227	HEALTHCARE	ME	501(C) (3)	3	CMHC	No
RUMFORD COMMUNITY FAMILY HEALTH CENTER  430 FRANKLIN STREET RUMFORD, ME 04276 01-0481000	HEALTHCARE	ME	501(C) (3)	3	CMHC	No
RUMFORD COMMUNITY HOME CORPORATION  11 JOHN F KENNEDY LANE RUMFORD, ME 04276 22-2844951	NURSING HOME	ME	501(C) (3)	9	CMHC	No
CENTRAL MAINE HEART AND VASCULAR INSTITU  300 MAIN STREET LEWISTON, ME 04240 54-2078282	HEALTHCARE	ME	501(C) (3)	9	CMHC	No
GARD WT WADDLE NURSES ENDOWMENT  C/O CMMC 300 MAIN STREET LEWISTON, ME 04240 01-6019477	NURSING ED	ME	501(C) (3)	11 A I	CMHC	No
ELIAS E TUCKER TRUST FUND  C/O CMMC 300 MAIN STREET LEWISTON, ME 04240 01-6042343	NURSING ED	ME	501(C) (3)	11 A I	CMMC	No

# **Central Maine Healthcare Corporation and Subsidiaries**

Accountants' Report and Consolidated Financial Statements

June 30, 2012 and 2011

**Central Maine Healthcare Corporation  
and Subsidiaries**  
June 30, 2012 and 2011

**Contents**

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## Independent Accountants' Report

Board of Directors  
Central Maine Healthcare Corporation and Subsidiaries  
Lewiston, Maine

We have audited the accompanying consolidated balance sheets of Central Maine Healthcare Corporation and Subsidiaries (the "Corporation") 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 the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those 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 financial position of Central Maine Healthcare Corporation and Subsidiaries as of June 30, 2012 and 2011, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*BKD, LLP*

November 6, 2012

**Central Maine Healthcare Corporation  
and Subsidiaries**  
**Consolidated Balance Sheets**  
**June 30, 2012 and 2011**

**Assets**

	<b>2012</b>	<b>2011</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 27,308,135	\$ 22,482,931
Assets limited as to use - current	11,074,209	21,331,750
Assets limited as to use held by trustee for bond project fund - current	-	1,616,496
Patient accounts receivable, net of allowance, 2012 - \$39,805,000, 2011 - \$18,775,000	43,689,462	45,988,475
Short-term investments	15,983,490	27,520,388
Estimated amounts due from third-party payers - current	13,177,912	20,521,492
Supplies	3,125,520	3,397,776
Prepaid expenses and other	<u>11,402,362</u>	<u>9,737,518</u>
 Total current assets	 <u>125,761,090</u>	 <u>152,596,826</u>
 <b>Assets Limited As To Use</b>		
Internally designated	25,570,765	24,766,087
Externally restricted by donors	26,764,891	27,312,053
Held by trustee under bond indenture agreements	17,424,208	20,158,060
Held by trustee for self-insurance trust	<u>24,648,137</u>	<u>27,272,442</u>
 Less amount required to meet current obligations	 <u>94,408,001</u>	 <u>99,508,642</u>
 <u>11,074,209</u>	 <u>22,948,246</u>	
 <u>83,333,792</u>	 <u>76,560,396</u>	
 <b>Property and Equipment, Net</b>	 <u>209,352,726</u>	 <u>204,342,120</u>
 <b>Other Assets</b>		
Estimated amounts due from third-party payers	36,000,077	19,059,971
Deferred compensation plan assets	25,151,715	24,750,264
Investment in equity investees	7,254,398	5,744,485
Notes receivable	4,790,969	5,513,444
Other	<u>10,951,255</u>	<u>4,244,356</u>
 <u>84,148,414</u>	 <u>59,312,520</u>	
 Total assets	 <u>\$ 502,596,022</u>	 <u>\$ 492,811,862</u>

## Liabilities and Net Assets

	<b>2012</b>	<b>2011</b>
<b>Current Liabilities</b>		
Line of credit	\$ -	\$ 14,897,529
Current maturities of long-term debt	6,612,369	4,943,514
Accounts payable	12,646,246	17,698,643
Accrued expenses	<u>28,064,280</u>	<u>27,166,598</u>
Total current liabilities	47,322,895	64,706,284
<b>Estimated Self-Insurance Costs</b>		
	16,314,916	17,838,443
<b>Line of Credit</b>	17,428,260	-
<b>Long-Term Debt</b>	145,917,661	138,233,228
<b>Pension Liabilities</b>	49,589,583	22,468,411
<b>Asset Retirement Obligations</b>	2,829,879	2,781,372
<b>Other Long-Term Liabilities</b>	<u>8,551,115</u>	<u>9,013,220</u>
Total liabilities	<u>287,954,309</u>	<u>255,040,958</u>
<b>Net Assets</b>		
Unrestricted	186,655,242	210,775,172
Temporarily restricted	9,353,451	8,974,959
Permanently restricted	<u>18,633,020</u>	<u>18,020,773</u>
Total net assets	<u>214,641,713</u>	<u>237,770,904</u>
Total liabilities and net assets	<u>\$ 502,596,022</u>	<u>\$ 492,811,862</u>

# Central Maine Healthcare Corporation and Subsidiaries

## Consolidated Statements of Operations Years Ended June 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>Unrestricted Revenues, Gains and Other Support</b>		
Net patient service revenue	\$ 404,474,901	\$ 394,397,406
Other revenue	19,349,222	14,988,474
Net assets released from restrictions used for operations	<u>1,626,049</u>	<u>1,493,862</u>
 Total unrestricted revenues, gains and other support	 <u>425,450,172</u>	 <u>410,879,742</u>
<b>Expenses and Losses</b>		
Salaries, wages and employee benefits	238,632,919	234,931,720
Supplies and other	119,524,258	115,142,422
Depreciation and amortization	24,230,062	23,339,050
Interest	4,217,582	3,708,350
Provision for uncollectible accounts	<u>35,088,802</u>	<u>26,517,557</u>
 Total expenses and losses	 <u>421,693,623</u>	 <u>403,639,099</u>
<b>Operating Income</b>	<u>3,756,549</u>	<u>7,240,643</u>
<b>Other Income (Expense)</b>		
Investment return	1,668,564	1,852,065
Realized gains on sale of investments	2,308,482	1,946,426
Change in unrealized gains (losses) on investments	(3,130,284)	4,313,611
Gain on investment in equity investees	1,892,158	905,183
Pension curtailment	-	(583,985)
Other	<u>(473,730)</u>	<u>(1,358,559)</u>
 Total other income (expense)	 <u>2,265,190</u>	 <u>7,074,741</u>
<b>Excess of Revenues Over Expenses</b>		
Net assets released from restriction used for purchase of property and equipment	6,021,739	14,315,384
Grant funds used for acquisition of property and equipment	10,500	34,323
Change in defined benefit pension plan gains and losses, prior service costs and curtailments	<u>163,399</u>	<u>266,572</u>
 Increase (decrease) in unrestricted net assets	 <u>\$ (30,315,568)</u>	 <u>\$ 23,773,833</u>
	 <u>\$ (24,119,930)</u>	 <u>\$ 38,390,112</u>

**Central Maine Healthcare Corporation  
and Subsidiaries**  
**Consolidated Statements of Changes in Net Assets**  
**Years Ended June 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>Unrestricted Net Assets</b>		
Excess of revenues over expenses	\$ 6,021,739	\$ 14,315,384
Net assets released from restriction used for purchase of property and equipment	10,500	34,323
Grant funds used for acquisition of property and equipment	163,399	266,572
Change in defined benefit pension plan gains and losses, prior service costs and curtailments	<u>(30,315,568)</u>	<u>23,773,833</u>
Increase (decrease) in unrestricted net assets	<u>(24,119,930)</u>	<u>38,390,112</u>
<b>Temporarily Restricted Net Assets</b>		
Contributions received	2,394,020	1,951,978
Investment return	(378,979)	2,653,715
Net assets released from restriction	<u>(1,636,549)</u>	<u>(1,528,185)</u>
Increase in temporarily restricted net assets	<u>378,492</u>	<u>3,077,508</u>
<b>Permanently Restricted Net Assets</b>		
Contributions received	686,077	624,547
Change in beneficial interest in perpetual trusts	<u>(73,830)</u>	<u>(251,814)</u>
Increase in permanently restricted net assets	<u>612,247</u>	<u>372,733</u>
<b>Change in Net Assets</b>	<b>(23,129,191)</b>	<b>41,840,353</b>
<b>Net Assets, Beginning of Year</b>	<b><u>237,770,904</u></b>	<b><u>195,930,551</u></b>
<b>Net Assets, End of Year</b>	<b><u>\$ 214,641,713</u></b>	<b><u>\$ 237,770,904</u></b>

# Central Maine Healthcare Corporation and Subsidiaries

## Consolidated Statements of Cash Flows Years Ended June 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>Operating Activities</b>		
Change in net assets	\$ (23,129,191)	\$ 41,840,353
Items not requiring (providing) operating cash flow		
Gain on sale of property and equipment	(94,261)	(12,304)
Depreciation and amortization	24,230,062	23,339,050
Gain on investment in equity investee	(1,892,158)	(905,183)
(Gain) loss on investments	1,461,642	(8,584,531)
Restricted contributions, grants and investment income received	(3,243,496)	(2,843,097)
Accrued self-insurance costs	(637,222)	3,044,683
Accrued deferred compensation costs	(863,556)	(1,239,034)
Change in defined benefit pension plans	30,315,568	(23,773,833)
Changes in		
Patient accounts receivable	2,299,013	(974,347)
Estimated amounts due from and to third-party payers	(9,596,526)	19,612,823
Accounts payable and accrued expenses	(7,743,273)	(8,476,341)
Other current assets and liabilities	<u>1,841,476</u>	<u>2,763,848</u>
Net cash provided by operating activities	<u>12,948,078</u>	<u>43,792,087</u>
<b>Investing Activities</b>		
Investment in equity investee	(950,000)	-
Purchases of investments	(36,822,805)	(22,246,244)
Sales of investments	51,998,702	31,754,294
Dividends and return of equity from equity investees	1,270,407	911,329
Purchases of property and equipment	(22,467,018)	(32,901,505)
Proceeds from sale of property and equipment	<u>103,662</u>	<u>-</u>
Net cash used in investing activities	<u>(6,867,052)</u>	<u>(22,482,126)</u>

**Central Maine Healthcare Corporation  
and Subsidiaries**

**Consolidated Statements of Cash Flows  
Years Ended June 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>Financing Activities</b>		
Restricted contributions, grants and investment income	\$ 3,243,496	\$ 2,843,097
Proceeds from line of credit	4,762,790	-
Principal payments on long-term debt and the line of credit	<u>(9,262,108)</u>	<u>(5,184,658)</u>
Net used in financing activities	<u>(1,255,822)</u>	<u>(2,341,561)</u>
<b>Increase in Cash and Cash Equivalents</b>	4,825,204	18,968,400
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>22,482,931</u>	<u>3,514,531</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 27,308,135</u></u>	<u><u>\$ 22,482,931</u></u>
<b>Supplemental Cash Flows Information</b>		
Interest paid (net of amount capitalized)	\$ 4,353,675	\$ 5,452,945
Property and equipment in accounts payable	\$ 2,825,380	\$ 3,269,016
Capital lease obligation incurred for property and equipment	\$ -	\$ 804,326
Capital lease obligation incurred for new information technology system	\$ 16,379,543	\$ -

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### Note 1: Nature of Operations and Summary of Significant Accounting Policies

#### *Nature of Operations*

Central Maine Healthcare Corporation (CMHC), a not-for-profit entity, coordinates, plans and provides a broad range of integrated healthcare services to meet the healthcare needs of the people of the Central and Western Maine region including inpatient, outpatient and emergency care services

CMHC is the parent company of Central Maine Medical Center (CMMC or the "Medical Center"), Central Maine Health Ventures, Inc (CMHV), Central Maine Community Health Corporation, Central Maine Real Estate Management Corporation, CWM Insurance, Ltd (CWM), Rumford Hospital, Rumford Community Home Corporation, Rumford Community Family Health Center, Inc (Rumford) and Bridgton Hospital (Bridgton)

CMMC, Rumford and Bridgton primarily earn revenues by providing inpatient, outpatient and emergency care services to patients in the Central and Western Maine region

CMHV, Rumford Community Home Corporation, Rumford Community Family Health Center, Inc and Central Maine Community Health Corporation provide a variety of services including long-term care, imaging and other clinical services to patients in the Central and Western Maine region

Central Maine Real Estate Management Corporation manages rental property for physicians in the Central and Western Maine region

CWM is a captive insurance company, incorporated in the Cayman Islands, that provides professional and general liability for CMHC and its subsidiaries

#### *Principles of Consolidation*

The accompanying consolidated financial statements include the accounts of CMHC and its wholly owned subsidiaries (collectively the "Corporation"). All significant intercompany balances and transactions have been eliminated in consolidation

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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

# **Central Maine Healthcare Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements June 30, 2012 and 2011**

### ***Cash Equivalents***

The Corporation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2012 and 2011, cash equivalents consisted primarily of money market accounts and short-term government obligations.

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010, through December 31, 2012, at all FDIC-insured institutions.

For interest-bearing cash accounts, the FDIC's insurance limits were permanently increased to \$250,000. At June 30, 2012 and 2011, the Corporation's interest-bearing cash accounts exceeded federally insured limits by approximately \$4,180,000 and \$4,400,000, respectively.

Additionally, the Corporation has entered into an agreement with a local financial institution to purchase fully collateralized U.S. government securities with the Corporation's sweep accounts. At June 30, 2012 and 2011, the amount held in sweep and money market accounts was approximately \$11,760,000 and \$30,275,000.

### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. The investments in equity investee are reported on the equity method of accounting. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Certain investments are carried at fair value pursuant to the fair value option available under FASB ASC Topic 825 (*Note 17*).

### ***Assets Limited As To Use***

Assets limited as to use include (1) assets held by trustees under bond indenture agreements and for self-insurance, (2) assets restricted by donors and (3) assets set aside by the Board of Directors for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities and bond project funds for projects to be completed in the current year of the Corporation are included in current assets.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### **Patient Accounts Receivable**

The Corporation reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Corporation provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Corporation bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

### **Supplies**

The Corporation states supply inventories at the lower of cost, determined using the first-in, first-out method, or market.

### **Property and Equipment**

Property and equipment acquisitions are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

The Corporation capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. Total interest capitalized and incurred was:

	<b>2012</b>	<b>2011</b>
Total interest expense incurred on borrowings for project	\$ 2,820,362	\$ 2,288,551
Interest income from investment of proceeds of borrowings for project	<u>(132,792)</u>	<u>(127,128)</u>
Net interest cost capitalized	<u><u>\$ 2,687,570</u></u>	<u><u>\$ 2,161,423</u></u>

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Interest capitalized	\$ 2,820,362	\$ 2,288,551
Interest charged to expense	<u>4,217,582</u>	<u>3,708,350</u>
Total interest incurred	<u><u>\$ 7,037,944</u></u>	<u><u>\$ 5,996,901</u></u>

### ***Long-Lived Asset Impairment***

The Corporation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the assets is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2012 and 2011.

### ***Deferred Financing Costs***

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt and are included in other assets in the accompanying consolidated balance sheets. Such costs are being amortized over the term of the respective debt using the straight-line method.

### ***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Corporation 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 Corporation in perpetuity.

### ***Net Patient Service Revenue***

The Corporation has agreements with third-party payers that provide for payments to the Corporation at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

### ***Charity Care***

The Corporation provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### ***Contributions***

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

### ***Estimated Malpractice Costs***

An annual estimated provision is accrued for the medical malpractice claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

### ***Income Taxes***

CMHC, CMMC, Central Maine Community Health Corporation, Central Maine Real Estate Management Corporation, Rumford Hospital, Rumford Community Home Corporation, Rumford Community Family Health Center, Inc and Bridgton Hospital, are classified as tax-exempt organizations as described in Section 501 of the Internal Revenue Code and a similar provision of state law. However, these entities are subject to federal income tax on any unrelated business taxable income.

CMHV and its subsidiaries are subject to federal and state income taxes. CMHV accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes*). CMHV has accumulated net operating loss carry forwards that are available to offset future taxable income during the carry forward period. No income tax benefit has been recognized for the net operating loss carry forwards or other potential deferred tax assets in the consolidated financial statements because CMHV believes realization of these benefits is unlikely.

CMHC and its consolidated entities file tax returns in the U.S. federal jurisdiction. With a few exceptions, these entities are no longer subject to U.S. federal examinations by tax authorities for years before 2006.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### ***Excess of Revenues Over Expenses***

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

### ***Electronic Health Records Incentive Program***

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the organization continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

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

In 2012, the Corporation completed the first-year requirements under the Medicaid program and has recorded revenue of approximately \$3,825,000, which is included in other revenue within operating revenues in the statement of operations.

### ***Estimated Self-Insurance Costs***

The Corporation accrues estimated liabilities for self-insurance losses associated with worker's compensation and employee health insurance claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

### ***Subsequent Events***

Subsequent events have been evaluated November 6, 2012, which is the date the financial statements were issued.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### Note 2: Net Patient Service Revenue

The Corporation has agreements with third-party payers that provide for payments to the Corporation at amounts different from its established rates. These payment arrangements include

*Medicare* CMMC - Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based on the patients' acuity. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology.

Rumford and Bridgton – Inpatient acute care and swing-bed skilled nursing services and substantially all outpatient services rendered to the Medicare program beneficiaries are paid based on cost reimbursed formulas as a critical access hospital.

CMMC, Rumford and Bridgton are all reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports and audits thereof by the Medicare administrative contractor.

*Medicaid* Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services. CMMC, Rumford and Bridgton are reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by the respective hospital and audits thereof by the Medicaid administrative contractor. Beginning July 1, 2011, for inpatient acute care services CMMC is now being paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors.

CMMC, Rumford and Bridgton's Medicaid cost reports have been tentatively settled by the Medicaid administrative contractor through June 30, 2008. At June 30, 2012 and 2011, CMMC, Rumford and Bridgton have estimated cost report receivables of approximately \$56,310,000 and \$43,250,000, respectively, from the State of Maine (State) for fiscal years 2005 through 2012. CMMC, Rumford and Bridgton received \$200,000 and \$27,730,000 during fiscal years 2012 and 2011, respectively, for tentative settlements of filed cost reports. Management expects to collect these receivables in full, however, the timing of collection from the State is uncertain, and is subject to the risk that the State may make changes to its existing laws or regulations due to budgetary needs.

Approximately 52% and 46% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2012 and 2011, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

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

### Note 3: Concentration of Credit Risk

The Corporation grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of gross receivables from patients and third-party payers at June 30, 2012 and 2011, is

	2012	2011
Medicare	38%	43%
Medicaid	7%	4%
Anthem	4%	4%
Other third-party payers	37%	33%
Patients	<u>14%</u>	<u>16%</u>
	<u>100%</u>	<u>100%</u>

### Note 4: Investments, Deferred Compensation and Investment Return

	2012	2011
Held by trustee under bond indenture agreements		
Cash and cash equivalents	<u>\$ 17,424,208</u>	<u>\$ 20,158,060</u>
Held by trustee for self-insurance trust		
Cash and cash equivalents	\$ 11,103,816	\$ 7,661,720
Fixed income securities	3,732,483	12,163,230
Equity securities	4,311,309	3,755,358
Private limited partnerships	<u>5,500,529</u>	<u>3,692,134</u>
	<u>\$ 24,648,137</u>	<u>\$ 27,272,442</u>

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### ***Other Investments***

Other investments at June 30 include

	<b>2012</b>	<b>2011</b>
Cash and cash equivalents	\$ 60,241,264	\$ 16,099,972
Fixed income securities	1,122,570	22,077,481
Equity securities		
Financial institutions and insurance industry	-	2,215,159
Healthcare and pharmaceutical industry	-	1,945,401
Global equity securities	-	4,724,080
Oil, gas and chemical industry	-	3,459,342
Technology and software industry	-	1,716,450
Electric and utilities industry	-	2,576,012
Manufacturing and wholesale industry	-	5,672,517
Construction and real estate industry	-	1,225,787
Retail services industry and other	-	4,778,378
Other	644,937	2,756,315
Charitable remainder trusts	1,168,135	1,241,965
Private limited partnerships	5,142,240	9,109,669
	<hr/> 68,319,146	<hr/> 79,598,528
Less internally designated	25,570,765	24,766,087
Less externally restricted	<hr/> 26,764,891	<hr/> 27,312,053
Short-term investments	<hr/> \$ 15,983,490	<hr/> \$ 27,520,388

### ***Deferred Compensation Plan Assets***

	<b>2012</b>	<b>2011</b>
Cash and cash equivalents	\$ 1,172,983	\$ 1,107,614
Mutual funds	7,570,898	7,946,327
Equities	488,090	503,471
Life insurance contracts	<hr/> 15,919,744	<hr/> 15,192,852
	<hr/> \$ 25,151,715	<hr/> \$ 24,750,264

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

Total investment return is comprised of the following

	<b>2012</b>	<b>2011</b>
Interest and dividend income	\$ 2,238,646	\$ 2,478,975
Unrealized gains (losses)	(4,179,019)	6,080,786
Realized gains and losses	<u>2,717,377</u>	<u>2,503,745</u>
	<u><u>\$ 777,004</u></u>	<u><u>\$ 11,063,506</u></u>

Total investment return is reflected in the statements of operations and changes in net assets as follows

	<b>2012</b>	<b>2011</b>
Unrestricted net assets		
Other operating income	\$ 309,221	\$ 297,689
Other nonoperating income	3,977,046	3,798,491
Change in unrealized gains and losses	(3,130,284)	4,313,611
Temporarily restricted net assets	<u>(378,979)</u>	<u>2,653,715</u>
	<u><u>\$ 777,004</u></u>	<u><u>\$ 11,063,506</u></u>

### ***Private Limited Partnerships and Investment Trusts***

Except as described below, the fair value of private limited partnerships and investment trusts has been estimated using the net asset value per share of the investments. Private limited partnerships and investment trusts held at June 30 consist of the following

	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Limited partnership (A)	\$ 1,527,445	\$ -	Annually	90 days
Multistrategy hedge funds (B)	821,795	-	Quarterly	45 days
Multistrategy hedge funds (C)	2,107,117	-	Annually	90 days
Multistrategy hedge funds (D)	5,458,413	-	Quarterly	75 days
Funds of Funds (E)	727,999	-	Quarterly	65 days

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

			June 30, 2011		
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Limited partnership (A)	\$ 1,585,535	\$ -	Annually	90 days	
Multistrategy hedge funds (B)	1,842,357	-	Quarterly	45 days	
Multistrategy hedge funds (C)	2,131,370	-	Annually	90 days	
Multistrategy hedge funds (D)	6,530,803	-	Quarterly	75 days	
Funds of Funds (E)	711,738		Quarterly	65 days	

- (A) This partnership invests primarily through a diversified group of money managers that as a group use a wide variety of investment techniques and strategies. The objective of the partnership is to seek consistent long-term growth of capital with reduced volatility. The partnership invests in securities and other financial instruments of the United States and foreign entities, including, equity and debt securities, options, future contracts, forward contracts and swap contracts
- (B) This partnership invests primarily through a diversified group of money managers to obtain higher performance and less volatility than if the partnership employed a single investment strategy. The fund invests in equity securities, debt securities, options, warrants, currencies, futures contracts, commodities, partnership interests, money market instruments, precious metals and other ownership interests and indebtedness
- (C) This fund was formed primarily with the purpose of achieving long-term growth of capital with reduced volatility and returns that demonstrate little or no correlation with either equity or bond markets, by allocating its capital among various money managers that, as a group, employ a variety of investment techniques and strategies. This fund invests in equity and debt securities in the United States and foreign issuers, options, futures contracts, forward contracts and swap contracts
- (D) This fund was formed primarily with the objective to achieve consistent returns with low correlation to the markets, while reducing risk through diversification, by utilizing a diverse group of low volatility alternative investment strategies, using a multimanager approach. Investments may include, but are not limited to, equity and fixed income securities, convertible and hybrid stocks and debt securities, preferred stocks, warrants and options, structured and other synthetic securities and related derivative instruments, such as swaps, forwards, options, futures, caps and floors, other derivatives, government and corporate securities, money market instruments, foreign currencies and interest in currencies, certificates of deposit, bankers' acceptances, trust receipts and trade and commercial obligations and loans

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

- (E) This fund is a feeder fund of a Trust. The investment objective of the fund is to realize appreciation in the value of its assets through the allocation of capital amount submanagers and the portfolio funds they operate

### Note 5: Investments in and Advances to Equity Investees

#### *United Ambulance Service*

CMMC has a 50% ownership of United Ambulance Service. CMMC's investment in United Ambulance Service is accounted for using the equity method of accounting in the accompanying financial statements.

The financial position at June 30, 2012 and 2011, and the results of operations for United Ambulance Service for the years then ended are summarized below.

	<b>2012</b>	<b>2011</b>
Current assets	\$ 2,144,417	\$ 1,645,918
Property and other long-term assets, net	<u>3,325,343</u>	<u>3,730,447</u>
 Total assets	 <u>5,469,760</u>	 <u>5,376,365</u>
 Current liabilities	 710,445	 551,700
Long-term liabilities	<u>75,181</u>	<u>153,055</u>
 Total liabilities	 <u>785,626</u>	 <u>704,755</u>
 Net assets	 <u>\$ 4,684,134</u>	 <u>\$ 4,671,610</u>
 Revenues	 \$ 8,573,171	 \$ 8,486,808
Net income (loss)	<u>\$ 12,524</u>	<u>\$ (1,686)</u>

#### *New England Life Care*

CMMC has a 12% ownership of New England Life Care. CMMC's investment in New England Life Care is accounted for using the equity method of accounting in the accompanying financial statements.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

The financial position at December 31, 2011 and 2010, and the results of operations for New England Life Care for the years then ended are summarized below

	<b>2011</b>	<b>2010</b>
Total assets	<u>\$ 8,605,260</u>	<u>\$ 9,178,191</u>
Current liabilities	3,030,797	3,772,682
Long-term liabilities	<u>12,469</u>	<u>96,959</u>
Total liabilities	<u>3,043,266</u>	<u>3,869,641</u>
Net assets	<u>\$ 5,561,994</u>	<u>\$ 5,308,550</u>
Revenues	\$ 24,946,915	\$ 23,439,794
Excess (deficiency) of revenues over expenses	\$ 253,344	\$ (222,445)

### ***Occupational Health, LLC***

CMHV has a 10% ownership of Occupational Health, LLC. CMHV's investment in Occupational Health, LLC is accounted for using the equity method of accounting in the accompanying financial statements

The financial position at December 31, 2011 and 2010, and the results of operations for Occupational Health, LLC for the years then ended are summarized below

	<b>2011</b>	<b>2010</b>
Current assets	\$ 878,985	\$ 365,203
Property and other long-term assets, net	<u>97,600</u>	<u>117,350</u>
Total assets	<u>976,585</u>	<u>482,553</u>
Current liabilities	102,015	72,106
Long-term liabilities	<u>20,135</u>	<u>19,878</u>
Total liabilities	<u>122,150</u>	<u>91,984</u>
Net assets	<u>\$ 854,435</u>	<u>\$ 390,569</u>
Revenues	\$ 2,470,201	\$ 2,360,964
Net income	\$ 494,879	\$ 471,237

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### ***Central Maine Magnetic Imaging Associates***

CMHV has a 43.75% ownership of Central Maine Magnetic Imaging Associates. CMHV's investment in Central Maine Magnetic Imaging Associates is accounted for using the equity method of accounting in the accompanying financial statements. During the years ended June 30, 2012 and 2011, CMHV received distributions of \$607,250 and \$676,378, respectively.

The financial position at June 30, 2012 and 2011, and the results of operations for Central Maine Magnetic Imaging Associates for the years then ended are summarized below.

	<b>2012</b>	<b>2011</b>
Current assets	\$ 1,363,850	\$ 1,254,584
Property and other long-term assets, net	<u>780,023</u>	<u>891,826</u>
 Total assets	 <u>2,143,873</u>	 <u>2,146,410</u>
 Current liabilities	 630,596	 414,590
Long-term liabilities	<u>399,674</u>	<u>609,233</u>
 Total liabilities	 <u>1,030,270</u>	 <u>1,023,823</u>
 Net assets	 <u>\$ 1,113,603</u>	 <u>\$ 1,122,587</u>
 Revenues	 \$ 6,143,093	 \$ 6,002,690
Net income	<u>\$ 1,379,024</u>	<u>\$ 1,343,711</u>

### ***Lifeflight of Maine***

CMHC has a 50% ownership of Lifeflight of Maine. CMHC's investment in Lifeflight of Maine is accounted for using the equity method of accounting in the accompanying financial statements.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

The financial position at June 30, 2012 and 2011, and the results of operations for Lifeflight of Maine for the years then ended are summarized below

	<b>2012</b>	<b>2011</b>
Current assets	\$ 3,717,109	\$ 3,445,120
Property and other long-term assets, net	<u>6,567,407</u>	<u>6,515,138</u>
 Total assets	 <u>10,284,516</u>	 <u>9,960,258</u>
 Current liabilities	 770,466	 839,479
Long-term liabilities	<u>5,444,178</u>	<u>5,642,746</u>
 Total liabilities	 <u>6,214,644</u>	 <u>6,482,225</u>
 Net assets	 <u>\$ 4,069,872</u>	 <u>\$ 3,478,033</u>
 Revenues	 \$ 8,472,697	 \$ 8,414,683
Net income	<u>\$ 591,839</u>	<u>\$ 999,366</u>

### ***Maine Research Associates***

During the year ended June 30, 2012, CMHV purchased 49% interest in Maine Research Associates for \$950,000. CMHC's investment in Maine Research Associates is accounted for using the equity method of accounting in the accompanying financial statements.

The financial position for the period ended June 30, 2012, and the results of operations for Maine Research Associates are summarized below

Total assets	\$ 2,208,979
 Total liabilities	 <u>5,206</u>
 Net assets	 <u>\$ 2,203,773</u>
 Revenues	 \$ 885,030
Net income	<u>\$ 264,997</u>

# **Central Maine Healthcare Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements June 30, 2012 and 2011**

### ***Premier Purchasing Partners***

CMHC has a 2% ownership of Premier Purchasing Partners, L P. During the years ended June 30, 2012 and 2011, CMHC received distributions of \$608,457 and \$234,912, respectively. CMHC's investment in Premier Purchasing Partners, L P. is accounted for using the equity method of accounting in the accompanying financial statements.

### **Note 6: Notes and Other Receivables**

In April 2008, CMHC advanced Parkview Adventist Medical Center (Parkview) \$5,600,000 in the form of a demand promissory note, due April 25, 2013, and secured by substantially all of Parkview's assets. The interest rate is variable, equal at all time to the interest rate of CMHC's line of credit (Note 9). The note is due based on a 120-month installment payment schedule, with a balloon payment for the remaining balance due April 25, 2013. The outstanding balance of the note payable to CMHC at June 30, 2012 and 2011, was \$5,022,833 and \$5,513,444, respectively. All required payments on the note have been received through June 30, 2012.

Additionally, CMHC and CMMC provide physician coverage, management and other various services to Parkview routinely throughout the year under the terms of a management agreement.

At June 30, 2012 and 2011, the Corporation has a receivable of \$2,368,603 and \$3,027,854, respectively, for services rendered under this agreement. Parkview's December 31, 2011, audit was modified for substantial doubt about Parkview's ability to continue as going concern due to recurring losses from operations and net asset deficiencies. However, management believes the amounts due from Parkview are fully collectible and no reserve has been recorded for amounts due to CMHC or CMMC, based on their assessment of Parkview's improved operating results. It is reasonably possible these estimates could change materially in the near term.

During the year ended June 30, 2012, the Corporation filed a certificate of need with the State of Maine for Parkview to become a wholly owned subsidiary of CMHC. As of the time of the issuance of the financial statements, this request was still being reviewed by the State and no final determination had been made.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### Note 7: Property and Equipment

Property and equipment consists of the following at June 30

	<b>2012</b>	<b>2011</b>
Land and land improvements	\$ 14,509,837	\$ 14,408,167
Buildings and improvements	223,594,932	208,359,799
Major movable equipment, fixed equipment and vehicles	216,927,225	208,158,085
	<u>455,031,994</u>	<u>430,926,051</u>
Less accumulated depreciation	261,208,668	237,798,930
	<u>193,823,326</u>	<u>193,127,121</u>
Construction in progress	15,529,400	11,214,999
	<u>\$209,352,726</u>	<u>\$204,342,120</u>

At June 30, 2012, construction in progress was comprised of various minor construction projects, in addition to costs associated with implementing a new computer system throughout the Corporation. The new computer system project is expected to be completed in the spring of 2013 and is anticipated to cost approximately \$16,000,000. In order to pay for the new computer system, management obtained financing from the vendor related to the system implementation (see Note 12).

### Note 8: Self-Insurance

#### *Malpractice*

CMHC and its subsidiaries obtain professional and management liability insurance coverages on a claims made basis and general liability coverage on an occurrence basis from CWM, CMHC's wholly owned subsidiary. The medical professional liability insurance coverage limits are \$2,000,000 per claim and \$12,000,000 in the aggregate, coverage beginning January 1, 1979. Management liability insurance coverage limits are \$1,000,000 per claim and \$3,000,000 in the aggregate, coverage beginning May 29, 1987. General liability coverage limits are \$2,000,000 per loss and \$12,000,000 in the aggregate. Additionally, CWM also provides an excess policy where coverage is limited to \$25,000,000 per claim and in the aggregate. Beginning July 1, 2007, CWM obtained reinsurance for 100% of the excess coverage, and prior to July 1, 2007, CWM reinsured 80% of the excess coverage.

Losses from asserted and unasserted claims identified under CWM's incident reporting system are accrued based on estimates that incorporate CWM's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors.

# **Central Maine Healthcare Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements June 30, 2012 and 2011**

The accrued liability for malpractice claims at June 30, 2012 and 2011, was \$14,434,964 and \$15,149,059, respectively. It is reasonably possible that CWM's estimate of losses will change by a material amount in the near term.

Effective July 1, 2011, CWM's aggregate limits increased from \$10,000,000 to \$12,000,000 for medical professional liability and general liability coverage. Under the excess policy coverage for CWM liability, coverage increased from \$20,000,000 per claim and in aggregate to \$25,000,000 per claim and in aggregate.

Effective July 1, 2012, CWM's medical professional liability policy was endorsed to include Directors and Officers and Employments Practices liability policy deductible buyback coverage. CWM's liability is limited to \$50,000 and \$75,000 in excess of CMHC's first dollar retention of \$50,000 each on all losses respectively.

### ***Health Insurance***

The Corporation is self-insured for employee health coverage and has accrued an estimate of the ultimate costs for both claims reported and claims incurred but not reported. The accrual is based on the consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors and is included in current accrued expenses on the balance sheets. It is reasonably possible that the Corporation's estimate will change by a material amount in the near term. Commercial stop-loss insurance coverage is purchased for claims in excess of the aggregate annual amount.

### ***Worker's Compensation***

The Corporation has a self-insurance program to provide for workers' compensation coverage and has accrued an estimate of the ultimate costs for both claims reported and claims incurred but not reported. A trust fund has been established for this purpose and is included in assets limited as to use. The accrual is based on the consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors and is included in current accrued expenses on the balance sheets. It is reasonably possible that the Corporation's estimate will change by a material amount in the near term.

Liabilities for self-insurance costs for malpractice and workers' compensation are classified as current or long-term in the accompanying financial statements based on past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors.

# **Central Maine Healthcare Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements June 30, 2012 and 2011**

In 2012, the Corporation adopted the provisions of Accounting Standards Update (ASU) 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*, which eliminates the practice of netting claim liabilities with expected insurance recoveries for balance sheet presentation. Claim liabilities are to be determined without consideration of insurance recoveries. Expected recoveries are presented separately. Prior to the adoption of ASU 2010-24, accounting principles generally accepted in the United States of America required a health care provider to accrue only an estimate of the malpractice claim costs for both reported claims and claims incurred but not reported where the risk of loss had not been transferred to a financially viable insurer. There was no material impact of the ASU adoption to the Corporation's financial statements.

### **Note 9: Lines of Credit**

The Corporation has entered into a revolving line of credit, with TD Banknorth, N A, which provides borrowings up to \$15,000,000, due March 11, 2014. Payments of interest only are due monthly at a rate of the one-month LIBOR plus 2.75%. The interest rate will be adjusted based on a review of the Corporation's quarterly financial statements to the one-month LIBOR plus 2.50% if days cash on hand is greater than 50 days, or to the one-month LIBOR plus 2.25% if days cash on hand is greater than 70 days. The interest rate at June 30, 2012, was 2.75%. This line of credit is secured by substantially all of the Corporation's assets. At June 30, 2012 and 2011, respectively, the balance outstanding on the line of credit was \$4,762,789 and \$0.

The Corporation has entered into a revolving line of credit, with TD Banknorth, N A, which provides borrowings up to \$25,000,000, due December 31, 2013. Payments of interest only are due monthly at a rate of the one-month LIBOR plus 2.75%. The interest rate will be adjusted based on a review of the Corporation's quarterly financial statements to the one-month LIBOR plus 2.50% if days cash on hand is greater than 50 days, or to the one-month LIBOR plus 2.25% if days cash on hand is greater than 70 days. The interest rate at June 30, 2012, was 2.75%. This line of credit is secured by substantially all of the Corporation's assets. At June 30, 2012 and 2011, respectively, the balance outstanding on the line of credit was \$12,665,471 and \$14,897,529.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### Note 10: Long-Term Debt

	2012	2011
Revenue bonds (A)	\$ 43,150,000	\$ 44,390,000
Revenue bonds (B)	21,370,000	22,720,000
Revenue bonds (C)	2,465,000	2,535,000
Revenue bonds (D)	7,660,000	7,880,000
Revenue bonds (E)	55,605,000	55,935,000
Mortgage note payable (F)	732,386	751,152
Mortgage note payable (G)	685,226	702,038
Note payable (H)	2,901,451	3,324,604
Note payable (I)	2,113,628	2,421,884
Other (J)	54,049	106,611
Capital lease obligations (K)	15,969,582	2,590,541
	<u>152,706,322</u>	<u>143,356,830</u>
Less net discount on bonds	176,292	180,088
Less current maturities	6,612,369	4,943,514
	<u><u>\$ 145,917,661</u></u>	<u><u>\$ 138,233,228</u></u>

- (A) Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds. Central Maine Medical Center Issue. Series 2003A, interest rates ranging from 2 5% to 5 0% The bonds are collateralized by CMMC's pledge of gross revenues and property The bonds are payable in annual installments through July 1, 2032
- (B) Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds. Central Maine Medical Center Issue. Series 2005B, interest rates ranging from 3 5% to 5 0% The bonds are collateralized by CMMC's pledge of gross revenues and property The bonds are payable in annual installments through July 1, 2030
- (C) Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds. Rumford Community Home Issue. Series 2001A, interest rates ranging from 3 45% to 5 25% The bonds are collateralized by Rumford's pledge of gross revenues and property The bonds are payable in annual installments through July 1, 2031 CMHC as the parent, is also guarantor of these revenue bonds
- (D) Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds. Bridgton Hospital Issue. Series 2001A, interest rates ranging from 3 45% to 5 25% The bonds are collateralized by Bridgton's pledge of gross revenues and property The bonds are payable in annual installments through July 1, 2031 CMHC as the parent, is also guarantor of these revenue bonds

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

- (E) Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds. Central Maine Medical Center Issue, Series 2009A, interest rates ranging from 2.00% to 5.12%. The bonds are collateralized by CMHC's and CMMC's pledge of gross revenues and property. The bonds are payable in annual installments through July 1, 2039
- (F) U.S. Department of Agriculture, Rural Development mortgage notes payable due in monthly installments of principal and interest through December 2037, with interest rates at 4.88% and 5.00%. secured by Bridgton's assets and a pledge of future gross revenues
- (G) U.S. Department of Agriculture, Rural Development mortgage note payable due in monthly installments of principal and interest through May 2036, with interest rate of 4.50%. This mortgage note payable is secured by Rumford's assets and a pledge of future gross revenues
- (H) Note payable to Mechanic Savings Bank, with interest payments at 30-day LIBOR plus 1.65%, due November 12, 2018, secured by real estate. The interest rate at June 30, 2012 and 2011, was 1.89% and 1.84%, respectively
- (I) Note payable to Mechanic Savings Bank, with interest payments at 30-day LIBOR plus 1.65%, due November 12, 2018, secured by real estate. The interest rate at June 30, 2012 and 2011, was 1.89% and 1.84%, respectively
- (J) Note payable to a private individual, due in quarterly installments of principal and interest through July 1, 2013, secured by real estate. The interest rate on the note payable is 2.8%
- (K) At varying rates of imputed interest from 1.42% to 10.10%, due through 2019, collateralized by property and equipment. During the year ended June 30, 2012, the Corporation entered into a capital lease for their new computer system in the amount of \$16,378.543 (see Note 21)

Aggregate annual maturities and sinking fund requirements of long-term debt and payments on capital lease obligations at June 30, 2012, are

2013	\$ 6,612,369
2014	7,173,848
2015	7,022,302
2016	6,926,817
2017	7,128,635
Thereafter	<u>117,842,351</u>
	<u><u>\$ 152,706,322</u></u>

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### Note 11: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes

	<b>2012</b>	<b>2011</b>
Cardiac care	\$ 274,525	\$ 288,070
Healthcare services	3,925,238	3,264,095
Research	1,742	1,742
Purchase of capital	2,882,176	2,647,452
Charity care	586,914	676,453
Health education	1,071,364	1,453,718
Family practice	<u>611,492</u>	<u>643,429</u>
	<u><u>\$ 9,353,451</u></u>	<u><u>\$ 8,974,959</u></u>

Permanently restricted net assets are restricted to

	<b>2012</b>	<b>2011</b>
Investments to be held in perpetuity, the income is unrestricted	\$ 5,451,460	\$ 5,525,020
Investments to be held in perpetuity, the income is restricted	<u>13,181,560</u>	<u>12,495,753</u>
	<u><u>\$ 18,633,020</u></u>	<u><u>\$ 18,020,773</u></u>

During 2012 and 2011, net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes in the amounts of \$1,626,049 and \$1,493,862, respectively. During 2012 and 2011, net assets of \$10,500 and \$34,323, respectively, were released to purchase equipment.

### Note 12: Endowment

The Corporation's endowment consists of numerous individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

The Corporation's governing body has interpreted the State of Maine Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1 Duration and preservation of the fund
- 2 Purposes of the Corporation and the fund
- 3 General economic conditions
- 4 Possible effect of inflation and deflation
- 5 Expected total return from investment income and appreciation or depreciation of investments
- 6 Other resources of the Corporation
- 7 Investment policies of the Corporation

The composition of net assets by type of endowment fund at June 30, 2012 and 2011, was:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,149,274	\$ 17,465,621	\$ 18,614,895
Board designated endowment funds	<u>5,008,669</u>	<u>-</u>	<u>-</u>	<u>5,008,669</u>
	<u>\$ 5,008,669</u>	<u>\$ 1,149,274</u>	<u>\$ 17,465,621</u>	<u>\$ 23,623,564</u>
	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 1,907,927	\$ 16,779,546	\$ 18,687,473
Board designated endowment funds	<u>5,547,307</u>	<u>-</u>	<u>-</u>	<u>5,547,307</u>
	<u>\$ 5,547,307</u>	<u>\$ 1,907,927</u>	<u>\$ 16,779,546</u>	<u>\$ 24,234,780</u>

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

Changes in endowment net assets for the years ended June 30, 2012 and 2011, were

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets.				
beginning of year	\$ 5,547,307	\$ 1,907,927	\$ 16,779,545	\$ 24,234,779
Contributions	2,700	-	686,076	688,776
Total investment return	(291,709)	(349,725)	-	(641,434)
Appropriation of endowment assets for expenditure	(249,629)	(408,928)	-	(658,557)
Endowment net assets, end of year	<u>\$ 5,008,669</u>	<u>\$ 1,149,274</u>	<u>\$ 17,465,621</u>	<u>\$ 23,623,564</u>
	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets.				
beginning of year	\$ 4,909,514	\$ (300,446)	\$ 16,155,000	\$ 20,764,068
Contributions	650	-	624,546	625,196
Total investment return	854,216	2,555,866	-	3,410,082
Appropriation of endowment assets for expenditure	(217,073)	(347,493)	-	(564,566)
Endowment net assets, end of year	<u>\$ 5,547,307</u>	<u>\$ 1,907,927</u>	<u>\$ 16,779,546</u>	<u>\$ 24,234,780</u>

The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Corporation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Corporation's policies and risk parameters, endowment assets are invested in a manner that is intended to produce results that are at least equal to the performance of the custom balanced index and rank in the top 33% of a nationally recognized evaluation service's universe for the comparable funds over a rolling five-year time period. The Corporation's custom index is comprised of the Standard & Poor's 500 Index, Russell 2000 Index, MSCI EAFE International Index and Solomon Brothers 90 day Treasury Bill Index and/or other appropriate indices. The Corporation expects its endowment funds to provide an average rate of return of approximately 8% annually over time. Actual returns in any given year may vary from this amount.

# **Central Maine Healthcare Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements June 30, 2012 and 2011**

To satisfy its long-term rate of return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Corporation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Corporation has a policy (the spending policy) of appropriating for expenditure each year 4.5% of its endowment fund's average fair value as measured on July 1 of the new fiscal year. In establishing this policy, the Corporation considered the long-term expected return on its endowment. Accordingly, over the long term, the Corporation expects the current spending policy to allow its endowment to grow at an average of 8% annually. This is consistent with the Corporation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

### **Note 13: Charity Care**

The costs of charity care provided under the Corporation's charity care policy were \$10,519,686 and \$7,668,239 for 2012 and 2011, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

### **Note 14: Functional Expenses**

The Corporation provides health care services primarily to residents within its geographic area. Expenses related to providing these services are as follows:

	<b>2012</b>	<b>2011</b>
Health care services	\$ 352,518,013	\$ 326,652,098
General and administrative	69,175,610	76,987,001
	<hr/> <hr/> <hr/> <b>\$ 421,693,623</b>	<hr/> <hr/> <hr/> <b>\$ 403,639,099</b>

### **Note 15: Pension Plan**

The CMHC and certain affiliates have a contributory defined benefit pension plan covering all employees who meet the eligibility requirements. Effective December 31, 2001, Rumford merged into the CMHC plan. The funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as CMHC may determine to be appropriate from time to time. CMHC expects to contribute \$2,220,000 to the plan in 2013.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

No employee hired after December 31, 2009, is eligible to participate in the defined benefit pension plan. Effective March 31, 2011, pension benefits for all employees in the defined benefit pension plan have been frozen. Effective July 1, 2011, all employees previously covered under the defined benefit plan can elect to participate in the Corporation's defined contribution plan.

CMHC uses a June 30 measurement date for the plans. Information about the plan's funded status follows:

	<b>2012</b>	<b>2011</b>
Benefit obligation	\$ 141,233,228	\$ 112,241,658
Fair value of plan assets	<u>91,643,645</u>	<u>89,773,247</u>
Funded status	<u><u>\$ (49,589,583)</u></u>	<u><u>\$ (22,468,411)</u></u>

Liabilities recognized in the balance sheets

	<b>2012</b>	<b>2011</b>
Noncurrent liabilities	<u><u>\$ 49,589,583</u></u>	<u><u>\$ 22,468,411</u></u>

Amounts recognized in unrestricted net assets not yet recognized as components of net periodic benefit cost consist of:

	<b>2012</b>	<b>2011</b>
Net loss	<u><u>\$ (54,923,065)</u></u>	<u><u>\$ (24,549,933)</u></u>

Information for pension plans with an accumulated benefit obligation in excess of plan assets

	<b>2012</b>	<b>2011</b>
Projected benefit obligation	<u><u>\$ 141,233,228</u></u>	<u><u>\$ 112,241,658</u></u>
Accumulated benefit obligation	<u><u>\$ 141,233,228</u></u>	<u><u>\$ 112,241,658</u></u>
Fair value of plan assets	<u><u>\$ 91,643,645</u></u>	<u><u>\$ 89,773,247</u></u>

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

Other significant balances and costs are

	<b>2012</b>	<b>2011</b>
Employer contributions	\$ 3,594,395	\$ 16,100,000
Participant contributions	\$ -	\$ 1,613,843
Benefits paid	\$ (4,481,647)	\$ (3,980,477)
Benefit costs	\$ 342,436	\$ 5,450,046

Other changes in plan assets and benefit obligations recognized in the statements of operations and changes in net assets for the years ended June 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Amounts arising during the period		
Actuarial (gain) loss	\$ 27,259,248	\$ (2,374,479)
Curtailment gain	-	(13,778,957)
Actual return on plan assets	(2,757,650)	(10,701,558)
Expected return on plan assets	<u>6,993,232</u>	<u>5,908,988</u>
Net (gain) loss	<u><u>\$ 31,494,830</u></u>	<u><u>\$ (20,946,006)</u></u>
Amounts reclassified as components of net periodic benefit cost of the year		
Net loss	\$ 1,121,698	\$ 2,174,852
Net prior service cost	-	652,975

The estimated net loss for the defined benefit pension plan will be amortized into net periodic benefit cost over the next fiscal year is \$3,560,187

Significant assumptions include

	<b>2012</b>	<b>2011</b>
Weighted average assumptions used to determine benefit obligations		
Discount rate	4.11%	5.62%
Weighted average assumptions used to determine benefit costs		
Discount rate	5.62%	5.72%
Expected return on plan assets	8.50%	8.50%

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

CMHC has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information

CMHC's overall investment strategy is to diversify investments among asset classes and management strategies in an attempt to minimize volatility while ensuring that a sufficient pool of assets is maintained at all times to meet the plan's current and future benefit obligations. The target asset allocation percentages for 2012 and 2011 are as follows

	<b>2012</b>	<b>2011</b>
Fixed income securities	33%	33%
Equity securities	67%	67%
Private limited partnerships	0%	0%
 Total	 100%	 100%

### ***Pension Plan Assets***

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include equity securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include cash and cash equivalents and fixed income securities. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy and include equity securities and private limited partnerships. For investments, other than the private limited partnerships and some equity securities classified as Level 3 investments, the inputs used by the pricing service to determine fair value may include one, or a combination of observable inputs such as benchmark yields, broker/dealer quotes, issuer spreads, benchmark securities and reference data market research publications. For the private limited partnerships, the net asset value reported by the fund manager is used to determine fair value

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

The fair values of CMHC's pension plan assets at June 30, 2012 and 2011, by asset class are as follows

	2012 Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 343,442	\$ 343,442	\$ -	\$ -
Fixed income securities	19,287,489	-	19,287,489	-
Equity securities	71,624,599	-	71,624,599	-
Private limited partnerships	<u>388,115</u>	<u>-</u>	<u>-</u>	<u>388,115</u>
<b>Total</b>	<b><u>\$ 91,643,645</u></b>	<b><u>\$ 343,442</u></b>	<b><u>\$ 90,912,088</u></b>	<b><u>\$ 388,115</u></b>

	2011 Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 1,304,843	\$ 1,304,843	\$ -	\$ -
Fixed income securities	28,981,551	-	28,981,551	-
Equity securities	59,039,568	-	59,039,568	-
Private limited partnerships	<u>447,285</u>	<u>-</u>	<u>-</u>	<u>447,285</u>
<b>Total</b>	<b><u>\$ 89,773,247</u></b>	<b><u>\$ 1,304,843</u></b>	<b><u>\$ 88,021,119</u></b>	<b><u>\$ 447,285</u></b>

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Equity Securities	Private Limited Partnerships	Total
Balance at July 1, 2010	\$ 8,433,683	\$ 8,719,345	\$ 17,153,028
Actual return on plan assets			
Relating to assets still held at the reporting date	-	62,015	62,015
Relating to assets still sold during the period	299,835	325,160	624,995
Purchases, sales and settlements	(8,733,518)	(8,659,235)	(17,392,753)
Balance at June 30, 2011	-	447,285	447,285
Actual return on plan assets			
Relating to assets still held at the reporting date	-	(21,876)	(21,876)
Relating to assets still sold during the period	-	(11,015)	(11,015)
Purchases, sales and settlements	-	(26,279)	(26,279)
Balance June 30, 2012	\$ -	\$ 388,115	\$ 388,115

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreements permit investment in common stocks, corporate bonds and debentures, U.S. government securities, certain insurance contracts, real estate and other specified investments and derivatives based on certain target allocation percentages.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2012

2013	\$ 3,645,521
2014	4,134,657
2015	4,647,378
2016	5,126,631
2017	5,573,173
2018-2021	34,714,186

### ***Defined Contribution Plan***

Effective July 1, 2012, all employees previously covered under the defined benefit pension plan are now eligible to start accruing benefits under the 403(b) defined contribution plan. Prior to July 1, 2012, only Bridgton employees were participants in the defined contribution plan. This plan covers substantially all employees, and the Corporation matches employee contributions into the plan up to 2.5% of an employee's annual salary. Amounts contributed by the Corporation vest at 20% for each year of service until 100% vested after five years of service. Pension expense to the plan was \$4,208,108 and \$265,836 for 2012 and 2011, respectively.

### ***Deferred Compensation Plan***

The Corporation funds a deferred compensation plan 457(f) and 457(b) for the benefit of certain senior executives. The trust accounts assets are classified as other assets and a corresponding deferred compensation obligation has been recorded by the Corporation in the amount of \$8,877,550 and \$9,198,370 at June 30, 2012 and 2011, respectively.

The Corporation also funds a secured executive benefit plan for certain employees. Under this plan the Corporation purchases a life insurance policy for key members of management. Upon termination of the plan the Corporation will receive the premium payments, paid by the Corporation over the life of the policy, and the employees will receive the amounts in excess of the premium payments to the Corporation. At June 30, 2012 and 2011, respectively, the Corporation had recorded investments of \$15,919,747 and \$15,192,852 included in deferred compensation assets.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### Note 16: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, Fair Value Measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 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 in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy.

#### ***Cash Equivalents and Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash equivalents, fixed income securities and equity securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include cash equivalents, fixed income securities and equity securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include private limited partnerships. For investments other than the private limited partnerships, the inputs used by the pricing service to determine fair value may include one, or a combination of observable inputs such as benchmark yields, broker/dealer quotes, issuer spreads, benchmark securities and reference data market research publications. For the private limited partnerships, the net asset value reported by the fund manager was used to determine fair value.

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### ***Charitable Remainder Trusts***

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2012 and 2011.

	Fair Value Measurements Using				
	Quoted Prices				
	Fair Value	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>June 30, 2012</b>					
Cash equivalents	\$ 89,942,271	\$ 89,915,736	\$ 26,535	\$ -	-
Fixed income securities	4,855,053	4,855,053	-	-	-
Equity securities	5,444,336	5,444,336	-	-	-
Private limited partnerships	10,642,769	-	-	10,642,769	
Charitable remainder trusts	1,168,135	-	1,168,135	-	-
Mutual funds	7,570,898	7,570,898	-	-	-
<b>June 30, 2011</b>					
Cash equivalents	\$ 45,027,366	\$ 43,956,969	\$ 1,070,397	\$ -	-
Fixed income securities	34,240,711	5,641,657	28,599,054	-	-
Equity securities	35,328,270	33,908,253	1,420,017	-	-
Private limited partnerships	12,801,803	-	-	12,801,803	
Charitable remainder trusts	1,241,965	-	1,241,965	-	-
Mutual funds	7,946,327	1,304,768	6,641,559	-	-

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheets using significant unobservable (Level 3) inputs

### Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	<b>Private Equity Funds</b>
Balance at July 1, 2010	\$ 13,624,593
Total realized and unrealized losses included	
in other income (expense)	877,210
Purchases, sales and settlements	<u>(1,700,000)</u>
Balance at June 30, 2011	12,801,803
Total realized and unrealized losses included	
in other income (expense)	(252,934)
Purchases, sales and settlements	<u>(1,906,100)</u>
Balance at June 30, 2012	<u><u>\$ 10,642,769</u></u>

Realized and unrealized gains and losses included in change in net assets for the period from July 1, 2010, through June 30, 2012, are reported in the statements of operations and changes in net assets as follows

	2012	2011
	Excess of Revenues Over Expenses	Excess of Revenues Over Expenses
	Changes in Net Assets	Changes in Net Assets
Change in unrealized gains or losses relating to assets still held at the balance sheet date	\$ (252,934)	\$ 877,210

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### ***Cash and Cash Equivalents***

The carrying amount approximates fair value

### ***Notes Receivable***

Fair value is estimated at the present value of the future payments expected to be received

### ***Estimated Amounts Due From Third-Party Payers***

Fair value is estimated at the present value of the future payments expected to be received

### ***Defined Compensation Plan Assets***

The carrying amount approximates fair value

### ***Line of Credit and Long-Term Debt***

Fair value is estimated based on the borrowing rates currently available to the Corporation for bank loans with similar terms and maturities

The following table presents estimated fair values of the Corporation's financial instruments not previously disclosed at June 30, 2012 and 2011

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 27,308,135	\$ 27,308,135	\$ 22,482,931	\$ 22,482,931
Estimated amounts due from third-party payers	49,177,989	49,177,989	39,581,463	39,581,463
Notes receivable	4,790,969	4,790,969	5,513,444	5,513,444
Deferred compensation plan assets	25,151,715	25,151,715	24,750,264	24,750,264
<b>Financial Liabilities</b>				
Line of credit	17,428,260	17,428,260	14,897,529	14,897,529
Long-term debt	152,530,030	159,318,324	143,176,742	145,444,830

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### Note 17: The Fair Value Option

As permitted by Topic 825, the Corporation has elected to measure its internally designated assets limited as to use and short-term investments at fair value. Management has elected the fair value option for these items because it more accurately reflects the portfolio returns and financial positions of the Corporation. Total investments at June 30, 2012 and 2011, are \$41,554,255 and \$52,286,475, respectively.

See Note 16 for additional disclosures regarding fair value of these investments.

#### *Changes in Fair Value*

Changes in fair value for items for which the fair value option has been elected are reported as investment return in other income (expense) in the financial statements. The change for 2012 and 2011 was a decrease of \$3,130,284 and an increase of \$4,313,611, respectively, which reflects all investment return amounts from short-term investments and internally designated investments.

### Note 18: Asset Retirement Obligation

Accounting principles generally accepted in the United States of America require that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. The Corporation's conditional asset retirement obligations relate to environmental hazards contained in buildings that the Corporation owns. Environmental regulations exist that require the Corporation to handle and dispose of environmental hazards in a special manner if a building undergoes major renovations or is demolished.

A summary of changes in asset retirement obligations for the years ended June 30, 2012 and 2011, is included in the table below.

	<b>2012</b>	<b>2011</b>
Liability, beginning of year	\$ 2,781,372	\$ 2,746,243
Liabilities settled	(138,680)	(141,463)
Accretion expense	<u>187,187</u>	<u>176,592</u>
	<u><u>\$ 2,829,879</u></u>	<u><u>\$ 2,781,372</u></u>

# Central Maine Healthcare Corporation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2012 and 2011

### **Note 19: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

#### ***Allowance for Net Patient Service Revenue Adjustments***

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1 and 2*.

#### ***Self-Insured Malpractice, Workers' Compensation and Employee Health Claims***

Estimates related to the accrual for medical malpractice, workers' compensation and health insurance claims are described in *Notes 1 and 8*.

#### ***Litigation***

In the normal course of business, the Corporation is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Corporation's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Corporation evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

#### ***Asset Retirement Obligation***

As discussed in *Note 18*, the Corporation has recorded a liability for its conditional asset retirement obligation related to environmental hazards.

#### ***Pension Benefit Obligations***

The Corporation has a contributory defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the linear method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

# **Central Maine Healthcare Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements June 30, 2012 and 2011**

### ***Investments***

The Corporation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

### ***Notes and Other Receivables***

Due to the level of risk associated with certain notes and other receivables, it is at least reasonably possible that changes in the collectability of these receivables could occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

### ***Current Economic Conditions***

The current protracted economic decline continues to present health systems with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Corporation.

Current economic conditions, including the rising unemployment rate, have made it difficult for certain of our patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Corporation's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values (including defined benefit pension plan investments) and allowances for accounts and contributions receivable that could negatively impact the Corporation's ability to meet debt covenants or maintain sufficient liquidity.

# **Central Maine Healthcare Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements June 30, 2012 and 2011**

### **Note 20: Information Technology Commitments**

The Corporation has entered into an agreement with Cerner to provide software support services for the Corporation through 2018. The annual commitments for this agreement are as follows:

2013	\$	1,318.948
2014		1,318.948
2015		1,318.948
2016		1,318.948
2017		1,318.948
2018		<u>659.474</u>
		<u><u>\$ 7,254.214</u></u>

## **Supplementary Information**

# Central Maine Healthcare Corporation and Subsidiaries

## Consolidating Schedule – Balance Sheet Information June 30, 2012

	Central Maine Healthcare Corporation (Parent)	Central Maine Medical Center	Central Maine Health Ventures, Inc. Consolidated
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 33,465,157	\$ 31,251	\$ 3,958,925
Assets limited as to use - current	82,592	5,660,225	-
Assets limited as to use held by trustee for bond project fund - current	-	-	-
Patient accounts receivable, net of allowance, \$39,805,000	-	33,793,183	-
Short-term investments	9,193,929	5,951,809	72,060
Estimated amounts due from third-party payers - current	-	11,450,936	-
Supplies	-	2,558,455	21,529
Prepaid expenses and other	2,723,955	4,814,532	641,952
Due from affiliates	-	5,013,855	-
Total current assets	<u>45,465,633</u>	<u>69,274,246</u>	<u>4,694,466</u>
<b>Assets Limited As To Use</b>			
Internally designated	19,363,350	-	-
Externally restricted by donors	20,450,862	1,904,254	-
Held by trustee under bond indenture	-	15,790,114	-
Held by trustee for self-insurance trust	<u>5,350,616</u>	<u>4,770,870</u>	-
	<u>45,164,828</u>	<u>22,465,238</u>	-
Less amount required to meet current obligations	<u>82,592</u>	<u>5,660,225</u>	-
	<u>45,082,236</u>	<u>16,805,013</u>	-
<b>Property and Equipment, Net</b>	<u>19,851,713</u>	<u>156,041,664</u>	<u>1,661,147</u>
<b>Other Assets</b>			
Estimated amounts due from third-party payers	-	36,000,077	-
Interest in net assets of CMHC	-	21,725,351	-
Deferred compensation plan assets	20,753,916	2,422,283	1,975,516
Investment in equity investees	498,645	3,008,478	1,712,339
Notes receivable	4,790,969	-	-
Other	<u>15,616,313</u>	<u>8,155,683</u>	<u>5,496,469</u>
	<u>41,659,843</u>	<u>71,311,872</u>	<u>9,184,324</u>
<b>Total assets</b>	<b>\$ 152,059,425</b>	<b>\$ 313,432,795</b>	<b>\$ 15,539,937</b>

CWM Insurance Ltd.	Other Central Maine Affiliates	Rumford Hospital and Affiliates	Bridgton Hospital	Eliminations and Reclassifications	Central Maine Healthcare Corporation Consolidated
\$ 26,995,679	\$ -	\$ 67,745	\$ 16,164,029	\$ (53,374,651)	\$ 27,308,135
4,714,813	-	187,546	429,033	-	11,074,209
-	-	-	-	-	-
-	-	4,113,592	5,782,687	-	43,689,462
-	-	255,238	510,454	-	15,983,490
-	-	2,113,627	414,172	(800,823)	13,177,912
-	-	237,906	307,630	-	3,125,520
2,472,175	115,698	330,534	303,516	-	11,402,362
-	-	2,089,682	19,765	(7,123,302)	-
<u>34,182,667</u>	<u>115,698</u>	<u>9,395,870</u>	<u>23,931,286</u>	<u>(61,298,776)</u>	<u>125,761,090</u>
-	5,245	2,519,310	3,682,860	-	25,570,765
-	-	1,021,547	3,388,228	-	26,764,891
-	-	391,802	1,242,292	-	17,424,208
<u>14,526,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,648,137</u>
<u>14,526,651</u>	<u>5,245</u>	<u>3,932,659</u>	<u>8,313,380</u>	<u>-</u>	<u>94,408,001</u>
<u>4,714,813</u>	<u>-</u>	<u>187,546</u>	<u>429,033</u>	<u>-</u>	<u>11,074,209</u>
<u>9,811,838</u>	<u>5,245</u>	<u>3,745,113</u>	<u>7,884,347</u>	<u>-</u>	<u>83,333,792</u>
<u>-</u>	<u>1,787,715</u>	<u>13,897,030</u>	<u>16,113,457</u>	<u>-</u>	<u>209,352,726</u>
-	-	-	-	-	36,000,077
-	-	-	-	(21,725,351)	-
-	-	-	-	-	25,151,715
-	2,034,936	-	-	-	7,254,398
-	-	-	-	-	4,790,969
-	-	678,841	846,313	(19,842,364)	10,951,255
-	2,034,936	678,841	846,313	(41,567,715)	84,148,414
<u>\$ 43,994,505</u>	<u>\$ 3,943,594</u>	<u>\$ 27,716,854</u>	<u>\$ 48,775,403</u>	<u>\$ (102,866,491)</u>	<u>\$ 502,596,022</u>

# Central Maine Healthcare Corporation and Subsidiaries

## Consolidating Schedule – Balance Sheet Information June 30, 2012

	Central Maine Healthcare Corporation (Parent)	Central Maine Medical Center	Central Maine Health Ventures, Inc. Consolidated
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Current maturities of long-term debt	\$ 82,592	\$ 5,660,225	\$ -
Accounts payable	2,663,457	8,005,506	99,263
Accrued expenses	5,204,434	18,451,835	434,920
Cash overdraft	-	51,111,276	-
Due to affiliates	6,984,220	-	139,082
Estimated amounts due to third-party payers	-	-	800,823
Total current liabilities	<u>14,934,703</u>	<u>83,228,842</u>	<u>1,474,088</u>
<b>Estimated Self-Insurance Costs</b>	383,068	1,496,884	-
<b>Line of Credit</b>	15,338,017	2,090,243	-
<b>Long-Term Debt</b>	84,958	132,335,006	-
<b>Pension Liabilities</b>	42,647,041	3,967,167	-
<b>Asset Retirement Obligations</b>	-	1,927,151	-
<b>Other Long-Term Liabilities</b>	<u>8,196,692</u>	-	354,423
Total liabilities	<u>81,584,479</u>	<u>225,045,293</u>	<u>1,828,511</u>
<b>Net Assets</b>			
Unrestricted	48,456,885	64,762,732	-
Temporarily restricted	6,141,696	5,870,574	-
Permanently restricted	15,876,365	17,754,196	-
Partners' capital	-	-	-
Paid-in capital	-	-	43,544,129
Unrealized losses on investments	-	-	(12,163,375)
Retained earnings (deficit)	-	-	(17,669,328)
Total net assets	<u>70,474,946</u>	<u>88,387,502</u>	<u>13,711,426</u>
Total liabilities and net assets	<u>\$ 152,059,425</u>	<u>\$ 313,432,795</u>	<u>\$ 15,539,937</u>

CWM Insurance Ltd.	Other Central Maine Affiliates	Rumford Hospital and Affiliates	Bridgton Hospital	Eliminations and Reclassifications	Central Maine Healthcare Corporation Consolidated
\$ -	\$ -	\$ 234,723	\$ 634,829	\$ -	\$ 6,612,369
449,301	41,647	667,659	719,413	-	12,646,246
-	204,176	1,848,239	1,920,676	-	28,064,280
-	2,263,375	-	-	(53,374,651)	-
-	-	-	-	(7,123,302)	-
				(800,823)	-
449,301	2,509,198	2,750,621	3,274,918	(61,298,776)	47,322,895
14,434,964	-	-	-	-	16,314,916
-	-	-	-	-	17,428,260
-	-	4,045,245	9,452,452	-	145,917,661
-	-	2,975,375	-	-	49,589,583
-	-	373,593	529,135	-	2,829,879
				-	8,551,115
14,884,265	2,509,198	10,144,834	13,256,505	(61,298,776)	287,954,309
-	(370,232)	17,065,715	31,956,212	24,783,930	186,655,242
-	-	251,730	2,449,681	(5,360,230)	9,353,451
-	-	254,575	1,113,005	(16,365,121)	18,633,020
50,000	-	-	-	(50,000)	-
4,400,000	3,721,669	-	-	(51,665,798)	-
-	-	-	-	12,163,375	-
24,660,240	(1,917,041)	-	-	(5,073,871)	-
29,110,240	1,434,396	17,572,020	35,518,898	(41,567,715)	214,641,713
\$ 43,994,505	\$ 3,943,594	\$ 27,716,854	\$ 48,775,403	\$ (102,866,491)	\$ 502,596,022

**Central Maine Healthcare Corporation  
and Subsidiaries**  
**Consolidating Schedule – Statement of Operations Information**  
**Year Ended June 30, 2012**

	<b>Central Maine Healthcare Corporation (Parent)</b>	<b>Central Maine Medical Center</b>	<b>Central Maine Health Ventures, Inc. Consolidated</b>
<b>Unrestricted Revenues, Gains and Other Support</b>			
Net patient service revenue	\$ -	\$ 313,703,865	\$ 3,970,370
Other revenue	(29,903)	15,879,285	881,440
Net assets released from restrictions used for operations	1,520,624	45,131	-
Total unrestricted revenues, gains and other support	<u>1,490,721</u>	<u>329,628,281</u>	<u>4,851,810</u>
<b>Expenses and Losses</b>			
Salaries, wages and employee benefits	794,258	182,852,236	4,306,119
Supplies and other	(93,528)	99,161,372	1,930,797
Depreciation and amortization	17,107	21,163,163	227,745
Interest	52,257	3,483,594	-
Provision for uncollectible accounts	269,318	26,517,986	(238,503)
Total expenses and losses	<u>1,039,412</u>	<u>333,178,351</u>	<u>6,226,158</u>
<b>Operating Income (Loss)</b>			
	<u>451,309</u>	<u>(3,550,070)</u>	<u>(1,374,348)</u>
<b>Other Income (Expense)</b>			
Investment return	1,094,002	125,459	2,159
Realized gains (losses) on sale of investments	831,640	270,578	-
Change in unrealized gains (losses) on investments	(1,505,765)	(212,924)	-
Gain (loss) on investment in equity investees	686,609	18,820	890,810
Other	(587,584)	71,958	(6,457)
Total other income (expense)	<u>518,902</u>	<u>273,891</u>	<u>886,512</u>
<b>Excess (Deficiency) of Revenues Over Expenses</b>			
	<u>970,211</u>	<u>(3,276,179)</u>	<u>(487,836)</u>
Net assets released from restriction used for purchase of property and equipment	-	10,500	-
Grant funds used for acquisition of property and equipment	45,000	25,000	-
Change in defined benefit pension plan gains and losses, prior service costs and curtailments	(30,315,568)	-	-
<b>Increase (Decrease) in Unrestricted Net Assets</b>			
	<u><u>\$ (29,300,357)</u></u>	<u><u>\$ (3,240,679)</u></u>	<u><u>\$ (487,836)</u></u>

CWM Insurance Ltd.	Other Central Maine Affiliates	Rumford Hospital and Affiliates	Bridgton Hospital	Eliminations and Reclassification	Central Maine Healthcare Corporation Consolidated
\$ 10,445,428	\$ 742,749	\$ 40,466,895 969,524	\$ 46,333,771 877,638	\$ (10,416,939)	\$ 404,474,901 19,349,222
<u>10,445,428</u>	<u>742,749</u>	<u>6,058</u>	<u>54,236</u>	<u>-</u>	<u>1,626,049</u>
<u>10,445,428</u>	<u>742,749</u>	<u>41,442,477</u>	<u>47,265,645</u>	<u>(10,416,939)</u>	<u>425,450,172</u>
 2,903,770	 451,817 469,123 52,929	 25,374,370 11,891,227 1,360,168 186,519 3,341,538	 24,854,119 13,681,666 1,408,950 491,982 5,198,463	 - (10,420,169) - 3,230 -	 238,632,919 119,524,258 24,230,062 4,217,582 35,088,802
<u>2,903,770</u>	<u>973,869</u>	<u>42,153,822</u>	<u>45,635,180</u>	<u>(10,416,939)</u>	<u>421,693,623</u>
<u>7,541,658</u>	<u>(231,120)</u>	<u>(711,345)</u>	<u>1,630,465</u>	<u>-</u>	<u>3,756,549</u>
 290,086 1,127,831 (1,106,112)	 - - -	 72,999 33,017 (126,633)	 83,859 45,416 (178,850)	 - - -	 1,668,564 2,308,482 (3,130,284)
<u>(32,550)</u>	<u>295,919</u>	<u>(19,014)</u>	<u>99,917</u>	<u>-</u>	<u>1,892,158 (473,730)</u>
<u>279,255</u>	<u>295,919</u>	<u>(39,631)</u>	<u>50,342</u>	<u>-</u>	<u>2,265,190</u>
 7,820,913	 64,799	 (750,976)	 1,680,807	 -	 6,021,739
 - - - -	 - - - -	 - 91,399 - -	 - 2,000 - -	 - - - -	 10,500 163,399 <u>(30,315,568)</u>
<u>\$ 7,820,913</u>	<u>\$ 64,799</u>	<u>\$ (659,577)</u>	<u>\$ 1,682,807</u>	<u>\$ -</u>	<u>\$ (24,119,930)</u>

# Central Maine Healthcare Corporation and Subsidiaries

## Consolidating Schedule – Statement of Changes in Net Assets Information Year Ended June 30, 2012

	<b>Central Maine Healthcare Corporation (Parent)</b>	<b>Central Maine Medical Center</b>	<b>Central Maine Health Ventures, Inc. Consolidated</b>
<b>Unrestricted Net Assets</b>			
Excess (deficiency) of revenues over expenses	\$ 970,211	\$ (3,276,179)	\$ (487,836)
Net assets released from restriction used for purchase of property and equipment	-	10,500	-
Grant funds used for acquisition of property and equipment	45,000	25,000	-
Change in defined benefit pension plan gains and losses, prior service costs and curtailments	<u>(30,315,568)</u>	<u>-</u>	<u>-</u>
 Increase (decrease) in unrestricted net assets	 <u>(29,300,357)</u>	 <u>(3,240,679)</u>	 <u>(487,836)</u>
<b>Temporarily Restricted Net Assets</b>			
Contributions received	2,299,564	5,186	-
Investment return	(715,542)	348,971	-
Change in net assets of CMHC	-	324,670	-
Net assets released from restriction	<u>(1,520,624)</u>	<u>(55,631)</u>	<u>-</u>
 Increase (decrease) in temporarily restricted net assets	 <u>63,398</u>	 <u>623,196</u>	 <u>-</u>
<b>Permanently Restricted Net Assets</b>			
Contributions received	16,120	669,587	-
Change in beneficial interest of perpetual trusts	(63,172)	-	-
Change in net assets of CMHC	-	<u>(498,952)</u>	<u>-</u>
 Increase (decrease) in permanently restricted net assets	 <u>(47,052)</u>	 <u>170,635</u>	 <u>-</u>
<b>Change in Net Assets</b>	 <u>(29,284,011)</u>	 <u>(2,446,848)</u>	 <u>(487,836)</u>
<b>Net Assets, Beginning of Year</b>	 <u>99,758,957</u>	 <u>90,834,350</u>	 <u>14,199,262</u>
<b>Net Assets, End of Year</b>	 <u>\$ 70,474,946</u>	 <u>\$ 88,387,502</u>	 <u>\$ 13,711,426</u>

CWM Insurance Ltd.	Other Central Maine Affiliates	Rumford Hospital and Affiliates	Bridgton Hospital	Eliminations and Reclassification	Central Maine Healthcare Corporation Consolidated
\$ 7,820,913	\$ 64,799	\$ (750,976)	\$ 1,680,807	\$ -	\$ 6,021,739
-	-	-		-	10,500
-	-	91,399	2,000	-	163,399
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,315,568)</u>
<u>7,820,913</u>	<u>64,799</u>	<u>(659,577)</u>	<u>1,682,807</u>	<u>-</u>	<u>(24,119,930)</u>
-	-	16,430	72,840	-	2,394,020
-	-	-	(12,408)	-	(378,979)
-	-	-		(324,670)	-
<u>-</u>	<u>-</u>	<u>(6,058)</u>	<u>(54,236)</u>	<u>-</u>	<u>(1,636,549)</u>
<u>-</u>	<u>-</u>	<u>10,372</u>	<u>6,196</u>	<u>(324,670)</u>	<u>378,492</u>
-	-	270	100	-	686,077
-	-	(2,068)	(8,590)	-	(73,830)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>498,952</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(1,798)</u>	<u>(8,490)</u>	<u>498,952</u>	<u>612,247</u>
7,820,913	64,799	(651,003)	1,680,513	174,282	(23,129,191)
<u>21,289,327</u>	<u>1,369,597</u>	<u>18,223,023</u>	<u>33,838,385</u>	<u>(41,741,997)</u>	<u>237,770,904</u>
<u>\$ 29,110,240</u>	<u>\$ 1,434,396</u>	<u>\$ 17,572,020</u>	<u>\$ 35,518,898</u>	<u>\$ (41,567,715)</u>	<u>\$ 214,641,713</u>